



# МЕНАЏМЕНТ У ХОТЕЛИЈЕРСТВУ И ТУРИЗМУ

## HOTEL AND TOURISM MANAGEMENT



УНИВЕРЗИТЕТ У КРАГУЈЕВЦУ  
UNIVERSITY OF KRAGUJEVAC

ФАКУЛТЕТ ЗА ХОТЕЛИЈЕРСТВО И ТУРИЗАМ У ВРЊАЧКОЈ БАЊИ  
FACULTY OF HOTEL MANAGEMENT AND TOURISM IN VRNJAČKA BANJA



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## Editorial

*Менаџмент у хотелијерству и туризму – Hotel and Tourism Management* is an open access peer-reviewed journal which discusses major trends and developments in a variety of topics related to the hospitality and tourism industry. The Journal publishes both theoretical and applied research papers, giving full support to collaborative research efforts taken jointly by academia and industry. According to its editorial policy goal, *Менаџмент у хотелијерству и туризму – Hotel and Tourism Management* has constantly been striving to increase its quality by promoting the popularisation of science and providing significant scientific and professional contribution to the development of hospitality and tourism industry, both in Serbia and on the global scale. The Journal is published by the Faculty of Hotel Management and Tourism in Vrnjačka Banja, University of Kragujevac. Since launching the Journal in 2013, eighteen issues have been published so far.

*Менаџмент у хотелијерству и туризму – Hotel and Tourism Management* includes the following sections: Original Scientific Paper, Review Article, Short or Preliminary Announcement and Scientific Critique. The Journal does not consider PhD theses as prior publication and welcomes excerpts from the author's dissertations. It is published semiannually. The Journal offers an open access of its contents, which makes research results more visible to a wider international academic community. All articles are published in English and undergo a double-blind peer-review process.

The main aspects taken into consideration in paper evaluation are the originality of the study, contribution to the theory and practice and the use of grammar and style (either American or British English are accepted). The expected turn-around period is one to two months following the date of receipt. The crucial requirements for the submission of a manuscript are that the manuscript has not been published before, nor is it under consideration for publication elsewhere. The manuscript will be initially checked to ensure that it meets the scope of the Journal and its formal requirements. Submitted content will be checked for plagiarism. The provided names and email addresses will be used exclusively for the purposes stated by the Journal and will not be made available for any other purpose or to any other party.

The Journal has a reputable international editorial board comprising experts from the United States, the United Kingdom, the Russian Federation, Sweden, Spain, Italy, the United Arab Emirates, India, Poland, Finland, Greece, Slovenia, Bulgaria, Serbia, Croatia, Montenegro.

I am glad to announce that *Менаџмент у хотелијерству и туризму – Hotel and Tourism Management* is indexed in ERIHPLUS (European Reference Index for the Humanities and the Social Sciences), CABELLS Scholarly Analytics, CEEOL (Central and Eastern European Online Library), DOAJ (Directory of Open Access Journals), ProQuest, EBSCO (EBSCO Information Services), Ulrich's Web (Ulrich's Periodicals Directory), SCIndeks (Serbian Citation Index), CNKI (China National Knowledge Infrastructure), CyberLeninka, WorldCat and Google Scholar databases.

I would like to use this opportunity to express my deep gratitude to the authors, reviewers, and members of the Editorial Board for their devoted time and efforts that have contributed to the development of our Journal. At the end, I am pleased to invite you to look into the latest research in the fields of hospitality and tourism presented in the current issue.

Editor in Chief  
prof. Drago Cvijanović, Ph.D.

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## **Agritourism in Montenegro – Empirical research in the function of strategic development**

Marica Melović<sup>1\*</sup>

<sup>1</sup> University of Montenegro, Faculty of Tourism and Hospitality, Kotor, Montenegro

**Abstract:** The aim of this paper is to consider the strategic opportunities and importance of agritourism development in Montenegro, identifying key factors that may help agritourism to position itself as an integral part of both rural and overall tourism offer of Montenegro. The paper contains empirical research, which was conducted using a questionnaire on a stratified random sample, and the data were analyzed using statistical methods – factor analysis and descriptive statistics. The author came to the conclusion that in the development of agritourism, Montenegro has not yet taken the competitive position it should have, considering its huge potential for development of this form of tourism. Based on the obtained results, the factors that have a significant impact on the development of agritourism were identified, and a set of recommendations for current and potential holders of agritourism offer was created, in order to improve their tourism and marketing strategy.

**Keywords:** agritourism, Montenegro, rural tourism, strategy, development

**JEL classification:** Z32

## **Agroturizam u Crnoj Gori – Empirijsko istraživanje u funkciji strategijskog razvoja**

**Sažetak:** Cilj rada je da se sagledaju strategijske mogućnosti i značaj razvoja agroturizma u Crnoj Gori, identifikovanjem ključnih faktora koji mogu pomoći da se agroturizam pozicionira kao sastavni dio ruralne i ukupne turističke ponude Crne Gore. Rad sadrži empirijsko istraživanje, koje je sprovedeno korišćenjem upitnika na stratifikovanom slučajnom uzorku, a podaci su analizirani korišćenjem statističkih metoda – faktorske analize i deskriptivne statistike. Autor je došao do zaključka da u razvoju agroturizma Crna Gora još uvijek nije zauzela konkurentsku poziciju kakvu bi realno trebalo da ima s obzirom na neosporne potencijale. Na osnovu dobijenih rezultata izveden je zaključak o faktorima koji imaju signifikantan uticaj na razvoj agroturizma, te date preporuke sadašnjim i potencijalnim nosiocima agroturističke ponude, u cilju unapređenja njihove turističke i marketing strategije.

**Ključne reči:** agroturizam, Crna Gora, ruralni turizam, strategija, razvoj

**JEL klasifikacija:** Z32

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## 1. Introduction

In the last years of the 20th century, there was an intensive growth and dispersion of tourists around the world as well as the emergence of various trends defined in the theory of tourism as specific, alternative or selective forms of tourism. Namely, the process of creating tourism policy in order to encourage the development of selective tourism is a highly sophisticated and demanding activity, which implies emphasized multidisciplinary, as well as the support of all participants in creating tourism policy (Vučetić, 2008). Analyzing the views of a large number of authors on this topic (Bramwell, 1994; Lane, 1994; Lane, 2009; Sharpley & Roberts, 2004), rural tourism may be defined as a broad area with a predominantly natural environment that makes a specific tourism product. On the other hand, rural tourism, as a specific type of tourism, is in many cases one of the priority factors in the development of a particular rural place. Namely, due to rural tourism, it is possible to create foundations and arrange rural areas in accordance with long-term development goals, stopping the depopulation of the rural population and preventing the collapse of the demographic structure of rural areas. In addition, rural tourism promotes the activation of local potentials, as well as the development of rural areas as promising for life and business. All of the above leads to the improvement and preservation of both ecological and cultural and other values of rural settlements and rural households.

Furthermore, Fagioli et al. (2014) emphasize that rural tourism is one of the fastest growing forms of tourism, because of its ability to adapt to emerging trends in tourism demand, which are increasingly paying attention to the values of nature, culture, healthy and organic food and villages. Rural tourism may be explained as a holiday with the primary goal of getting to know the people, heritage and way of life in rural areas, where tourists, mainly participate in traditional agricultural activities (Rural Tourism Handbook, 2020). This represents the dimensions and conceptually determines agritourism, which is most often recognized in the literature as rural tourism.

However, the definition of the term “agritourism” is not so simple, because it represents tourism on a farm or household, but defined in this way does not include many different forms or complex activities developed in different countries. Namely, agritourism includes a combination of agricultural and tourist activities, where tourists observe or participate in traditional agricultural activities, without negative impacts on the ecosystem or on the productivity of rural households (Rural Tourism Handbook, 2020). Agritourism refers to tourism products and services that are directly correlated with agricultural products and stays in rural households, which include recreational activities, as well as the creation of homemade products and their resale (Sznajder et al., 2009). Numerous studies (Cánoves et al., 2004; Darău et al., 2010; Sharpley, 2002; Sznajder et al., 2009), analyzing different forms of tourism, consider agritourism as a part of rural tourism, among other forms (ecotourism, cultural tourism, adventure, hunting, etc.) whose activities take place in rural areas. However, the terms rural tourism and agritourism are sometimes equated in the literature (Roberts et al., 2003).

Based on the abovementioned, the subject of this paper is the identification and significance of factors in the function of strategic development of agritourism in Montenegro, with the aim of positioning agritourism as an integral part of rural and overall tourist offer of Montenegro. The paper contains an empirical research on the attitudes and perceptions of the holders of agritourism offer in Montenegro. Namely, in order to find out what the agritourism holders think and know about this area, i.e. how they perceive it, a research was conducted on a sample of 38 agricultural households in Montenegro. In this context, the analysis of survey data conducted in December 2021 should indicate the level of importance and opportunities that agritourism has on the life and work of the local population in rural areas of Montenegro. The paper provides an overview of the existing literature, with a critical review of the topic,

statistical processing of data collected by this research, discussion of the results, as well as recommendations.

## **2. Literature review**

The scientific literature recognizes the term “agritourism” as a combination of the prefix “agro” (Greek agrós) meaning field and the word “tourism” (Greek tornos) meaning circular movement (Petrović, 2014). We have already mentioned that this term is often identified with the term rural tourism, i.e. they are used as synonyms, although agritourism is developing as an independent segment of tourism. Since agritourism implies engaging in agricultural activities and production of agricultural products in the countryside, it is in direct correlation with rural tourism, emphasizing that staying in rural accommodation is a key part of agritourism (Petrović, 2014).

Based on the aforementioned features of agritourism, its basic characteristics are (Franić & Grgić, 2002): non-pollution, absence of noise, healthy climate, preserved nature, natural beauties, conditions for recreation and sports, free movement of tourists and traffic connections.

Furthermore, agritourism activities are characterized by two approaches: modern and traditional approach (Petrović, 2014). The modern approach implies the participation of tourists in the activities and everyday life of the households they visit and their active engagement in agricultural affairs. On the other hand, the traditional approach is characterized by the passive stay of tourists, without involvement in agricultural activities, with an emphasis on the observation of doing business by the host. It should be emphasized that agritourism is not an acceptable form of business for all entities (agriculturists), while those who want to succeed in this business should have certain resources within the facility in which they want to perform agritourism activities. Characteristic of all entities, from the local population engaged in tourism, to registered rural households and other entities in agritourism, is that they all make mostly direct contact through communication with guests and visitors.

In order to properly define the agritourism offer, it is necessary to know who provides services in agrotourism, what service providers offer, to whom, or for whom agritourism products/services are offered, how further development of agritourism offer is planned, where product/service exchange takes place, etc. (Petrović, 2014).

In this sense, agritourism accommodation units are characterized by rural tourist households and catering facilities in domestic industry, in the form of houses, apartments or rooms for rent. What differentiates the above types of agritourism accommodation units is the active life in the facility itself. Namely, in rural tourist households, the owners (hosts) actively live there and are engaged in agriculture, while in the case of domestic catering establishments, the owners mostly live elsewhere, and the facility is rented out to tourists. In that sense, a rural tourist household may be defined as an active type of accommodation. On the other hand, the objects of catering activity in the domestic industry are defined as a passive type of accommodation. In addition to the basic division of agritourism accommodation units, various forms of accommodation units have been identified in the literature, such as agro hotels, agro-camping, agro-huts, rural hotels, etc. (Orlić & Brščić, 2012; Sznajder et al., 2009). On the other hand, if we look at the length of stay of tourists, i.e. visitors in accommodation units, there are: one-day tourists (it is necessary to provide one or more meals) and multi-day tourists (who mostly spend their holidays there and for whom it is necessary to provide accommodation services (Cox et al., 2011). In addition to the abovementioned, different categories of agritourists may be defined (Jolly & Reynolds, 2005), such as: passing agritourists (those who stay for several hours and passively observe activities in a given household); all-day

agritourists (those whose stay does not exceed 12 hours are considered excursionists and do not need accommodation services); agritourists who use foam (those who stay in the household all day and spend the night in it); weekend agritourists (those who use the weekend to tour rural areas, usually come on Friday afternoons and stay until Sunday); multi-day agritourists (those who spend part or all of their vacation in an agritourism household, staying from a minimum of three days to a maximum of three or more weeks).

In addition to the length of stay, the age group can also be an element of segmentation, i.e. agritourism entities can narrowly opt for a particular age group and thus form units specialized in (George & Rilla, 2011): children, teenagers, students, businesses, team building, retirees, etc.

In general, the development of agritourism contributes to the economic well-being of rural areas. Agritourism ensures optimal use of labor and creates a secure platform for the placement and sale of products, reduces costs and ensures the stability of rural areas, which together strengthens tourism capacity. All of the above points to the exceptional impact of agritourism on the economic aspects of rural areas. From the mentioned correlation of rural environment and agritourism, we may conclude that agritourism activity is very useful for the development of rural areas and ensuring their sustainable future, because this form of tourism enables the affirmation of natural advantages of rural areas.

Numerous studies dealing with this topic (George & Rilla, 2011; Joshi & Bhujbal, 2012) point out that, in addition to generating additional income, the motives of service providers in agritourism are also the opportunities to meet cultures and other people, to preserve cultural heritage, followed by the preservation of the natural environment, the authenticity of the household, and the identity of the site. In order to realize these motives and to achieve success on the market, agritourism destinations should focus on building an identity or brand, which would in a way unite quality, people, culture, landscapes and the like. Given the current situation in the world, where trends in tourism are shifting to rural areas and motivate modern populations to return to nature and clean, unpolluted environment, agritourism can nurture local culture, customs and traditions to occupy a very important market segment (MacLeod & Gillespie, 2010) and at the same time become one of the strategic and efficient ways of future development of rural tourism both at the global level and in Montenegro.

### **3. Empirical research – analysis of attitudes, perceptions and significance of agritourism factors in Montenegro in the function of strategic development**

#### **3.1. Defining hypotheses, conceptual model and research methods**

Based on a review of relevant literature and using data obtained from empirical research, several hypotheses have been formulated that analyze the factors that influence the assessment of the state, importance and possibilities of agritourism development in Montenegro, which are:

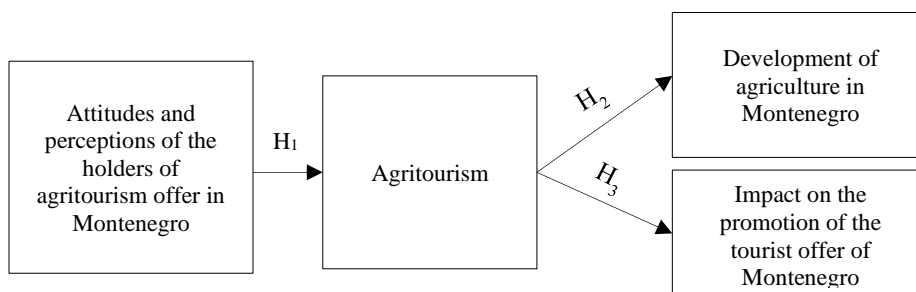
*H<sub>1</sub>: Holders of agritourism offer in Montenegro have positive attitudes and perceptions about the importance of agritourism development.*

*H<sub>2</sub>: The development of agritourism is positively correlated with the development of agriculture in Montenegro.*

*H<sub>3</sub>: The development of agritourism has a positive impact on the promotion of the tourist offer of Montenegro.*

The conceptual model, based on the above hypotheses, is given in the figure below.

Figure 1: The conceptual model of research



Source: Author's research

In order to obtain objective answers to defined hypotheses, statistical analysis of data collected by the survey was applied. Namely, having in mind the goals of the research, defined hypotheses, the results of previously published research on rural and agritourism, the questionnaire form (survey) was developed by the author. The prepared questionnaire (in Montenegrin language) was sent to 88 e-mail addresses of agritourism providers in Montenegro, registered or available on the website of associated rural households at the time of the survey ([Rural Tourism Handbook, 2020](#)). This site was created to enable families living in rural areas and engage in agriculture to generate additional income and create an additional motive in order to preserve Montenegrin villages. Based on the abovementioned, it may be concluded that this is a stratified random sample. The sample included representatives of agritourism from all three regions (north, center, south) in order to ensure greater representativeness of the sample. Thus, the demographic structure of the respondents was as follows: 71.05% from the northern region, 13.16% from the southern region, and 15.79% were from the central region. Having in mind that the northern region is crucial for the field of agritourism, we are of the opinion that the structure of the sample enabled a relatively balanced representation of agritourism from the whole country and the significance of the obtained results. The survey was conducted in December 2021. It lasted 15 days and 38 fully completed surveys were returned, giving a response rate of 43.18%. The questionnaire defined 20 questions. The questionnaire mostly contained multiple-choice questions. Some of the questions answered were the perceptions of the respondents on the Likert scale rated from 1 to 5 (1 - I do not agree at all; 5 - I completely agree). Data were analyzed using descriptive statistics and exploratory factor analysis methods. The collected data were processed in the SPSS program (Statistics 20). The results of the research are presented below.

### **3.2. Research results – attitudes and perceptions of agritourism offer holders in Montenegro in the function of creating a development strategy**

At the beginning of the analysis, an insight into the demographic characteristics of the respondents is given. The analysis of the results of descriptive statistics shows that the majority of respondents in the survey (71%) are male, while 29% of respondents are female. These results are meaningful bearing in mind that the heads of family and rural households in Montenegro are mostly men. On the other hand, these results correlate with the results of other research that showed that the main reasons for women's lack of interest in staying in rural communities are the following: rural women rarely own property, hold landowners and have a role in agricultural production ([Despotović et al., 2016](#))

When we talk about the age structure, in 60.53% of cases the respondents were between 21 and 40 years old, which indicates that young people are more interested in this type of tourism than middle-aged and older respondents. This is a very encouraging fact, considering that

today more and more young people are moving from rural areas to cities, so it is necessary to stimulate them to return to the countryside and engage in agritourism. It was also stated in correlation with the data that in Great Britain, the majority of visitors to agritourism sites are between 25 and 35 years old, pointing to the growing trend in the number of young people who want to visit the village ([Country & Town House, 2022](#)).

When we talk about employee education on family farms in Montenegro, the largest share belongs to people with secondary school education. Namely, 44.74% of respondents had a university degree, and 52.36% of respondents had secondary education. Only one respondent held an elementary school diploma. Looking at the educational structure, it is especially important to point out that human resources play an important role in the development of agritourism. Namely, all those who work on farms and are engaged in agritourism, in addition to the knowledge needed to perform agricultural activities, must have certain entrepreneurial and communication skills, as well as a culture of communicating with people ([Grgić et al., 2015](#)), and recognizing educational factors as those of great importance for the development of agritourism.

In addition, the results of the research showed that agritourism is most represented in the northern region (71.05%), while the southern and central part of Montenegro are less active in this form of tourism. It is obvious that the development of agritourism contributes to the preservation and improvement of rural areas, especially those in mountainous regions, which makes the results meaningful and justified.

Furthermore, when asked about the ownership structure of the agricultural farm on which the respondents live and work, 60.53% answered that the owners of the farm are their parents, while 39.74% of the respondents have their own farms. The owners of the agricultural farm live mainly with their family on the property ([Baćac, 2011](#)), so the redistribution of the ownership structure of the respondents is logical. It is important to point out that out of the total number of those who personally own farms, the largest number belongs to the age group from 51 to 60, which implies that there are almost no young people who own the farms. This fact should be paid special attention when stimulating and motivating young people to engage in agritourism in Montenegro. This form of tourism in Montenegro is most often organized in the form of an agricultural farm (89.47% of respondents), while 10.53% of respondents are not registered. Namely, agricultural farms in this context are designed as an organizationally and business-complete economic unit, which includes one or more production units and is engaged in agricultural activities ([Agriculture and Rural Development Law, article 2](#)). Respondents in most cases are engaged in fruit growing (26.32%), followed by vegetables (21.05%) and livestock (18.42%). From the agricultural branches that are less represented, viticulture can be singled out, as well as floriculture and horticulture.

Almost all households in the observed sample emphasize that they are engaged in organic production. Such data is encouraging because numerous studies ([Li et al., 2021](#); [Mugauina et al., 2020](#)) show that the production of healthy and organic food and rural tourism will be increasingly represented in the coming period, especially after the COVID-19 pandemic. This, at the same time, can be one of the recommendations when it comes to the strategy of agritourism development in Montenegro. However, the fact that the concept of work in the field of agritourism in Montenegro is relatively new and a category quite unknown to respondents shows that as many as 92.11% of surveyed households are not familiar with regulations to be followed when starting / running agritourism, while only 7.89% are familiar with the abovementioned regulations. Although knowledge of regulations is not the strength of households, all respondents showed that they intend to engage in agritourism in the next 5 years, and are also of the opinion that the demand for agritourism is growing, and an increase in agritourism is expected in Montenegro, which gives strategic importance to this area.

The motive for agritourism activities in most respondents is the restoration of the grandfatherland (39.47%), which shows an emotional characteristic that is mainly related to nostalgia for the roots. In addition, the increase in income (21.05%) and the employment of family members (18.42%) stand out as very important motives for engaging in agritourism. Mostly family members participate in the performance of work on the agricultural holding (78.95%), while in 21.05% of households, in addition to the family, seasonal workers also perform work on the agricultural holding.

When we talk about subsidies that respondents use to improve their business, the survey showed that agritourism providers most often use loans from the Investment and Development Fund (16.98%), the support programs of the Ministry of Economic Development (15.09%) and the support programs of the Ministry of Agriculture, Forestry and Water Management (15.09%). This is followed by local government support programs, loans from the Employment Service of Montenegro, EU funds, and incentive measures for regional development through state aid. On the other hand, the research showed that 1/5 of the respondents do not use subsidies, which may imply rural holders being insufficiently informed about the possibilities of supporting the development of agritourism in Montenegro.

The research showed that the bearers of agritourism offer in Montenegro most often perceive agritourism as a combination of agriculture and tourism (22.62%), and as an active stay in rural areas in terms of participation in rural affairs (19.05%). In 10.71% of cases, respondents perceive agritourism as relaxation (escape from the crowd / stress), or tourism in a rural household.

In addition to the above, the analysis showed that the Internet is the dominant form of promotion of agritourism providers in Montenegro (42.17% of cases). This is followed by promotion through travel agencies (22.89% of respondents), as well as promotion at tourism fairs and through events and manifestations (8.43% each). What attracts attention is the fact that promotion through newspapers and TV is represented in a relatively small percentage (7.23%, i.e. 6.02%, respectively). Furthermore, family farms in the agritourism sector in Montenegro use sponsorship as a form of promotion in a very small degree. The form of digital advertising or marketing that respondents most often use to promote their agritourism offer are social networks (74.51% of respondents). Holders of agritourism in Montenegro have recognized the usefulness of social media tools, which has been confirmed in the results of other research. Namely, social media enables providers to effectively reach both current and potential consumers and users and to budget wisely (Kallmuenzer et al., 2018; Peters & Kallmuenzer, 2018). Agritourism offer in Montenegro is also promoted through websites (17.65% of respondents). The least used instruments for the promotion of agritourism offer are mobile and e-mail marketing, as well as bloggers and influencers. The recommendation to the holders of agritourism offer is to focus in the future on these efficient forms of digital advertising/marketing, whose importance is still clearly not recognized in Montenegrin agritourism.

### **3.3. Factor analysis – identification and significance of agritourism factors in Montenegro**

In the continuation of the research, we focused on obtaining answers to the research question on identifying factors that are recognized in the field of general importance and significance of agritourism in Montenegro, as well as those that explain how other factors affect the development of agritourism. The obtained results justify the application of factor analysis, because the Kaiser-Meier-Olkin (KMO) measure (0.710) is higher than the lower limit.



Further, factor analysis seeks a pattern of relationships between a large number of variables. In the continuation of the paper, a correlation matrix for sixteen variables is presented, which identifies the importance of agritourism.

Table 1: Correlation matrix for sixteen variables identifying the importance of agritourism

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
[Agritourism contributes to the preservation of rural areas - 1]	1.000	.939	-.173	.663	.484	.694	.645	.668	.539	.537	.565	.664	.619	.593	.443	.064
[Agritourism enables the development of the rural economy - 2]	.939	1.000	-.167	.669	.626	.796	.785	.863	.694	.644	.726	.772	.689	.791	.579	.180
[Agritourism pollutes the environment - 3]	-.173	-.167	1.000	-.221	-.409	-.417	-.327	-.098	-.298	-.604	-.312	-.367	-.494	-.043	-.409	-.415
[Agritourism increases the value of existing agricultural production - 4]	.663	.669	-.221	1.000	.637	.773	.759	.533	.412	.658	.431	.759	.692	.652	.594	.481
[Agritourism contributes to the retention of people in rural areas - 5]	.484	.626	-.409	.637	1.000	.838	.870	.659	.683	.928	.715	.831	.722	.611	.903	.734
[Agritourism enriches the overall tourist offer of the country - 6]	.694	.796	-.417	.773	.838	1.000	.973	.767	.731	.873	.765	.950	.899	.736	.838	.474
[Agritourism should be encouraged by state financial support - 7]	.645	.785	-.327	.759	.870	.973	1.000	.804	.725	.855	.759	.926	.831	.777	.870	.511
[Agritourism increases the competitiveness of agricultural holdings - 8]	.668	.863	-.098	.533	.659	.767	.804	1.000	.796	.632	.833	.748	.629	.842	.611	.233
[Agritourism enables the creation of new jobs - 9]	.539	.694	-.298	.412	.683	.731	.725	.796	1.000	.695	.864	.651	.563	.621	.683	.244
[Agritourism contributes to increasing the volume of agricultural production - 10]	.537	.644	-.604	.658	.928	.873	.855	.632	.695	1.000	.727	.862	.840	.581	.880	.643
[Agritourism contributes to the development of local infrastructure - 11]	.565	.726	-.312	.431	.715	.765	.759	.833	.864	.727	1.000	.681	.636	.745	.763	.315

[Agritourism has a positive effect on the authenticity of the space in which it takes place - 12]	.664	.772	-.367	.759	.831	.950	.926	.748	.651	.862	.681	1.000	.937	.760	.831	.529
[Agritourism promotes the economic development of the country - 13]	.619	.689	-.494	.692	.722	.899	.831	.629	.563	.840	.636	.937	1.000	.674	.769	.528
[Agritourism contributes to the satisfaction of the local population - 14]	.593	.791	-.043	.652	.611	.736	.777	.842	.621	.581	.745	.760	.674	1.000	.659	.390
[Agritourism contributes to the preservation of tradition - 15]	.443	.579	-.409	.594	.903	.838	.870	.611	.683	.880	.763	.831	.769	.659	1.000	.674
[Agritourism contributes to the retention and return of the population to the villages - 16]	.064	.180	-.415	.481	.734	.474	.511	.233	.244	.643	.315	.529	.528	.390	.674	1.000

Source: Author's research

Based on the results from Table 1, we can conclude that further factor analysis is justified. Namely, further analysis identifies common correlation matrix factors.

Table 2: Extraction of factors by the method of main components for sixteen variables that identify the importance of agritourism

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	10.903	68.142	68.142	10.903	68.142	68.142	7.862	49.136	49.136
2	1.801	11.259	79.401	1.801	11.259	79.401	4.842	30.265	79.401
3	.962	6.013	85.414						
4	.859	5.366	90.780						
5	.356	2.223	93.003						
6	.331	2.071	95.073						
7	.238	1.488	96.562						
8	.176	1.097	97.659						
9	.135	.841	98.500						
10	.092	.572	99.072						
11	.073	.457	99.529						
12	.039	.246	99.775						
13	.028	.176	99.950						
14	.004	.028	99.979						
15	.003	.021	100.000						
16	3.138E-5	.000	100.000						

Extraction Method: Principal Component Analysis

Source: Author's research

The initial hypothesis defined two factors as important for identifying the significance and importance that agritourism has in Montenegro. The principal components method distinguishes two factors with a value greater than 1. They explain 79.401% of the total variations.

Tabela 3: Factor loads after rotation to identify the importance of agritourism

Rotated Component Matrix <sup>a</sup>	Component	
	1	2
[Agritourism contributes to the preservation of rural areas]	<b>.849</b>	.046
[Agritourism enables the development of the rural economy]	<b>.951</b>	.123
[Agritourism pollutes the environment]	.010	<b>-.722</b>
[Agritourism increases the value of existing agricultural production]	<b>.629</b>	.433
[Agritourism contributes to the retention of people in rural areas]	.563	<b>.748</b>
[Agritourism enriches the overall tourist offer of the country]	<b>.780</b>	.570
[Agritourism should be encouraged by state financial support]	<b>.784</b>	.555
[Agritourism increases the competitiveness of agricultural holdings]	<b>.917</b>	.151
[Agritourism enables the creation of new jobs]	<b>.750</b>	.304
[Agritourism contributes to increasing the volume of agricultural production]	.561	<b>.737</b>
[Agritourism contributes to the development of local infrastructure]	<b>.779</b>	.348
[Agritourism has a positive effect on the authenticity of the space in which it takes place]	<b>.744</b>	.586
[Agritourism promotes the economic development of the country]	<b>.634</b>	.632
[Agritourism contributes to the satisfaction of the local population]	<b>.839</b>	.226
[Agritourism contributes to the preservation of tradition]	.559	<b>.783</b>
[Agritourism contributes to the retention and return of the population to the villages]	.066	<b>.860</b>

Extraction Method: Principal Component Analysis

Rotation Method: Varimax with Kaiser Normalization

a. Rotation converged in 3 iterations

Source: Author's research

At the end of this part of the analysis, factor loads after rotation are observed. Based on the results shown in Table 3, we conclude that the first factor has the highest values of factor loads for variables describing that **agritourism enables the development of rural economy** (0.951), **agritourism increases the competitiveness of agricultural holdings** (0.917), and that it contributes to the preservation of rural areas (0.849); thus, this factor can be named *The importance of agritourism for the development of rural economy and competitiveness*. The second factor has the highest factor load for the variables which point out that **agritourism contributes to the retention and return of the population to the villages** (0.860), **agritourism contributes to the preservation of tradition** (0.783), and **agritourism contributes to the retention of people in rural areas** (0.748), so this factor may be called *The importance of agritourism for the preservation of tradition, return and retention of the population in villages*.

Furthermore, it is necessary to obtain the answer to the research question whether both identified factors are equally important. The above factors explain 79.401% of the variations in the importance of agritourism in Montenegro. Of these, the first factor, identified as *The importance of agritourism for the development of rural economy and competitiveness*, explains 49.136% of the variation, whereas the second, *The importance of agritourism for the preservation of tradition, return and retention of the population in villages*, explains 30.265% of variation. It may be concluded that first factor has a greater impact on explaining the importance of agritourism in Montenegro compared to the second one.

In the continuation of the research, we conduct an exploratory factor analysis in order to identify the factors that affect the development of agritourism in Montenegro. The obtained results indicate the justification of the use of factor analysis, because the KMO measure (0.691) is higher than the lower limit, while the probability of error in rejecting the starting point is 0% correlation matrix.

Table 4. Correlation matrix for five variables that identify the impact on the development of agritourism in Montenegro

<b>Correlation Matrix</b>		1	2	3	4	5
Correlation	[Natural resources are used to a greater extent through agritourism - 1]	1.000	-.489	-.098	.450	.630
	[The older population is more interested in agritourism than the younger population - 2]	-.489	1.000	.180	-.498	-.400
	[Agriculturists who are engaged in agritourism need additional education - 3]	-.098	.180	1.000	-.351	.102
	[Business integration of agricultural producers has a positive impact on the development of agritourism - 4]	.450	-.498	-.351	1.000	.383
	[It is easier for agriculturists to market their products and services through agritourism - 5]	.630	-.400	.102	.383	1.000

Source: Author's research

By analyzing the values of correlation coefficients for these factors, it may be concluded that it is justified to continue the application of exploratory factor analysis, in order to identify factors that are crucial for the development of agritourism in Montenegro. Next, using the analysis of the main components, the usual factors contained in the table of correlation coefficients are identified.

Table 5. Extraction of factors by the method of main components for five variables that identify the impact on the development of agritourism in Montenegro

<b>Total Variance Explained</b>									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.175	43.492	43.492	2.175	43.492	43.492	2.043	40.854	40.854
2	1.170	23.401	66.893	1.170	23.401	66.893	1.302	26.039	66.893
3	.938	18.764	85.657						
4	.455	9.098	94.755						
5	.262	5.245	100.000						

Extraction Method: Principal Component Analysis

Source: Author's research

Two factors were extracted by the method of main components, which significantly influence the development of agritourism in Montenegro. These two factors explain 66.893% of the total variations.

Table 6: Factor loads after rotation to identify the importance of agritourism

Rotated Component Matrix <sup>a</sup>	Component	
	1	2
[Natural resources are used to a greater extent through agritourism]	<b>.821</b>	-.138
[The older population is more interested in agritourism than the younger population]	<b>-.597</b>	.134
[Agriculturists who are engaged in agritourism need additional education]	.057	<b>.938</b>
[Business integration of agricultural producers has a positive impact on the development of agritourism]	.521	<b>-.610</b>
[It is easier for agriculturists to market their products and services through agritourism]	<b>.920</b>	.113

Extraction Method: Principal Component Analysis

Rotation Method: Varimax with Kaiser Normalization

a. Rotation converged in 3 iterations

Source: Author's research

The analysis of the results in Table 6 points to the following conclusions: the first factor has the highest value of factor loads for the variable which describes **that it is easier for agriculturists to market their products and services through agritourism** (0.920); almost equally important is the variable stating that **natural resources are used to a greater extent through agritourism** (0.821); therefore, this factor may be called *the Factor of placement and resources*. It is very important to point out that the variable stating that the older population is more interested in agritourism than the younger population has a negative value of the factor load. Thus, it may be concluded that the younger and middle-aged population has a significant impact on further development of agritourism in Montenegro, which is also shown by the method of descriptive statistics. The second factor that has the highest value points out that **agriculturists who are engaged in agritourism need additional education** (0.938), so this factor may be called the *Factor of investment in agritourism education*. It is important to point out that the variable belonging to this factor claiming that the business integration of agricultural producers has a positive impact on the development of agritourism has a negative value of the factor load. This imposes a conclusion that agriculturists engaged in agritourism in Montenegro do not always recognize the importance of business integration for the development of agritourism, but act individually. Thus one of the emerging recommendations is networking within the agritourism sector through associations, clusters etc.

Furthermore, the paper provides the answer to the research question on the equal significance of the identified factors. The obtained results show that the mentioned two factors explain 66.893% of variations in the impact on the development of agritourism in Montenegro. Of these, the first factor, identified as the *Factor of placement and resources*, explains 40.854% of the variations, whereas the second, the *Factor of investment in agritourism education*, explains 26.039% of the variations. It may be concluded that the first factor has a greater impact on the development of agritourism in Montenegro compared to the second factor.

The results obtained by use of factor analysis confirmed the importance of agritourism in Montenegro as a factor contributing to the development of rural economy and competitiveness, and the recognition of this form of rural tourism as a factor for preserving tradition, return and retaining the population to the villages. In addition, this analysis provided confirmation of the importance of placements and resources, as well as investments in agritourism education. Finally, the results obtained by applying these methods correspond to literary sources, pointing out the importance of agritourism in terms of socio-economic development of individual regions, and may serve different decision makers to develop strategies for agritourism development in Montenegro.

## **4. Recommendations for improving the development of agritourism in Montenegro**

Based on a detailed analysis of agritourism in Montenegro, given in this paper, the author has devised several recommendations aimed at contributing to the creation of a strategic approach to agritourism, with a view to its further development. They are as follows:

- Amend the legal provisions and regulations with clear and easily understandable definitions of all issues related to agritourism and participants in this sector and make them transparent.
- Promote these amendments to public through workshops, where they will be further clarified.
- Provide clarification of existing regulations.
- Define legal provisions for categorization of facilities and working conditions and explain them with examples for easier understanding.
- Design incentive activities that will improve the existing range of offers.
- Form associations of agritourism offer holders, which would also offer institutional support for the promotion and development of agritourism products.
- Develop an adequate system of motivation and incentives for people to engage in agritourism.
- Stimulate greater participation of women in agritourism.
- Improve the quality of services through constant monitoring and analysis of demand.
- Stimulate a higher level of linking agritourism with the production of healthy and organic food and other compatible areas.
- Increase the awareness of opportunities to support the development of agritourism in Montenegro.
- Strengthen human resources in agritourism through various forms of education and implementation of positive examples of good practice.
- Indicate the possibilities of expanding the already existing agritourism offer.
- Develop effective forms of marketing, especially those related to promotion through digital forms of advertising.

The implementation of these recommendations would create strategic conditions for the development of agritourism in Montenegro. Namely, recreation on rural households has recently been treated as a diversification strategy to promote a sustainable and diversified rural economy and to protect agricultural income from market fluctuations. In other words, agritourism is increasingly perceived as a promising activity for generating additional income. Therefore, households and agriculturists in Montenegro are increasingly recognized as entrepreneurs who need to develop new skills and abilities in order to be competitive. In order to achieve this, a strategic approach to this area is needed, which includes the creation of adequate policies at the state level, as well as a proactive attitude of the bearers of the tourist offer in Montenegro. The above recommendations can be extremely important for the further development of agritourism activities. Ultimately, implications for rural and agro-development policies include the need for an advisory role in households and farms, as well as a more effective training and support for agritourism providers in Montenegro.

## **5. Conclusion**

There are not enough studies in the literature that strategically investigate rural and agritourism in less developed countries, which are highly dependent on tourism, as is the case with Montenegro. There is a particular lack of studies that look at this area empirically through the

attitudes and perceptions of agritourism offer holders. Therefore, the author conducted research that tried to fill this gap. Specifically, the author, in addition to a strategic approach to the analysis of agritourism in Montenegro, developed and empirically tested a model that examined the relationship between attitudes and perceptions of agritourism providers on agritourism development, as well as the correlation of agritourism with agricultural development and tourism promotion in Montenegro.

Namely, from year to year, tourism is increasingly confirming its primacy as a strategic development branch of the Montenegrin economy. This fact is confirmed by the increase in its share in total GDP, the continuous increase in arrivals and overnight stays, as well as the increase in revenues generated by this sector. However, in the conditions of fierce global competition, where new, attractive tourist destinations appear almost every day, building a positive image of a tourist destination is a necessary precondition for its competitive advantage.

On the other hand, modern trends determine the development of a tourist destination in such a way that they must offer the market more authentic and quality experiences in relation to the competition. The existence of strong comparative advantages, which Montenegro inevitably has, does not mean that a strong competitive advantage will be built. Comparative advantages are those resources that the destination has at its disposal, and competitive advantage is the ability of the destination to use those resources in an effective and efficient way. In order to strengthen the competitive advantage, destinations should develop selective forms of tourism, including agritourism, as an integral part of rural tourism.

The paper presents an empirical research which provides a model that examined the relationship between attitudes and perceptions of agritourism providers with the development of agritourism, as well as the correlation of agritourism with the development of agriculture and the promotion of tourism in Montenegro. In the empirical part of the paper, statistical analysis was used, which included methods of descriptive statistics and exploratory factor analysis. Based on the previously conducted testing, we can conclude that the results of the evaluation using the above methods may be considered valid.

The results obtained by factor analysis confirmed the importance of agritourism in Montenegro as a factor for the development of rural economy and competitiveness, and the recognition of this form of rural tourism as a factor for preserving tradition, return and retaining the rural population in the villages. In addition, this analysis provided confirmation of the importance of placements and resources, as well as investments in agritourism education. Ultimately, the results of the research point to the conclusion that there is a positive correlation between agritourism and the development of agriculture and the promotion of the tourist offer of Montenegro. Based on the obtained results, all three hypotheses were accepted. Also, relying on the obtained results, the author gave recommendations to the bearers of agritourism offer and policy makers.

Finally, this paper has several limitations. First, the research was done in Montenegro, which belongs to the developing countries. It would be desirable to conduct research for a wider area, for example, the Western Balkans. Second, this study could be extended to analyze the impact of agritourism on different types of economic, agricultural, tourism, entrepreneurial and other performances. Ultimately, it would be of great importance, in addition to knowing the opinions of householders, i.e. holders of agritourism offer, to discover and get to know the opinions of other stakeholders on this form of tourism. In the context of the abovementioned, it would be important to conduct a research that would include both the bearers of the tourist offer and the tourists. These limitations may greatly encourage similar research in the future.

## Conflict of interest

The author declares no conflict of interest.

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## Intellectual capital and financial performance of entrepreneurs in the hotel industry

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**Abstract:** Intellectual capital is recognized as a key factor in creating value and gaining and maintaining a competitive advantage among service companies. Intellectual capital can be a useful tool for improving the entrepreneurial performance if it is managed properly. The existing literature does not provide enough insight about the role and importance of intellectual capital among entrepreneurs in the hotel industry. The main goal of the paper is to identify the relationship between intellectual capital and financial performance of entrepreneurs in the hotel industry. The descriptive statistics, correlation analysis and multiple regression analysis were applied. Based on the applied statistical methods, it is concluded that intellectual capital has an impact on operating profit and productivity of entrepreneurs in the hotel industry. The results also indicate that human capital had the greatest contribution to improving the financial performance of entrepreneurs in the hotel industry.

**Keywords:** intellectual capital, entrepreneurship, financial performance, hotel industry

**JEL classification:** O34, L25

## Intelektualni kapital i finansijske performanse preduzetnika u hotelskoj industriji

**Sažetak:** Intelektualni kapital prepoznat je kao ključni faktor u stvaranju vrednosti i sticanju i održavanju konkurentske prednosti među uslužnim kompanijama. Intelektualni kapital može biti korisno sredstvo unapređivanja preduzetničkih performansi ako se njime pravilno upravlja. Postojeća literatura ne pruža dovoljan uvid u ulogu i značaj intelektualnog kapitala za preduzetnike u hotelskoj industriji. Osnovi cilj rada je da identifikuje odnos između intelektualnog kapitala i finansijskih performansi preduzetnika u hotelskoj industriji. U radu su korišćene deskriptivna statistika, korelaciona analiza i višestruka regresiona analiza. Na osnovu primenjenih statističkih metoda, zaključeno je da intelektualni kapital ima uticaj na poslovni dobitak i produktivnost preduzetnika u hotelijerstvu. Rezultati takođe ukazuju na to da ljudski kapital daje najveći doprinos unapređivanju finansijskih performansi preduzetnika.

**Ključne reči:** intelektualni kapital, preduzetništvo, finansijske performanse, hotelska industrija

**JEL klasifikacija:** O34, L25

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## **1. Introduction**

Entrepreneurs are recognized as individuals who can create new ideas and innovative products/services. Today, entrepreneurship is essential for economic development (Paoloni et al., 2020), in both developed and developing countries. The development of entrepreneurship is especially encouraged through the development of knowledge that creates value by transforming human capital into intellectual property (Paoloni et al., 2020; Sayadi, 2013). In the modern economy, critical success factors in the hotel industry are becoming “innovative business model, sharing economy and collaborative commerce enabled by technological advancement of digital platform” (Kwiatek et al., 2021, p. 13), which increasingly requires the application of intellectual capital (IC). In that sense, there is a need to research the potential and achievements of entrepreneurs to build and use IC in the process of creating value in the hotel industry.

In the Republic of Serbia, in 2020, the hospitality sector recorded over 73 million visitors (Republic Bureau of Statistics, 2021). The Accommodation and Food sector in Serbia achieved the following results in 2020: 85,840 people were employed (which is 4% more than in 2019); the average salary was higher by 0.7% compared to 2019; the number of available accommodation facilities was 1,105 (which is 8% more than in 2019) (Statistical Pocketbook of the Republic of Serbia, 2021).

Several research gaps have been observed in the existing literature. First, few studies investigated the role and importance of IC in entrepreneurial activities. IC encompasses certain dimensions (human and structural capital), which together lead to innovation and entrepreneurial behavior (Allameh, 2018; Murray & Palladino, 2021). Therefore, it would be notable to study whether entrepreneurs have managed to build IC and how they use it. Additionally, some authors (Paoloni et al., 2020) believe that the contribution of literature to the relationship between entrepreneurship, IC and knowledge management (KM) is objectively scarce. Secondly, the literature has modest research on the role of IC in improving the financial performance of entrepreneurs. It is assumed that IC is an important driver of the organization’s intrapreneurial initiatives (Asiaei et al., 2020) as well as a driver of entrepreneurial performance (Paoloni et al., 2020). IC is recognized as the dominant asset in larger companies, so it is necessary to investigate the importance of this asset among entrepreneurs. Third, research on entrepreneurs in the hotel industry in the literature so far is scarce, which imposes the need to research the development of entrepreneurial activities within this industry. Some authors (Fu et al., 2019; Muskat et al., 2019) believe that the context of industry can influence the outcome of entrepreneurial activity; thus, it becomes essential to research and understand how important entrepreneurial activities are for the hotel industry. The existing literature does not provide information on the contribution of intellectual assets to the financial performance of entrepreneurs in the hospitality.

The main aim of the research is to determine the causalities in the relationship between the IC and the financial performance of entrepreneurs in the hotel industry. Accordingly, three indirect research objectives have been identified. First, exploring the role and importance of IC among hotel entrepreneurs. Second, examining the nature of the correlation between IC and financial performance among hotel entrepreneurs. Third, examining the contribution of IC to the financial performance of hotel entrepreneurs.

The paper contains the introduction, conclusion and three central parts. The second part of the paper provides a theoretical overview of the importance of entrepreneurial activities for the hotel industry, the relationship between entrepreneurship and IC as well as the contribution of IC to the performance of entrepreneurs. Based on the review of previous research, research hypotheses have been defined. The third part of the paper describes the sample and the

variables used in the research model. The fourth part of the paper presents the results of the research with the accompanying discussion of the obtained results.

## **2. Background**

### **2.1. Entrepreneurship in hospitality**

Entrepreneurship in hospitality is recognised as the main generator of innovative hotel services. A dynamic and competitive environment requires continuous invention and innovation, so it is assumed that the entrepreneurship in the hotel industry will expand in the future. Creating innovative programs to realize the desired results is becoming an increasingly popular topic (Čolović et al., 2021). Employees are the main drivers of innovation who use knowledge and skills to effectively deploy and manage available resources to create a profit (Murray & Palladino, 2021). The entrepreneur should be “able to recognize the commercial potential of the invention and organize the capital, talent, and other resources that turn an invention into a commercially viable innovation” (Audretsch et al., 2002, p. 157; Temouri et al., 2021, p. 175).

The traditional image of entrepreneurship is based on the idea developed by an individual, which is accordingly influenced by the identity of that person (Berglund et al., 2007). Creativity is added to this view, as an important characteristic of entrepreneurship, which allows individuals to discover opportunities that an average person is not able to perceive (Berglund et al., 2007; Muskat et al., 2019). Correia et al. (2019) emphasize the importance of competencies of entrepreneurs and hotel employees, such as operational experience, recognition of customer needs, and good relationships with distribution channels. Entrepreneurs in the hotel industry manage their ability as well as the ability of their employees to deliver a hotel service that meets or exceeds the expectations of guests (Muskat et al., 2019). Some authors (Correia et al., 2019) argue that the entrepreneurial attitudes of managers are important for the process of internationalization of Portuguese hotels. Some authors (Luu, 2017; Yeh et al., 2016) noted that employees need to develop and nurture entrepreneurial values in order to behave socially responsibly through the provision of green services.

The group of researchers noted that there is a specific entrepreneurial gene which determines entrepreneurial orientation and initiative (Usai et al., 2020). Other authors claim that entrepreneurial behavior is learned, primarily influenced by contingent factors and individual cognitive abilities (Usai et al., 2020). Berglund et al. (2007) point out that there is a need for constant research of new ways/approaches of observing the phenomenon of entrepreneurship. The so-far literature offers certain theories established to this purpose. Dynamic capacity theory explains “that organizations are competing not merely in terms of their ability to exploit their existing resources and capabilities but also on their ability to explore new resources and develop new capabilities” (Luu, 2017, p. 2872; Teece et al., 1997). Martins et al. (2021) have developed a strategic entrepreneurship theory based on establishing an appropriate way of thinking by finding a balance between exploitation, research and continuous innovation. Alvarez and Barney (2007) also contributed to the development of entrepreneurship by defining two consistent theories that describe how entrepreneurial skills are formed - discovery theory and creation theory. Discovery theory refers to the systematic scanning of the environment to discover possibilities for creating new products and/or services. Creation theory suggests that the “seed” of opportunities to produce something new does not necessarily lie in existing industries or markets, but should explore opportunities that already exist and observe how the market and consumers react to their actions.

In addition to obvious reasons for developing entrepreneurial activities in hotels, there are numerous barriers and challenges that entrepreneurs face in terms of resources and processes,

which creates the risk of support tools being misaligned to corporate and market goals (Murray & Palladino, 2021). Challenges also arise from the need to simultaneously harmonize the business development and provide customer service as well as the sensuality of business, which is considered a trademark of the hotel industry (Muskat et al., 2019). Such challenges and limitations can be overcome using IC, an intangible asset that has special value in service industries.

## **2.2. Entrepreneurship and intellectual capital**

IC and knowledge are recognized as two of the most important attributes and resources of entrepreneurs in a dynamic environment (Paoloni et al., 2020). IC supports the development and creation of innovations. Thus, KM directs the use of IC among entrepreneurs (Mikic et al., 2021). Some authors (Paoloni et al., 2020; Ugalde-Blinda et al., 2014) have noted that, combined with the characteristics of entrepreneurs, IC can become a driver of innovation, whereby it follows that it can be grounded in the concept of entrepreneurship.

Some authors (Iyigun & Owen, 1998; Murray & Palladino, 2021, p. 683) viewed entrepreneurs as that part of IC that is defined “as human capital which nourishes the economy by developing new ideas for the production or exchange of goods and services, at the entrepreneurs’ own risk”. Talented individuals and entrepreneurs in the hospitality industry are needed to guide and motivate the employees to develop, create and commercialize new hotel services, to meet the demands of domestic and international markets, create value jointly, provide quality services, offer hospitality and manage emotional labor (Muskat et al., 2019). Paoloni et al. (2020) induced a new concept, intellectual entrepreneurship, which is beginning to gain the consensus of the academic community among the literature of strategic management through the development of intangible assets such as innovation, creativity, and knowledge.

Several papers indicate the importance of IC among entrepreneurs. Mikic et al. (2021) analyze the roles of entrepreneurship and IC in the development of a region. The research results of Paoloni et al. (2020) represent an underdeveloped vision of the relationship between IC, KM, and entrepreneurship. Temouri et al. (2021) concluded that investing in intangible assets and creating patents, as a result of R&D function efforts, is positively associated with high-growth of entrepreneurial firms. Usai et al. (2020) confirm “that happiness, along with creativity, fosters both entrepreneurial initiative and intellectual property” (p. 1229).

Some authors have analyzed the relationship between entrepreneurship and IC through a focus on human capital. Murray and Palladino (2021) identified 21 key human capital characteristics as support for the development of entrepreneurs. The same study noted barriers to developing human capital in entrepreneurs in terms of attention, process and resources. Research also suggests that developing entrepreneurial skills and human capital can be improved through education and training (Duodu & Rowlinson, 2019; Honig, 2004; Murray & Palladino, 2021). In this way, the knowledge of employees and consequently IC are improved. Paoloni et al. (2020) use the concept of efficiency that explains how to achieve success through establishing a rational link between limited resources and entrepreneurial skills of employees. Vujić et al. (2020) maintain that modern technology used in the performance of hotel activities, cannot reduce the importance of employees and their impact on the formation of final hotel offers.

## **2.3. Measuring intellectual capital by the VAIC method**

One of the first steps in managing IC is to determine its value. Measuring IC provides hotel managers with information and knowledge about the drivers of organizational performance (Zigan & Zeglát, 2010). The following methods of measuring IC stand out in the literature: “return on assets methods; market capitalisation methods; direct intellectual capital methods;

and scorecard methods” (Zigan & Zeglat, 2010, p.604). Measuring IC in the hotel is based on the correct weight adjustment for each organization (Engström et al., 2003). The value added intellectual coefficient (VAIC) method is part of the return on assets methods. The application of the VAIC method provides information on the overall efficiency of a hotel and indicates its intellectual agility (Pulić, 2004). The application of the VAIC model involves a unified view of IC as a set of human capital and structural capital (Edvinsson & Malone, 1997).

*Human capital efficiency.* Creating knowledge in entrepreneurs is based on human capital (Mitra et al., 2011). Individual knowledge and experience “are the cornerstone of organizational innovation and intrapreneurial activities, inasmuch as creating new knowledge requires some level of existing knowledge” (Asiaei et al., 2020, p. 812; De Winne & Sels, 2010). Previous studies (Slavković et al., 2021) indicate a strong positive relationship between the KM process and organizational performance. The results of a study by Aboobaker & D. (2020) showed that entrepreneurial training and development play an effective role in strengthening entrepreneurial intent among surveyed students. They also found that human capital significantly mediates in this relationship. There are studies concluding that human capital is not related to entrepreneurial opportunity recognition (Rahman et al., 2021).

*Structural capital efficiency.* Structural capital is a key factor in driving innovation in the context of new products, systems or processes, which usually requires the integration and use of different types of knowledge (Asiaei et al., 2020; Fleming & Sorenson, 2004). Structural capital provides significant technological support to entrepreneurs as it affects business efficiency, reliability, accuracy and time savings. Rahman et al. (2021) concluded that “structural capital has significant relationships with entrepreneurial opportunity recognition” (p. 1).

*Capital employed efficiency (CEE)* refers to the efficiency of the use of engaged physical and financial capital of the entrepreneur. Capital employed helps companies to keep a good relationship with their external and internal stakeholders such as customers, government, employees, creditors, suppliers (Chowdhury et al., 2019). Weqar et al. (2021) concluded that CEE is the most vital element that contributes to a company’s financial performance.

## **2.4. Intellectual capital and financial performance in entrepreneurship**

IC is a key resource for creating a profit and gaining a competitive advantage for hotels. These assets are also viewed as a type of resource with the help of which an entrepreneur can strengthen and expand his abilities, skills and knowledge. The synthesis of knowledge and intra-entrepreneurship resources can enable the firm to better organize, synchronize and support human capital and structural capital and put them in the function of improving the overall performance (Asiaei et al., 2020).

Financial performance is “a set of management and critical procedures that allows the management of an organization to accomplish one or more pre-selected goals” (Alkunsol et al., 2019, p. 28). The paper will consider the following financial performances: operating profit, return on equity (ROE), return on assets (ROA) and productivity.

Operating profit is sensitive to the variable cost rate and the rate at which fixed costs are incurred (Echevarria, 1997). The research of Buszko and Mroziewski (2009) indicates that companies with a higher value of IC have greater operating profit growth. Naidenova and Parshakov (2013) conclude that human capital grows with increasing operating profit. The growth of the operating profit of Serbian hotels is dominantly influenced by CEE (Bontis et al., 2015). The results of these studies apply to companies in different sectors. Therefore, there is a need to research the contribution of IC to the growth of operating profit among entrepreneurs in the hotel industry. Accordingly, the following hypothesis is defined:

*Hypothesis 1: VAIC positively contributes to the operating profit of entrepreneurs.*

ROE is considered “one of the most important financial indicators for investors” (Soewarno & Tjahjadi, 2020, p. 1089). ROE “represents the profit available for ordinary” shareholders (Tran & Vo, 2020, p. 7). Companies can use the ROE coefficient to compare equity with other companies and the financial success that comes from equity management. Research results obtained so far have showed that the efficiency of IC contributes positively to ROE (Dalwai & Salehi, 2021; Soewarno & Tjahjadi, 2020; Weqar et al., 2021). Since these studies conducted research among companies, the need arises as to look into the relationship between IC and ROE among entrepreneurs in the hotel industry. Accordingly, the following hypothesis is defined:

*Hypothesis 2: VAIC positively contributes to the ROE of entrepreneurs.*

ROA represents the ability of a company to build profitability by using total assets. Previous studies (Smriti & Das, 2018) have shown that IC contributes positively to ROA in both service and manufacturing companies. Kai Wah Chu et al. (2011) concluded that VAIC is a significant positive predictor of ROA. Other research indicates a positive relationship between ROA and efficiency of IC (Maji & Goswami, 2016; Nimtrakoon, 2015; Weqar et al., 2021). Some studies have not proven a relationship between IC and ROA (Singh et al., 2016). The research presented in the aforementioned studies was undertaken in companies, which imposes the need to study the relationship between IC and ROA among entrepreneurs in the hotel industry. Accordingly, the following hypothesis is defined:

*Hypothesis 3: VAIC positively contributes to the ROA of entrepreneurs.*

Productivity represents “the ratio of total revenue to book value of total assets” (Kai Wah Chu et al., 2011 p. 272; Machlup, 1972). Productivity is an important indicator of the work of employees, which in the case of specific research in the field of entrepreneurship shows whether IC contributes positively to the work of entrepreneurs and other employees. Research indicates a positive relationship between IC and productivity (Huang & Jim Wu, 2010; Kengatharan, 2019). Some studies have concluded that VAIC is a negative predictor of productivity with high significance (Kai Wah Chu et al., 2011) and that it had no impact on productivity (Xu & Li, 2020). Huang and Jim Wu (2010) concluded that “there are interactive effects between the components of IC and knowledge productivity” (p. 580). The results of these studies referred to companies in different sectors. Therefore, there is a need to research the contribution of IC to productivity among entrepreneurs in the hotel industry. Accordingly, the following hypothesis is defined:

*Hypothesis 4: VAIC positively contributes to the productivity of entrepreneurs.*

### **3. Materials and methods**

#### **3.1. The sample**

The sample consists of 30 entrepreneurial hotels that were operating in the Republic of Serbia in 2020. Information on the number of active hotels was taken from the website of the Ministry of Trade, Tourism and Telecommunications. All observed entrepreneurs were registered within the activity code 5510 - Hotels and similar accommodation. The sample was analyzed in terms of category, size and type of hotel, as shown in Table 1.

Table 1: Sample descriptives

Category of hotel	No	%
*	1	3
**	9	30
***	16	53
****	4	14
$\Sigma$	<b>30</b>	<b>100</b>
Hotel's size	No	%
Micro	25	83
Small	5	17
$\Sigma$	<b>30</b>	<b>100</b>
Type of hotel	No	%
Garni	12	40
Hotel	17	57
Motel	1	3
$\Sigma$	<b>30</b>	<b>100</b>

Source: Author's research

In the sample dominate 3-star hotels (53% of the sample), while 2-star and 4-star hotels are represented by 30% and 14%, respectively. In terms of hotel size, the dominant group are entrepreneurs registered as micro subject (83%). In relation to the type of hotel, the largest part of the sample consists of hotels (57% of the sample).

### 3.2. Variables in research model

Testing research hypotheses first involves interpreting independent and dependent variables. Independent variables in the paper are components of VAIC: HCE, SCE and CEE. The calculation of these components is based on the data presented in the financial statements. Financial reports for the analysis in the article were obtained from the website of the Serbian Business Registers Agency.

The VAIC model was established by Pulic (2004). The basis for the calculation of VAIC components is the calculation of Value Added (VA), Pulic (2004):

$$VA = \text{Operating} + \text{Employee costs} + \text{Depreciation} + \text{Amortization} \quad (1)$$

*Human capital efficiency* (HCE) represents the ratio of value added and the value of human capital (HC), which represents the value of total wages and other costs for employees (Pulic, 2004):

$$HCE = VA/HC \quad (2)$$

*Structural capital efficiency* (SCE) is calculated as the quotient of the value of structural capital (SC) and value added. Value of structural capital is the difference between value added and value of human capital (Pulic, 2004):

$$SCE = SC/VA \quad (3)$$

*Capital employed efficiency coefficient* (CEE) represents “the ratio of value added and book value of the net assets of the company (CE)” (Pulic, 2004):

$$CEE = VA/CE \quad (4)$$

*Value added intellectual coefficient* (VAIC) is the sum of the following components:

$$VAIC = HCE+SCE+CEE \quad (5)$$



Dependent variables are noted as follows:

*Operating profit* is the difference between the income generated from business operations and the amount of funds spent on business activities.

*Return on Assets (ROA)* is calculated as the ratio of net profit and value of total assets.

*Return on Equity (ROE)* is the ratio of net profit and value of hotel's equity.

*Productivity* is calculated as the ratio of profit before tax to the number of employees.

### 3.3. Statistical tools used

Testing of the set research hypotheses was performed using the statistical package for social sciences IBM SPSS Statistics, Version 23. (Statistical Package for Social Sciences). A confidence interval  $\alpha = 0.05$  was used to determine statistical significance. Descriptive statistics and correlation analysis were performed in the study, on the basis of which the direction and strength of connections were identified. The third step of the analysis involved the application of multiple regression analysis based on which the impact of VAIC components on financial performance was examined.

## 4. Results and discussion

### 4.1. Descriptive statistics

Descriptive statistics interpret the observed sample based on the values of the mean, standard deviation, kurtosis, and skewness of the sample. The results of descriptive statistics for the observed sample are shown in Table 2.

Table 2: Descriptive statistic

Variables	Mean	Std. Deviation	Kurtosis		Skewness	
			Statistic	Std. Error	Statistic	Std. Error
HCE	1.35	1.20	1.93	0.833	-0.26	0.427
SCE	-1.01	6.81	28.68	0.833	-5.31	0.427
CEE	1.81	5.29	26.24	0.833	5.01	0.427
Operating profit	3495.17	9024.86	4.82	0.833	1.60	0.427
ROE	0.46	1.97	16.37	0.833	3.46	0.427
ROA	-1.35	7.50	29.84	0.833	-5.46	0.427
Productivity	120.45	783.64	7.86	0.833	1.67	0.427

Source: Author's research

Among the analyzed components of the VAIC model, the highest mean is recorded by CEE (mean = 1.81). Observing the value of financial performance, a negative mean value of ROA was noted. Six out of 30 entrepreneurs have negative ROA values due to the net loss they achieved in 2020.

All values of kurtosis are positive, which means that the distribution is sharper than normal. The skewness results show that most of the observed indicators have a positive value (except HCE, SCE and ROA), which means that most of the values are positioned to the left of the arithmetic mean, i.e. closer to lower values.

The research of the relationship between IC and business performance of entrepreneurs is based on the examination of the normality of distribution. The sample included 30

entrepreneurs from the hotel industry (less than the threshold value of 50), which indicated the application of the Shapiro-Wilk test in the analysis of the normality of the distribution. The insight into the obtained results points to the conclusion that the normality of the sample distribution has not been proven since the significance is  $p < 0.05$ .

#### 4.2. Correlation analysis

Correlation analysis tests the direction and strength of the relationship between the observed variables. Correlation analysis is performed using the value of the Spearman's rho coefficient since the normality of the distribution was not proven. The relationship strength was determined based on the value of this coefficient. The correlation coefficient in the range of 0.10 to 0.29 indicates a weak correlation between variables, in the range of 0.30 to 0.49 indicates a moderately strong correlation, while a coefficient greater than 0.50 indicates a strong correlation between observed variables (Pallant, 2016). Positive or negative values of the Spearman's rho coefficient indicate the direction of the relationship. The results of the correlation analysis are shown in Table 3.

Table 3: Correlation matrix

Variables	HCE	SCE	CEE	OP	ROE	ROA	Product.
HCE	1						
SCE	0.626**	1					
CEE	0.113	-0.261	1				
OP	0.841**	0.520**	0.207	1			
ROE	0.369*	0.129	0.090	0.324	1		
ROA	0.442*	0.135	0.248	0.444*	0.894**	1	
Produc.	0.606**	0.233	0.035	0.634**	0.758**	0.817**	1
* Correlation statistically significant at 0.05							
** Correlation statistically significant at 0.01							

Source: Author's research

Analysis of the relationship between VAIC components shows that the strongest correlation is present between HCE and SCE ( $\rho = 0.626$ ;  $p = 0.000$ ). Correlation analysis between financial performance indicates the strongest relationship between ROE and ROA ( $\rho = 0.894$ ;  $p = 0.000$ ). Observing the correlation between dependent and independent variables, it is concluded that only HCE has a positive and statistically significant relationship with financial performance. There is no statistically significant correlation between SCE and financial performance and CEE and financial performance. The strongest correlation was identified between HCE and operating profit ( $\rho = 0.841$ ;  $p = 0.000$ ).

#### 4.3. Regression analysis

Testing the impact of IC on the financial performance of entrepreneurs in the hotel industry was done by applying multiple regression analysis. The application of this analysis included checking the conditions for its implementation through the value of two coefficients: autocorrelation and multicollinearity. Autocorrelation was analyzed by the value of Durbin-Watson statistics, while value 4 was taken as the cut-off value. Multicollinearity is acceptable when the value of the VIF coefficient is less than 10 (Field, 2009). For all four observed models, the prerequisites for conducting regression analysis were met.

Model 1 explored the relationship between the VAIC and operating profit. Based on the results shown in Table 4, it can be concluded that hypothesis **H1 is supported** ( $p = 0.001$ ), i.e. VAIC

positively contributes to the operating profit of the observed entrepreneurs. The HCE and SCE components have a statistically significant impact on operating profit. The largest contribution to explaining operating profit is provided by the HCE component ( $\beta = 0.534$ ,  $t = 3.676$ ,  $p = 0.000$ ). The coefficient of determination is  $R^2 = 0.478$ , which means that 48% of the operating profit variability is explained by the regression model, while the rest is influenced by other factors.

Table 4: Model 1 – VAIC and operating profit

VAIC components	$\beta$	t	Sig.	Tolerance	VIF
HCE	<b>0.534</b>	<b>3.676</b>	<b>0.001**</b>	<b>0.953</b>	<b>1.050</b>
SCE	<b>0.331</b>	<b>2.276</b>	<b>0.031*</b>	<b>0.950</b>	<b>1.053</b>
CEE	-0.096	-0.674	0.506	0.997	1.003

Dependent variable: Operating profit

Significant: \*\*  $p \leq 0.01$ ; \*  $p \leq 0.05$

DW = 2.119

$R^2 = 0.478$

F = 7.923

$p = 0.001$

Source: Author's research

Based on the research results for Model 2 - VAIC and ROE, it can be concluded that hypothesis **H2 is not supported**, i.e. VAIC does not contribute positively to the ROE of the observed entrepreneurs ( $p = 0.234$ ). The results for the regression Model 2 are shown in Table 5.

Table 5: Model 2 – VAIC and ROE

VAIC components	$\beta$	t	Sig.	Tolerance	VIF
HCE	0.018	0.098	0.923	0.953	1.050
SCE	0.322	1.736	0.094	0.950	1.053
CEE	-0.223	-1.233	0.229	0.997	1.003

Dependent variable: ROE

Significant: \*\*  $p \leq 0.01$ ; \*  $p \leq 0.05$

DW = 2.240

$R^2 = 0.149$

F = 1.514

$p = 0.234$

Source: Author's research

The results of regression analysis for the observed Model 3 (VAIC and ROA) indicated that hypothesis **H3 is not supported**, i.e. that VAIC does not contribute positively to the ROA of the observed entrepreneurs. The values of the coefficient  $\beta$  and t are given in Table 6. The CEE component, whose value is negative ( $\beta = -0.964$ ,  $t = -19.298$ ,  $p = 0.000$ ), contributes most to the explanation of the ROA of entrepreneurs. This means that an increase of one unit of CEE leads to a decrease in ROA by 0.964 units. The coefficient of determination  $R^2$  is 0.935, which means that 94% of the variability of ROA of entrepreneurs is explained by the regression model.

Table 6: Model 3 – VAIC and ROA

VAIC components	B	t	Sig.	Tolerance	VIF
HCE	0.074	1.454	0.158	0.953	1.050
SCE	0.023	0.443	0.661	0.950	1.053
CEE	<b>-0.964</b>	<b>-19.298</b>	<b>0.000**</b>	<b>0.997</b>	<b>1.003</b>

Dependent variable: ROA

Significant: \*\*  $p \leq 0.01$ ; \*  $p \leq 0.05$

DW = 1.794

$R^2 = 0.935$

F = 125.259

p = 0.000

Source: Author's research

Model 4 explored the relationship between VAIC components and productivity. Based on the results shown in Table 7, it can be concluded that hypothesis **H4 is supported** ( $p = 0.000$ ), i.e. that VAIC positively contributes to the productivity of the observed entrepreneurs. The greatest contribution to explaining productivity is provided by the HCE component ( $\beta = 0.716$ ,  $p = 0.000$ ). The coefficient of determination is  $R^2 = 0.518$ , which means that 51.8% of productivity variability is explained by the regression model, while the rest is influenced by other factors.

Table 7: Model 4 – Value added intellectual coefficient and productivity

VAIC components	B	t	Sig.	Tolerance	VIF
HCE	<b>0.716</b>	<b>5.133</b>	<b>0.000**</b>	<b>0.953</b>	<b>1.050</b>
SCE	0.014	0.102	0.920	0.950	1.053
CEE	-0.001	-0.008	0.944	0.997	1.003

Dependent variable: Productivity

Significant: \*\*  $p \leq 0.01$ ; \*  $p \leq 0.05$

DW = 2.580

$R^2 = 0.518$

F = 9.302

p = 0.000

Source: Author's research

#### 4.4. Discussion

The study confirmed the contribution of IC on operating profit and productivity of hotel entrepreneurs, which is in line with the results of previous research (Buszko & Mroziwski, 2009; Huang & Jim Wu, 2010; Kengatharan, 2019; Naidenova & Parshakov, 2013). The results suggested that the effectiveness of entrepreneurship is associated with the development of various specific and nonspecific skills and knowledge that are directly related to motivation, creativity, enthusiasm and trust (Murray & Palladino, 2021). The results of Temouri et al. (2021) noted that the success factors of a company are the result of several interrelated concepts: IC, knowledge management and entrepreneurial efforts. According to the results of the study, it can be concluded that entrepreneurs use their IC efficiently (Smriti & Das, 2018). The results of the research agree with the conclusion of Murray and Palladino (2021) that human capital is a valuable resource that has a positive impact on successful entrepreneurship and at the same time provides a basis for growth, innovation and a competitive advantage. HCE is the most influential value driver for financial performance (Nimtrakoon, 2015). As

human capital is not the only resource, there is room to improve the competitive position of enterprises by “using the value creating ability of HC through adequate training for skill development, retention of talent and skills and maintenance of good industrial relation” (Maji & Goswami, 2016, p.425). The structural capital should provide a significant organizational support for operating human capital in entrepreneurial hotels.

The contribution of the paper to the literature of entrepreneurship is reflected in the identification and analyzes of the role of IC as insufficiently researched factors of business among entrepreneurs. Furthermore, the paper contributes to the literature of performance management by providing empirical evidence of the importance and role IC for improving the financial performance of entrepreneurs. The research was conducted among entrepreneurs of the hotel industry, which is otherwise recognized as an industry in which research on the management of IC is limited (Bontis et al., 2015). This research expands the knowledge and contribution of IC to the hotel industry.

## **5. Conclusion**

### **5.1. Practical implications**

The results of the study have revealed that entrepreneurs can achieve the improvement of their financial indicators through planned management of IC. Entrepreneurs should pay special attention to the development of human capital. In this case, they face the problem of supporting the management and development of IC, that is, the one of providing sufficient financial and material resources that will ensure the creation and efficient use of IC. Therefore, the development and management of IC should be based on an appropriate plan. In addition, the entrepreneurs should be an excellent example to their employees by permanently working on strengthening knowledge, skills and abilities, to influence the awareness among employees to continuously improve their human capital with the support of structural capital.

### **5.2. Limitations of the conducted research**

The study has several limitations. The first limitation concerns the sample size. The number of entrepreneurs analysed is relatively modest for two reasons: most of the registered hotels operate as a limited liability company and financial statements were not available for numerous registered entrepreneurs. Another limitation relates to the methodological weakness of the VAIC method. By applying this method, IC is viewed as a set of human and structural capital. Relational capital as a significant component of IC is excluded from the application of this method. Maji and Goswami (2016) suggested that the VAIC method can be modified to include marketing and R&D costs as value creation factors, instead of the conventional accounting approach to cost treatment. By including these two factors in the added value, the existing imperfection of the VAIC method can be overcome. However, the modification of the VAIC method, in the case of observed entrepreneurs, was impossible because none of the observed entrepreneurs have stated marketing and R&D costs in the income statement.

### **5.3. Future research recommendations**

Future research should be based on the analysis of IC with other components. Moreover, the number of financial performance indicators should be larger in future analysis. A comparative analysis should be used to compare the impact of IC components on the financial performance of hotels and the performance of restaurants or other related service activities.

## Conflict of interest

The authors declare no conflict of interest.

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## Financial performance of selected hotel groups and resorts during COVID-19 pandemic: 2019/2020 comparison

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**Abstract:** The outbreak of COVID-19 brought many negative effects in different regions and economic areas. However, the hotel industry suffered the most adverse effects due to restrictions and measures imposed by countries. Hence, hotels took substantial hit on their financial performance and efficiency. The adverse impact was not same for all hotels across the globe. The extent to which they will record worsening financial performance depends on the implemented governmental measures and actions taken by the hotels. Assessment of changes in revenues, expenses and expense to revenues ratio shows the magnitude of the impact induced by the pandemic. The findings suggest that most hotels have suffered a substantial loss in revenues and significant increase in expense to revenues ratio.

**Keywords:** financial performance, COVID-19, pandemic, hotel, hotel revenues

**JEL classification:** L83, Z33

## Finansijski učinak odabranih hotelskih grupa i odmarališta tokom pandemije COVID-19: Poređenje 2019/2020.

**Sažetak:** Izbijanje pandemije COVID-19 donelo je mnoge negativne efekte u različitim regionima i ekonomskim oblastima. Međutim, hotelska industrija je pretrpela najviše negativnih efekata zbog ograničenja i mera koje su uvele zemlje. Stoga su hoteli značajno ugrozili svoj finansijski učinak i efikasnost. Štetni uticaj nije bio isti za sve hotele širom sveta. U kojoj meri će zabeležiti pogoršanje finansijskog učinka zavisi od sprovedenih vladinih mera i akcija koje preduzimaju hoteli. Procena promene prihoda, rashoda i odnosa rashoda i prihoda pokazuje koliki je uticaj izazvan pandemijom. Nalazi sugerišu da je većina hotela pretrpela značajan gubitak u prihodima i značajno povećanje odnosa troškova i prihoda.

**Ključne reči:** finansijski učinak, COVID-19, pandemija, hotel, prihodi hotela

**JEL klasifikacija:** L83, Z33

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## **1. Introduction**

The hospitality industry can be affected by numerous factors which can boost or significantly impede the demand for its products and services. During the last couple of decades, the hospitality industry was exposed to multiple pandemics and epidemics in specific countries or regions. COVID-19 pandemic differs from previous outbreaks in a way that it became a global pandemic affecting nearly every country. Accordingly, the hospitality industry is among the industries that suffered severe losses due to travel bans, closures of borders and the movement of people.

As a direct consequence from COVID-19 and the associated anti-pandemic measures, hotels across the globe experienced worsening financial performance. They suffered losses due to a reduction in business activities, drop in demand, decrease in operational efficiency and inadequate capacity utilization.

This research aims to assess the magnitude of COVID-19 impact on hotels' financial performance during 2020 compared to financial results achieved in 2019. A horizontal financial statements analysis was performed on revenues and expenses extracted from hotels' annual reports and financial statements. The results show that COVID-19 had a significant adverse effect on hotel revenues and expenses. The results also show that when compared to 2019, in 2020, hotels' operational efficiency declined, and they needed to spend more money to generate one dollar in revenue.

A detailed examination of annual reports also shows that hotels have adopted cost cutting plans to lessen the adverse impact arising from the coronavirus pandemic. Moreover, governmental financial and non-financial support programs and the promotion of domestic tourism helped hotels lower the negative impact.

## **2. Literature review**

The outbreak of the COVID-19 pandemic had an unprecedented effect on the global economy, and the negative effects were felt in nearly all industries. The latest health crises caused a decline in economic activities, closure of businesses and layoffs. However, the most severe impact was felt by the tourism industry. Companies operating in the tourism ecosystem and related industries such as the hospitality industry were among the first to register a substantial decrease in business activities and financial losses.

An epidemic or pandemic is not a new occurrence. There have been multiple infectious disease crises like SARS or MERS in the past, which impeded tourism activities and hotel operations (Godovykh et al., 2021). However, it could be argued that they did not have adverse effects on global tourism activities and international travel. Instead, they were native to specific regions and impeded the number of tourists arrivals from and to the endangered regions. However, the COVID-19 pandemic is different because the outbreak has endangered the global tourism industry and popular tourist destinations with shocks on tourism arrivals, demand for hospitality services and hotel profitability.

### **2.1. Impact of COVID-19 on the hospitality and leisure industry**

During the last couple of decades, the global tourism industry recorded constant growth, and it has become a crucial component of the global economy. It is estimated that in 2019, the last pre-pandemic year, tourism industry participation in the global GDP was more than 10%, with anticipation that this figure had the potential to grow further (Muir et al., 2021; Santos del Valle, 2020). Positive movements in the number of international tourists induced increased

demand for rooms and accommodation generating higher revenue for hotels. Worth mentioning, is that in 2018 Asian and Pacific countries experienced a notable growth rate in revenues of around 7% compared to 2017, whereas European countries achieved a 5% growth in revenues during the same period (Bouarar et al., 2020). However, the multi-year growth was interrupted with the outbreak of the COVID-19. A significant decline in demand for tourists and hospitality products and services was evident. In April 2020, strict travel restrictions were announced in countries and travel destinations that had reported cases of COVID-19 infection. Closure of borders for different types of tourism was among the first measures introduced by countries against the coronavirus (Henseler et al., 2021). Hence, in the same year, there was a significant decline in the number of tourists worldwide, which led to a drastic decline in the number of booked rooms (Folinas & Metaxas, 2020). Consequently, hotels worldwide recorded worsening financial performance and a decline in revenues. For instance, estimates show that the RevPAR of hotels in Portugal dropped by more than 54% in 2020 compared to 2019 (Costa, 2021).

In Latin America and the Caribbean region, the number of tourists arrivals decreased in excess of 50% in March and almost 100% in April 2020 (Mulder, 2020). On a global level, inbound travel arrivals decreased by around 74% in 2020, which translates to approximately 1 billion trips, with the hardest hit regions being North-East Asia, South Asia, South-East Asia, North Africa, and Oceania (Vanzetti et al., 2021).

Estimates indicate that the Australian tourism industry will suffer a drop of around 40% in international visits, which corresponds to nearly 1.8 million visitors with an average loss from international tourism receipts, after March 2020, of around \$2 billion per month (TTF, 2020). However, the overall loss for the Australian economy is anticipated to be much higher when negative effects from increased unemployment, lost salaries and wages, and lost taxes are considered.

It is evident that sudden drop in tourists' arrivals, and reductions and closures of hotel operations, also had adverse effects on employment levels in the hospitality and leisure industry, with a potential double-digit percentage decrease in employment rates in some countries (Chang, & Wu, 2021; McGann, 2021; Muir et al., 2021). It is estimated that the pandemic outbreak jeopardizes between 100 to 120 million jobs in the tourism and hospitality industry (World Tourism Organization, 2020). However, the overall impact on employment levels is anticipated to be higher considering the interlinkage of the tourism industry with other industries.

In addition, many countries reported significant revenue losses as a direct consequence of the coronavirus impact on the tourism industry. Small states with a high degree of reliance on the tourism sector also noted a significant loss in terms of their GDP. For instance, Aruba recorded a loss of around 9% of its GDP, Macao SAR, China loss is estimated at 8.8% of its GDP, whereas Maldives loss is close to 7% of GDP (Johnson, 2020).

## **2.2. Factors affecting the financial performance of hotels**

Financial performance is a commonly used indicator for assessing the business performance of companies in different industries (Shieh et al., 2018). A comparison of items such as revenues, expenses, and income for consecutive years shows hotel's performance. The financial performance of hotels is affected by a vast number of factors. These factors can be classified into a couple of broad categories such as internal, external, domestic or international factors (Aznar et al., 2017; Bernini & Guizzardi, 2010; Chow, 2019; Kapiki, 2012). The downside for hotels and other hospitality organizations is that they might have an influence and a certain level of control over the internal, company specific factors. Some of the

commonly quoted internal factors that affect hotels' performance are size, availability of resources, management, utilization of technology, efficiency levels, quality of services, prices, employees, financial health, internal systems, etc. (Alvarez-Ferrer et al., 2018; Kalaš et al., 2019; Zhang & Enemark, 2016).

The degree to which external factors can influence hotel occupancy rate means that it is difficult for hotels to gain any control over the demand for their services (Zhang & Enemark, 2016). Some external factors that affect hotel operations are globalization, changes in transportation and communication systems, technological developments, economic expansions or recessions, market size, demography, and government and economic policies (Dimitrić et al., 2019; Kapiki, 2012). Demand for hotel services is also dependent on factors like prices, exchange rates, geopolitical events, and alternative offerings (Aznar Alarcón & Sayeras Masperra, 2015). External factors can also be viewed in terms of their origin, size and number of regions that could be affected. This is because factors could be specific to the domestic economy and tourism industry, or they could have international implications and spillover in or from other countries and regions.

For instance, negative occurrences such as terrorist attacks severely impact hotels' profitability. However, the negative impact is predominantly felt by hotels operating in the countries where attacks occurred (Seabra et al., 2020). An interesting aspect is that a negative event that causes a decrease in tourism arrival and hotel occupancy in one country could potentially boost the demand for hotel services in other countries (Seabra et al., 2020). The reason is that tourists will switch to other tourist destinations for their travelling needs.

Pandemics and epidemics have been recorded on multiple occasions during the last couple of decades. For instance, the SARS outbreak in 2003 harmed the financial performance of Taiwanese hotel stock prices, pressured by the drop in reported earnings and worsening financial position (Chen et al., 2007). The case of a flu outbreak in Mexico in 2009 also had significant adverse effects on its tourism industry. The hotels were faced with cancelled reservations and a decline in the number of international guests, which substantially affected their revenue figures (Ozbay et al., 2021). Regardless of the adverse impact on tourism activities and hotel financial performance, the disruptive shocks were swiftly overcome, and they did not cause any long-lasting harmful effects (Gössling et al., 2021).

### **3. Materials and methods**

Hotel profitability levels depend on many factors originating from the domestic or global scene. The COVID-19 pandemic falls in the group of external factors that caught the entire world by surprise (Shpak et al., 2021). This research aims at examining the immediate effect of the pandemic on hotels' profitability levels by comparing their financial performance in 2019 and 2020. The two years are considered because the tourism industry recorded growth up to 2019, indicating that hotels have a certain pre-pandemic peak in financial performance. The pandemic outbreak and effects coming from introduced anti-pandemic measures were at its peak in 2020. Accordingly, in 2020, hotels experienced the hardest hit on their occupancy rate and demand for their services.

For the purpose of this research, the selection of hotel organizations was based on their market size or market capitalization. The first step in the selection process considered 100 hotel chains based on their classification in the top 100 by size and/or market capitalization. Out of the 100 hotels selected in the first step, 67 were selected for the next step based on the availability of financial reports and similarities in reporting practices. After examining the financial reports, 34 hotel chains or resorts were selected for inclusion in the analysis based on the ability to compare revenue, expenses and income figures. The data used to examine the financial impact

brought by COVID-19 was extracted from financial reports and annual reports published on hotels' websites.

The data is expressed in millions or thousands of the country's currency or currencies required with the reporting practices. The associated currency does not affect the results for this research because a percentage change in the item value is considered.

Examination of financial performance and the impact of COVID-19 is conducted through horizontal financial statements analysis to assess the percentage changes in revenues and expenses and changes in the expense to revenues ratio. Year over year analysis is used to track changes and identify whether there is a growth or a decrease in the specified period. The expense to revenues ratio is used as a measure of efficiency. It indicates potential movements in the amount of money spent by hotels to generate one dollar in revenue, and lower values indicate higher efficiency. For changes in revenues and expenses, the percentage is calculated by dividing financial results achieved in 2020 with data from 2019, defined as the base value. The obtained figure is subtracted from one and multiplied by 100.

The manner in which the impact of COVID-19 on hotel financial performance is evaluated within this research is subject to certain limitations. Even after careful selection, a major limitation is that there are still certain differences in reporting standards, especially the treatment and recording of costs and expenses. For instance, the treatment and recording of items such as finance costs, present in some financial statements and annual reports.

Another limitation is that the impact from governmental subsidiaries and grants distributed to hotels and the general hospitality industry is not accounted for. Governmental support was provided to mitigate potential losses and lessen the negative effects coming from COVID-19.

#### **4. Results and findings**

The theory suggests that many factors can positively or negatively affect hotel financial performance and profitability levels. The experience gained with past pandemics and epidemics indicates that these events have a negative effect on hotel financial performance. Accordingly, the results provide an overview of the potential impact of the latest health crisis on hotel financial performance.

The results obtained by analyzing data collected from hotels' financial statements and annual reports are evaluated for changes in revenues, expenses and the expenses to revenue ratio. They provide insight into coronavirus magnitude on hotels' financial performance in 2020. The results and findings are presented in the following tables (Table 1, Table 2 and Table 3).

Table 1: Changes in revenues between 2019 and 2020

Hotel Group, Resort	Revenues		Change in %	Change
	2019	2020		
Choice Hotels International	1,114,820	774,072	-30.57	Decrease
Marriott International	20,972	10,571	-49.59	Decrease
Las Vegas Sands	13,739	3,612	-73.71	Decrease
Hilton Worldwide	9,452	4,307.00	-54.43	Decrease
MGM Resorts International	12,899,672	5,162,082	-59.98	Decrease
Loews Hotels	10,788	10,827	0.36	Increase
Red Lions Hotel Corporation	87,772	40,777	-53.54	Decrease
Accor	4,049	1,621	-59.97	Decrease
Dalata Hotel Group	429,184	136,821	-68.12	Decrease
Travelodge	727.9	284.4	-60.93	Decrease
Banyan Tree Holdings	352,781	159,579	-54.77	Decrease
Dusit Thani Group	6,117,447	3,320,200.00	-45.73	Decrease
Park Hotels& Resorts	2,844	852	-70.04	Decrease
Leela Palace Hotel and Resorts	15,434.43	14,567.56	-5.62	Decrease
Lemon Tree Hotels	54,950.62	66,943.74	21.83	Increase
Minor Hotels	34,304,772	15,055,144	-56.11	Decrease
The Oberoi Group	18,108.20	15,962.53	-11.85	Decrease
Wyndham Hotels& Resorts	2,053	1300	-36.68	Decrease
Huazhu Hotels	11,212	10,196	-9.06	Decrease
Host Hotels & Resorts	5,469	1,620	-70.38	Decrease
Wynn Resorts	6,611,099	2,095,861	-68.30	Decrease
Melco Resorts & Entertainment	5,736,801	1,727,923	-69.88	Decrease
Ryman Hospitality Properties	1,604,566	524,475	-67.31	Decrease
Travel + Leisure	4,043	2,160	-46.57	Decrease
Indian Hotels Company	4,512.00	4,463.14	-1.08	Decrease
Pebblebrook Hotel Trust	1,612,213	442,888	-72.53	Decrease
Sunstone Hotel Investors	1,115,167	267,906	-75.98	Decrease
Xenia Hotels & Resorts	1,149,087	369,776	-67.82	Decrease
EIH Limited	15,432.38	13,503.00	-12.50	Decrease
Delta Corp	797.81	773.41	-3.06	Decrease
Chalet Hotels	9,871.73	9,811.28	-0.61	Decrease
Marcus Corporation	820,863	237,688	-71.04	Decrease
Braemar Hotels & Resorts	487,614	226,974	-53.45	Decrease
Sotherly Hotels	185,788,133	71,502,576	-61.51	Decrease

Source: Author's research

Table 2: Changes in expenses between 2019 and 2020

Hotel Group, Resort	Expenses		Change in %	Change
	2019	2020		
Choice Hotels International	781,248	637,268	-18.43	Decrease
Marriott International	19,172	10,487	-45.30	Decrease
Las Vegas Sands	10,041	5,300	-47.22	Decrease
Hilton Worldwide	7,876	4,725	-40.01	Decrease
MGM Resorts International	9,078,978	5,847,454	-35.59	Decrease
Loews Hotels	9,564	10,006	4.62	Increase
Red Lions Hotel Corporation	98,345	56,455	-42.59	Decrease
Accor	3,224	2,012	-37.59	Decrease
Dalata Hotel Group	155,505	158,542	1.95	Increase
Travelodge	390.8	243.6	-37.67	Decrease
Banyan Tree Holdings	296,553	194,697	-34.35	Decrease
Dusit Thani Group	2,235,279	2,232,837	-0.11	Decrease
Park Hotels& Resorts	2,437	2,116	-13.17	Decrease
Leela Palace Hotel and Resorts	16,666.31	19,547.49	17.29	Increase
Lemon Tree Hotels	38,074.12	43,109.89	13.23	Increase
Minor Hotels	29,155,565	21,492,209	-26.28	Decrease
The Oberoi Group	15,879.00	15,080.62	-5.03	Decrease
Wyndham Hotels& Resorts	1,746	1346	-22.91	Decrease
Huazhu Hotels	9,236	11,925	29.11	Increase
Host Hotels & Resorts	4,670	2,573	-44.90	Decrease
Wynn Resorts	5,732,794	3,327,906	-41.95	Decrease
Melco Resorts & Entertainment	4,989,123	2,668,480	-46.51	Decrease
Ryman Hospitality Properties	957,175	472,840	-50.60	Decrease
Travel + Leisure	3,299	2,265	-31.34	Decrease
Indian Hotels Company	4,200.25	4,240.97	0.97	Increase
Pebblebrook Hotel Trust	735,597	1,382,871	87.99	Increase
Sunstone Hotel Investors	977,794	661,795	-32.32	Decrease
Xenia Hotels & Resorts	772,857	351,533	-54.52	Decrease
EIH Limited	13,904.92	13,086.05	-5.89	Decrease
Delta Corp	518.56	551.21	6.30	Increase
Chalet Hotels	6,679.47	6,445.13	-3.51	Decrease
Marcus Corporation	752,672	416,110	-44.72	Decrease
Braemar Hotels & Resorts	448,375	316,974	-29.31	Decrease
Sotherly Hotels	145,680,563	81,219,411	-44.25	Decrease

Source: Author's research



Table 3: Changes in expense to revenue ratio for 2019 and 2020

Hotel Group, Resort	Expense to revenues ratio (%)		Higher/lower compared to 2019
	2019	2020	
Choice Hotels International	70	82	Higher
Marriott International	91	99	Higher
Las Vegas Sands	73	147	Higher
Hilton Worldwide	83	110	Higher
MGM Resorts International	70	113	Higher
Loews Hotels	89	92	Higher
Red Lions Hotel Corporation	112	138	Higher
Accor	80	124	Higher
Dalata Hotel Group	36	116	Higher
Travelodge	54	86	Higher
Banyan Tree Holdings	84	122	Higher
Dusit Thani Group	37	67	Higher
Park Hotels & Resorts	86	248	Higher
Leela Palace Hotel and Resorts	108	134	Higher
Lemon Tree Hotels	69	64	Lower
Minor Hotels	85	143	Higher
The Oberoi Group	88	94	Higher
Wyndham Hotels & Resorts	85	104	Higher
Huazhu Hotels	82	117	Higher
Host Hotels & Resorts	85	159	Higher
Wynn Resorts	87	159	Higher
Melco Resorts & Entertainment	87	154	Higher
Ryman Hospitality Properties	60	90	Higher
Travel + Leisure	82	105	Higher
Indian Hotels Company	93	95	Higher
Pebblebrook Hotel Trust	46	312	Higher
Sunstone Hotel Investors	88	247	Higher
Xenia Hotels & Resorts	67	95	Higher
EIH Limited	90	97	Higher
Delta Corp	65	71	Higher
Chalet Hotels	68	66	Higher
Marcus Corporation	92	175	Higher
Braemar Hotels & Resorts	92	140	Higher
Sotherly Hotels	78	114	Higher

Source: Author's research

It is evident from Table 1 that out of the 34 hotels included in the analysis, 32 have experienced a decline in their revenues in 2020 compared to the revenues generated in 2019. Furthermore, five hotel groups recorded a single digit decline in revenue, whereas the remaining 27 hotels faced a double-digit decline. Sunstone Hotel Investors registered the highest decrease in revenue in 2020 with a nearly 76% decline, followed by Las Vegas Sands and Marcus Corporation with a decline of approximately 74% and 71%, respectively.

One characteristic of the hotel industry is that it is considered to fall within the capital-intensive industries. Accordingly, while hotels may have control over certain costs, they are faced with a high level of fixed costs. Consequently, the decline in revenue would be an indicator of a potential decline in the overall costs and expenses. The results show that 28 hotel groups reported lower overall expenses in 2020 compared to 2019. Hence, the decline in demand leads to a decline in expenses directly associated with the company's products. An interesting finding is that while most hotels record a decline in revenues and expenses, six hotels experienced an increase in 2020 expenses even though their revenues decreased in the same year.

Expense to revenues ratio enables the evaluation of the hotel's business efficiency, offering a deeper understanding of the impact on financial performance during the peak pandemic year. The results confirm a notable negative effect on hotels' business efficiency and financial performance in 2020. Namely, the expense to revenue ratio in 33 out of the 34 analyzed hotel groups or resorts is higher in 2020 compared to the value estimated for 2019. This indicates that most hotels needed more money in 2020 to generate one dollar in 2020 revenue. In some cases, the difference between the ratio for 2019 and 2020 is more than double.

Overall, the results show that COVID-19 has a significant negative effect on hotel financial performance and efficiency in 2020. Most of the hotels considered in this research reported a net loss for 2020 even though they generated profit a year before. Based on the information published in annual reports, it is worth mentioning that hotels have undertaken some form of steps or strategies to reduce operating costs. Each country implemented governmental support programs to lessen the impact of the pandemic on different industries. Programs were in the form of direct financial support (grants, loans) or strategies to attract domestic tourists. The cost-cutting strategies and governmental support programs mitigated the extent to which coronavirus affected hotel profitability levels. The level of domestic tourism and size of the local market were mentioned in the annual reports as factors that had a certain degree of influence on business activities and financial performance. However, hotels also pointed out to a worsened liquidity in 2020 when strict measures were introduced. Some hotels even reported the introduction of recovery plans composed of additional funding through loans, some forms of shareholders financing or issuing bonds.

## **5. Conclusion**

The past shows that any pandemic or epidemic negatively influences the tourism industry in the infected country or region. However, none of the health crises had a devastating long-term effect on the global hospitality industry and the overall global economy. Comparing the impact of different pandemics and epidemics would certainly show the severity with which COVID-19 affected the hotel industry and the worldwide tourism industry.

The results and findings confirm that the latest global health crises triggered many problems for hotels operating in different regions. The hotel industry is faced with worsening financial performance due to the drop in revenues and decline in operating efficiency. It should be noted that support programs implemented by governments were valuable to lessen the negative effects. However, the majority of hotels included in the analysis have experienced a drop in

revenues, and for some hotels, this drop was more than 70% compared to 2019. Also, the expense to revenues ratio was increased for most hotels indicating that COVID-19 negatively affected the operational efficiency of hotels.

Future research may be directed at examining the extent to which governmental support programs affected hotel financial performance and mitigated the exposure to effects brought by the pandemic. It would also be valuable to directly evaluate the effects from rise in domestic travelling and changes in the level of domestic tourism in the post-pandemic period.

## Conflict of interest

The author declares no conflict of interest.

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## A study of the influence of the COVID-19 pandemic on tourist behaviour and expectations: A case of Serbia

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**Abstract:** Due to the spread of COVID-19 and the closing of the borders of a large number of countries, tourists' interest in domestic tourist destinations has grown. The objective of this paper is to identify future behaviour patterns of tourists and to propose measures that would affect the interest of domestic tourists in domestic destinations after COVID-19. The study starts with an analysis of the impact of COVID-19 on global tourism, then focuses on trends in the tourism market in Serbia and ends by examining citizens' attitudes towards key factors for domestic tourism development. It is estimated that tourism can benefit from an essential understanding of tourists' demands for a safe journey. Research results indicate statistically significant differences in the attitudes of respondents in relation to age, gender and education, but most respondents believe that it is necessary for the state to invest more in tourist infrastructure and to adjust pricing policy to remain competitive domestic destinations after Covid-19.

**Keywords:** tourism, COVID-19, tourist behaviour, crisis, Serbia

**JEL classification:** D11, M21, M31, Z30

## Studija uticaja pandemije COVID-19 na ponašanje i očekivanja turista: Slučaj Srbije

**Sažetak:** Usled širenja COVID-19 i zatvaranja granica velikog broja zemalja, poraslo je interesovanje domaćih turista za domaće turističke destinacije. Cilj rada je identifikovanje budućeg ponašanja turista i predlaganje mera koje bi uticale na interesovanje domaćih turista za domaće destinacije nakon COVID-19. Studija počinje analizom uticaja COVID-19 na globalni turizam, zatim se fokusira na trendove na turističkom tržištu u Srbiji i završava ispitivanjem stavova građana o ključnim faktorima za razvoj domaćeg turizma. Procenjuje se da turizam može imati koristi od suštinskog razumevanja zahteva turista za bezbednim putovanjem. Rezultati istraživanja ukazuju na statistički značajne razlike u stavovima ispitanika u odnosu na godine, pol i obrazovanje, ali većina ispitanika smatra da je neophodno da država više ulaže u turističku infrastrukturu i da prilagodi politiku cena kako bi domaće destinacije ostale konkurentne nakon COVID-19.

**Ključne reči:** turizam, COVID-19, ponašanje turista, kriza, Srbija

**JEL klasifikacija:** D11, M21, M31, Z30

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## **1. Introduction**

It is well-known that the crisis connected with the COVID-19 pandemic has impacted and continues to impact people and businesses around the world. The pandemic has affected people and business activities around the world (countries, businesses and social relations) and also has changed the organization in all areas of business, including the tertiary sector and within it, educational services, health services, but also tourism services (Mandarić & Sekulić, 2021; Milovanović et al, 2021). The paper focuses on the expected changes in the behaviour of tourists and the perception of future travel, because the tourism industry has great potential for growth and income generation. Tourism has great impact on regional development growth and could be an effective tool in achieving balanced regional development (Vuković et al., 2022). The United Nations claims that tourism will have an important role in the recovery of national economies and global trade over the next few years (UNWTO, 2022a). Bonacci and Anwar (2020) highlight that “before COVID-19, travel and tourism was accounting for 10% of global GDP” (p. 75), which is why tourism has become one of the most important sectors of the world economy. Certainly, the pandemic has negative consequences for the tourism of all countries, with the impact being greater in countries where tourism participates in a higher percentage of GDP and, as Luković and Stojković (2020) stand out “small and less developed countries where tourism accounts for over 50% of gross domestic product” (p. 83).

The global pandemic has significantly affected the tourist activity in Serbia in two ways, on the one hand, international travel and tourism have practically stopped, and on the other hand, the interest of domestic tourists in spending shorter or longer vacations in domestic destinations has increased. The increase in interest in domestic destinations has raised questions about the sustainability of future tourism, pricing strategies, improving the quality of the offer and tourist facilities. The question arises as to what is the role of the state in the development of domestic destinations. This paper investigates the motives and intentions of tourists in the coming period and whether and to what extent Covid-19 influences changes in tourist behaviour. Also, this paper explores the possibilities of retaining domestic tourists in Serbia after the opening of international borders.

## **2. Background**

### **2.1. Global changes and tourism in the COVID-19 era**

After six decades of continuous development, tourism had become an important driver of economic growth (Bonacci & Anwar, 2020; Deb & Nafi, 2020; Mandarić & Sekulić, 2021). However, this situation changed dramatically with the spread of the pandemic in 2020, which has affected all countries, regardless of their level of development, with wide-ranging economic consequences. According to Bonacci and Anwar (2020) “by April 28, 2020, 100% of global destinations had introduced travel restrictions” (p. 76). The pandemic hit the entire economy, but it affected in particular the tourism industry due to travel restrictions imposed by the authorities worldwide. The Covid-19 put the global tourism industry under great pressure as most domestic and international travel was canceled. Isolation strategies, border closures and flight suspensions have affected revenue reductions and liquidity problems for all tour operators (Nica & Lăceanu, 2021). A large number of countries in the world provided extensive financial support to companies and employees in the tourism sector. COVID-19 and lockdown have had the effect of reducing the business capacity of tourism companies, while hotel companies are in a much better position to recover faster financially and be the first to contribute to the stabilization of the tourism sector (Casado-Aranda et al, 2021).

High sensitivity to crises is an important aspect of tourism, but the economic impact of the crisis on tourism has not been sufficiently explored so far (Wen et al, 2021). Mandarić and

[Sekulić \(2021\)](#) note that “tourism contributes to the growth of national economies, employment of the population and the creation of conditions for a better life, both in developed and developing countries, but it is also the sector of the economy that is sensitive to numerous environmental, political and socio-economic risks, and affected of various crises (for instance terrorism, earthquakes, ebola, SARS, etc.)” (p. 318). Among the various factors that negatively affect tourism, those that stand out in particular are health emergencies and climate change, which is why COVID-19 is so important for tourism research and analysis ([Deb & Nafi, 2020](#)). The tourism industry is very vulnerable to many risks, but it is obvious that this crisis is specific and different that it will have major, long-term and deep structural changes for tourism and it can be assumed that the actual impacts of the COVID-19 outbreak on tourism will not be apparent until after the pandemic has ended ([Božović et al, 2021](#); [Deb & Nafi, 2020](#); [Sigala, 2020](#)). [Candia and Pirlone \(2022\)](#) state that “in 2020, tourists preferred unpopular and uncrowded destinations, often in the countryside, in order to be able to continue travelling while avoiding contagion and it is important to highlight these new travel trends by analyzing the development prospects of the tourism sector that characterize the COVID era and will characterize the post-COVID era in the coming years” (p. 2).

The UNWTO points out that vaccination and mitigation of measures related to international travel have helped the recovery of the tourism industry. The report ([UNWTO, 2022a](#)) indicates that “global tourism experienced a 4% increase in 2021 compared to 2020, but that international tourist arrivals were still 72% below 2019 before the pandemic”. Therefore, 2020 is considered to be the most difficult year for tourism.

The recovery of the tourism industry is very slow and different in different parts of the world, due to different rates of vaccination, restrictions on movement and trust of tourists. good results were achieved by Europe and America in 2021 compared to 2020, but they are significantly lower than before COVID-19. According to the sub-regions, the Caribbean has achieved the best results; also Mediterranean Europe and Central America have experienced a considerable recovery, but are still more than 50% down on 2019 levels. Africa also recorded an increase in the number of tourists in 2021 compared to 2020, but even that number is significantly lower than the number from the period before the pandemic.

It is encouraging that the majority of experts expect a recovery in 2022 (projected to grow by 4% in 2022), while the others indicate a potential recovery only in 2023 (projected to grow by 3.5% in 2023) ([UNWTO, 2022b](#)). Also, many experts now expect to international arrivals will not return to the level of 2019 until 2024 or later ([UNWTO, 2022a](#)). Although the pandemic had a greater impact on tourism in countries whose GDP is more dependent on tourism, with the recovery of the tourism industry, economic growth is expected in all parts of the world.

## **2.2. Tourism in Serbia during the COVID-19 pandemic and changes in the behaviour of tourists**

The pandemic has a strong impact on tourism in Serbia and there are at least two ways in which the consequences of the pandemic can be seen. On the one hand, the pandemic negatively caused the business for travel agencies and city hotels, and on the other hand, the interest of tourists all over Serbia for certain domestic destinations increased, to the extent that demand exceeded supply ([Mandarić & Sekulić, 2021](#)).



Table 1: Tourist arrivals in Serbia (2019-2021)

Republic of Serbia	Year	Total	Domestic tourists	Foreign tourists
Tourist arrivals	2019	3,689,983	1,843,432	1,846,551
	2020	1,820,021	1,374,310	445,711
	2021	2,591,293	1,720,054	871,239
Tourist nights	2019	10,073,299	6,062,921	4,010,378
	2020	6,201,290	4,936,732	1,264,558
	2021	8,162,430	5,732,833	2,429,597

Source: [Statistical Office of the Republic of Serbia \(2022\)](#)

Table 1 shows the data for the Republic of Serbia (2022) for the period 2019-2021, the following can be concluded. Total tourist arrivals in 2021 were 2,591,293 (a decrease compared to 2019 with 3,689,983 tourist arrivals but growth compared to 2020 with 1,820,021 tourist arrivals). Domestic tourist arrivals in 2021 accounted for 1,720,054 (domestic tourists in 2019 were 1,843,432 and in 2020 were 1,374,310) and number of foreign tourist arrivals was 871,239 in 2021 (while in 2019 there were 1,846,551 and in 2020 only 445,711 foreign tourists). These data indicate a large share of domestic tourists in the total tourist arrivals during 2020 and 2021.

According to the [Statistical Office of the Republic of Serbia \(2022\)](#), in Serbian accommodation facilities in January 2022, 193,263 domestic arrivals were recorded, which is 56.4% more compared to the same period in 2021. In January 2022, tourists realized 706,742 overnight stays, of which by 61.2% were domestic tourists and 38.8% by foreign tourists. The number of overnight stays is higher, compared to January 2021, by 54.3%.

In such circumstances, the question is whether the wishes of domestic tourists are different during the pandemic in terms of what they expect from the destination. Also, the question arises as to whether and in what ways it is possible to retain domestic tourists, what are their expectations and whether future behaviour can be predicted. Bearing in mind the positive impacts of tourism on other economic branches, the state should take an active role in improving the tourist offer.

In the interest of future development and adjustment of the tourist offer, it is useful to research and understand the behaviour of tourists. This will require adequate human resources in tourism, which are otherwise key factor to success in tourism ([Perić et al, 2021](#)). They will also be responsible for understanding the behaviour of tourists and changes in tourism after COVID-19. According to [Petković and Užar \(2020\)](#) “through market research, it is possible to identify not only the needs and desires of consumers, their motives and behaviours, but also the behavior of other key market players” (p. 103). The behaviour of tourists is the result of numerous internal and external factors, including many social factors. An analysis of the needs and changes in the behaviour of tourists as a consequence of the pandemic will be crucial to the future success of the tourism industry. Some research shows that once the pandemic is over, people will prefer to choose short breaks and change their destinations, choosing more remote and less populated destinations and preferring relatively safe and hygienic tourist destinations ([Kuo, 2021](#)). The pandemic has prompted tourists to be interested in health information (hygiene, cleanliness, the quality of medical institutions in the environment, etc.) regarding the destination, and has increased their interest in accommodation and places where they can improve their physical and mental health. The COVID-19 pandemic has also led to an increase in the awareness of the importance of food safety, so available information on food safety can be an important factor in the tourist offer ([Gajić et al, 2021](#)). Only destinations that will provide a safe health environment, can expect tourists. Hygiene and cleanliness are essential for tourism after the public health crisis ([Gössling et al., 2021](#); [Mandarić & Sekulić, 2021](#)).

The results of some studies indicate that maintaining health is a key determinant of future travel and that the focus of tourists will be on hygiene and cleanliness when considering tourist offers. Also, after the public health crisis, tourists give more importance to the quality of medical services and only destinations that provide a safe environment can expect to attract visitors (Chebli & Ben, 2020; Kaushal & Srivastava, 2021; Wen & Jiang, 2020).

### 3. Questionnaire survey and data collection

A survey was conducted during the pandemic period in March 2021 with the aim of investigating the impact of the pandemic on the behaviour and expectations of domestic tourists. The research was conducted in order to examine the attitudes, intentions and expectations of potential tourists regarding future travel, with special reference to domestic destinations. Attitudes during the pandemic and assumptions about future behaviour affected by the COVID pandemic were analyzed.

The study is a continuation of previously conducted research (Chebli & Ben, 2020; Mandarić & Sekulić, 2021) and analyzes the impact of distance and popularity of the destination on the tourists' choice, their (non) avoidance of group travel, the degree of health and hygiene measures at the destination; the importance of choosing the appropriate travel insurance.

The questionnaire consisted of three parts. The first part is about the basic data of the respondents. The second part of the questionnaire explored tourists' attitudes towards travelling during and after the period of the COVID-19 pandemic. Using a 5-point Likert scale, respondents were asked to share their opinions with various statements, where 1 denoted completely disagree and 5 denoted totally agree. The third part explored the types of changes and improvements in tourism expected by the respondents after the pandemic. It included statements with 5-point Likert scale, questions with multiple answers and open-ended questions. The sample consisted of 178 respondents. The questionnaire was created via Google questionnaire and respondents were invited via social networks. This study used SPSS 23.0 for the descriptive statistics and significance tests ( $\alpha = 0.05$ ,  $p < 0.05$ ).

### 4. Findings and discussion

The following sample characteristics were analyzed: gender, level of education and their age (Table 2). Out of a total of 178 respondents, 154 (86.5%) are female and 24 (13.5%) are male. Concerning the respondents' the level of education, there were 54 respondents with middle school qualifications (30.4%), 24 with a college diploma (13.5%), 60 with a university degree (33.7%), 25 with a master's degree (14.0%) and 15 doctor of science qualification (8.4%).

Table 2: Sample characteristics

	Gender		Level of education*				
	Female	Male	1	2	3	4	5
Number	154	24	54	24	60	25	15
Percent	86.5	13.5	30.4	13.5	33.7	14	8.4

\* 1 - middle school qualifications, 2 - a college diploma, 3 - a university degree, 4 - a master's degree, 5 - doctor of science qualification

Source: Author's research

The youngest respondent was 14 years old and the oldest 72 years old, the average age of the respondents was 42.76 years.

Table 3 shows that during the pandemic, the best rated claim is regarding accommodation facilities that take special care of the health and hygiene aspects of accommodation (Mean = 4.01). This means that it is necessary for all tourist entities to take care about public health challenge and to take measures to protect their tourists. The lowest rating refers to the choice of a lesser-known destination where there is less crowding (Mean = 3.32) and based on a low rating, it can be concluded that tourists will not avoid well-known destinations that are usually more visited.

Table 3: Impact of COVID-19 on tourist behaviour

Statements	During the COVID-19			After the COVID-19		
	Mean	SD	Median	Mean	SD	Median
S1. I choose a nearby destination.	3.39	1.39	4	2.70	1.46	3
S2. I choose a destination I have not visited before.	3.38	1.30	3	3.67	1.29	4
S3. I choose a lesser known destination, where there are fewer tourist crowds.	3.32	1.33	3	3.27	1.34	3
S4. I avoid group travel.	3.52	1.40	4	3.08	1.44	3
S5. Health information about destinations is important to me.	3.93	1.24	4	3.82	1.29	4
S6. I choose accommodation with special care regarding health conditions.	4.01	1.17	4	4.03	1.14	4
S7. I carefully choose travel insurance (health coverage, luggage insurance, travel cancellation, etc.).	3.95	1.29	4	4.04	1.22	5

Source: Author's research

In the period after the COVID-19 pandemic (Табле 3), the highest value of the arithmetic mean indicates that tourists will pay special attention to travel insurance (Mean = 4.04). This opens the perspective of the development of the insurance market, especially in the field of insurance of tourist services. The choice of destination near the area where tourists live will not affect the choice of travel in future (Mean = 2.70), meaning that even more tourists are expected to choose more distant destinations. The results of these descriptive statistics show that the choice of destination is significantly influenced by information regarding accommodation conditions related to hygiene and health and safety conditions.

By applying the Kolmogorov-Smirnov test, it was determined that the data did not follow the normal distribution, and in order to obtain relevant conclusions based on statistical analysis, the Mann-Whitney test was applied (Table 4).

Table 4: Mann-Whitney test (tourist behaviour) – gender differences

Statements	During the COVID-19			After the COVID-19		
	p	Median		p	Median	
		Female	Male		Female	Male
S1	0.520	4	4	0.380	3	2
S2	0.564	3	3	0.481	4	4
S3	0.042*	4	3	0.292	3	3
S4	0.913	4	4	0.872	3	3
S5	0.490	4	4	0.026*	4	3
S6	0.020*	5	3.5	0.006*	4.5	3.5
S7	0.023*	5	3.5	0.890	5	4

\*p<0.05

Source: Author's research

Based on the Mann-Whitney test, it was found that there are significant differences in attitudes between women and men during a pandemic: Firstly, when choosing destinations there are less known and fewer crowds ( $p = 0.042$ ), with women (Median = 4) taking more care than men (Median=3); secondly, when choosing accommodation with higher hygiene ( $p = 0.020$ ), with women (Median = 5) taking more care than men (Median = 3.5); and thirdly, when choosing travel insurance ( $p = 0.023$ ), with women (Median = 5) taking greater care than men (Median = 3.5). After the COVID-19, it was found that there are significant differences in attitudes between women and men: regarding the health information of the destination itself ( $p = 0.026$ ), it will be more important for women (Median = 4) to be informed in detail about the quality of health care at the destination than for men (Median = 3); when choosing accommodation with higher hygiene ( $p = 0.006$ ), females (Median = 4.5) taking more care than male (Median = 3.5).

Using t test for paired samples (Table 5), there was analyzed the attitudes of respondents during and after the pandemic, especially in those younger than 43 years and older than 43 years (Median is 43 years, so the first group consists of respondents up to 43 years and the second of 43 and older).

Table 5: Pared Samples t test - age group differences

	Age group 18-42			Age group 43-72		
	t	df	p	t	df	p
S1	3.334	79	0.001*	4.202	99	0.000*
S2	2.731	79	0.008*	1.253	99	0.213
S3	0.136	79	0.892	0.782	99	0.436
S4	2.482	79	0.015*	2.928	99	0.004*
S5	0.000	79	1.000	1.933	99	0.056
S6	0.445	79	0.658	0.115	99	0.909
S7	1.143	79	0.257	0.445	99	0.657

\*p<0.05

Source: Author's research

It was found (Table 5) that there is a statistically significant difference in relation to attitudes before and after the pandemic in younger respondents regarding: Firstly, the proximity of the destination becomes less important after the pandemic (during the pandemic Mean = 3.38, after pandemic Mean = 2.71); secondly, regarding the choice of new destinations, a younger group of respondents has a more positive attitude towards new destinations after the pandemic (during pandemic Mean = 3.27, after pandemic Mean = 3.72), third, regarding the avoidance

of group travel, this attitude is more pronounced during the pandemic (during the pandemic Mean= 3.58, after pandemic Mean = 3.09).

Through a one-factor ANOVA (Table 6), the difference in the attitudes of the respondents in relation to the level of education was analyzed.

Table 6: The results of the ANOVA (tourist behaviour) - differences in relation to education

Statements	Period 1			Period 2		
	F	p	Note	F	p	Note
S1	0.542	0.705		0.661	0.620	
S2	0.641	0.634		0.740	0.566	
S3	1.398	0.237		0.712	0.585	
S4	1.751	0.141		2.497	0.045	1-2* 0.018
S5	0.645	0.631		0.596	0.666	
S6	0.531	0.713		1.031	0.393	
S7	0.172	0.952		0.899	0.466	

\* Period 1 - during COVID-19, \* Period 2 - after COVID-19; \*1 – secondary education; 2 – high and higher education  
Source: Author's research

It was found that there is (Table 6) a statistical significance of the difference in attitudes between the respondents with secondary and high and higher education regarding group travel ( $p = 0.018$ ). Namely, respondents with lower education will avoid group travel even after the pandemic (Mean = 3.46) while respondents with higher level of education will be less important (Mean = 2.38).

The attitudes of the respondents during and after the pandemic were compared with the help of the Wilcoxon test (Table 7).

Table 7: The results of the Wilcoxon test (tourist behaviour) – during and after COVID-19

Statements	p	Median	
		Period 1	Period 2
S1	0.000*	4	3
S2	0.006*	3	4
S3	0.573	3	3
S4	0.000*	4	3
S5	0.155	4	4
S6	0.669	4	4
S7	0.180	4	5

\* $p < 0.05$ ; \* Period 1 - during COVID-19, \* Period 2 - after COVID-19  
Source: Author's research

The analysis found that there is (Table 7) a difference in the attitudes of the respondents regarding two factors - the proximity of the destination ( $p = 0.000$ ) and travel in the group ( $p = 0.000$ ), believing that both factors are more important during a pandemic than after. For the factor related to the popularity of the destination ( $p = 0.006$ ), they believe that it will be more important after the pandemic than during.

The following Table 8 lists the statements that explore the expected changes in tourism in the coming period.

Table 8: Changes in tourism after the pandemic

Statements	Mean	SD	Median
S1a. The interest of domestic tourists in staying in domestic destinations will continue to grow.	3.31	1.29	3.5
S2a. Domestic tourists will show greater interest in going abroad.	3.83	1.18	4
S3a. Tourists will expect new facilities at old destinations.	3.81	1.11	4
S4a. It is necessary for the state to invest more in traffic infrastructure.	4.56	0.84	5
S5a. It is necessary for the state to support tourism service providers (through funds, training, etc.).	4.54	0.85	5
S6a. Educated and professional tourist staff will be a condition for the competitiveness of the tourist destination.	4.28	1.01	5

Source: Author's research

According to Table 8, respondents believe that it is necessary for the state to invest more in transport infrastructure (Mean = 4.56) in order to make domestic destinations more accessible. On the other hand, respondents are in least agreement with the statement that after the pandemic, interest in domestic tourism will continue to grow (Mean = 3.31).

The Man-Whitney test was used to analyze the relationship between difference in respondents' attitudes (women and men). There is (Table 9) a significant difference in attitudes between females and male: when expecting new content in old destinations ( $p = 0.002$ ), where women (Median = 4) consider it more important than men (Median = 3); the need for the state to support tourism service providers ( $p = 0.036$ ), with women (Median = 5) and men (Median = 5) considering it equally.

Table 9: Results of the Man-Whitney test (changes in tourism) – gender differences

Statements	p	F	M
S1a	0.960	3.5	3.5
S2a	0.607	4	4
S3a	0.002	4	3
S4a	0.206	5	5
S5a	0.036	5	5
S6a	0.111	5	4

Source: Author's research

Using the t test for independent samples, we analyzed the attitudes of the respondents in relation to their age, where they were divided into two groups, younger than 43 years and older than 43 years (Table 10).

Table 10: Independent sample t test – age group differences

	<b>t</b>	<b>df</b>	<b>p</b>	<b>Mean (younger than 43)</b>	<b>Mean (older than 43)</b>
S1a	-0.100	178	0.920	3.30	3.32
S2a	-0.795	178	0.428	3.75	3.89
S3a	0.224	178	0.823	3.84	3.80
S4a	1.995	178	0.048*	4.70	4.44
S5a	1.957	178	0.052	4.68	4.43
S6a	0.038	178	0.970	4.28	4.27

\*p<0.05

Source: Author's research

By applying the t test for independent samples (Table 10), it was determined that there is a statistically significant difference only related to statement about traffic infrastructure (p = 0.048), younger respondents are more likely to believe that the state's investment in traffic infrastructure (Mean = 4.70) is important for tourism development, compared to older respondents (Mean = 4.44).

Respondents were also asked questions about future interest in domestic tourism with multiple answers (Table 11).

Table 11: Reasons for greater interest in domestic tourism

<b>Answers</b>	<b>Percent</b>
Increasing the quality of services	20.9
Diversity of offer	20.9
Price reduction	41.3
State incentives through vouchers	16.9
Total	100

Source: Author's research

Table 11 shows that most respondents 41.3% believe that lower prices in domestic destinations will be a key factor for the origin of the domestic destination, 20.9% of respondents think that is crucial an increase in the quality of services and a variety of offers and 16.9% respondents gives preference to a state incentive through vouchers in order to keep domestic tourist and support the further development of domestic tourism.

Also, the Chi-square test found that there is a significantly percentage of respondents with completed secondary, high or higher education who believe that lower prices are an important factor for greater interest in domestic tourism, as there is a significant percentage of respondents with a doctorate who think that an increase in service quality is important (Chi square=25.047; df=12; p=0.015). In other words, respondents with a lower level of education, who are more likely to have lower incomes, state that an important factor is lower prices, while respondents with a greater level of education care much more about the quality of service.

## 6. Conclusion

Research of tourist behaviour will determine the directions of tourism development in the coming period. COVID-19 has left numerous consequences on the economy, but also on the psyche of the people. Health and safety concerns will mark future tourist travel. The paper investigates behavioural changes that affect the development of tourism. Also, the subject of research is ways to maintain the interest of domestic tourists in domestic destinations even after the pandemic. The paper analyzes trends in important tourism indicators during the pandemic period, both globally and nationally. Tourism is an important industry characterized

by extreme sensitivity to crises. The public health crisis has significantly affected the perception of travel and led to changes in the behaviour of tourists. An important determinant of tourist travel on a global level is the care of mental and physical health and it is clear that only those destinations that provide a safe stay for tourists in every sense of the word can be competitive in the long run. At the national level, during COVID-19 period, an increase in domestic tourist demand for destinations in Serbia was noticed and the question of long-term sustainability of domestic demand was raised.

The results of the research show that there are significant differences in the attitudes of the respondents in relation to gender, age and education towards key travel factors (travel in group, safety measures, travel insurance, etc.). The results of the research indicate the expectations of tourists regarding the competitiveness of domestic destinations. The paper provides an understanding of the current situation in tourism at the global and national levels. Conducted quantitative analysis provides guidelines for future tourism development strategies and new research.

The tourism industry can benefit from an understanding of medical and health issues, during and particularly after this pandemic. The key factor in the further tourism development of Serbia is the capacity to meet the high standards of health security. Improvement of infrastructure (traffic roads) and the price competitiveness of domestic destinations are also expected. The results of this research that indicate differences in the responses of respondents depending on gender, age and level of education can be useful guidelines for the development of the tourist offer.

Research has several limitations. While conducting research, collecting data and writing papers, the pandemic was still going on. Respondents responded to some of the contents of the survey based on planned travel-related behaviour, which may not correspond to actual behaviour in the future. So, further research could follow the actual behaviour of tourists after the pandemic. Also, the study analyzed tourism in general, so further research on a specific form of tourism (eg. increasing interest in rural tourism) would give more precise results and more detailed recommendations. In addition, it would be useful to compare the results of this research with research conducted in the surrounding countries in order to present a broader picture of post-pandemic trends in tourism. Also, study only partially investigates expected state support, but future research should consider key economic measures in support of the development of domestic tourist destinations.

## **Conflict of interest**

The authors declare no conflict of interest.

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## The impact of fear of COVID-19 infection on consumers' intention to visit restaurants

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**Abstract:** The problem of excessive tourism has overnight become an ideology and a part of the past. With the appearance of the COVID-19 pandemic, the flow of tourist movements was abruptly interrupted, and thus the visits to restaurants. The aim of the research was to determine whether the fear of the users of the pandemic infection affects the intention to visit restaurants. The total number of respondents was 508, in 27 restaurants in the Republic of Serbia. The authors used exploratory factor analysis (EFA) and multiple regression analysis with mediation for data processing. The research concluded that the perceived fears of the respondents may influence the decision to visit restaurants. The importance of research is reflected in the application of results in theory and practice, in order to facilitate business during the pandemic.

**Keywords:** restaurants, consumers, the Republic of Serbia, COVID-19

**JEL classification:** I12, J28, L83

## Uticaj straha od infekcije COVID-19 na nameru korisnika da posete restorane

**Sažetak:** Problem prekomernog turizma preko noći postao je ideologija i deo prošlosti. Pojavom pandemije COVID-19, naglo je prekinut tok turističkih kretanja, a samim tim i posete restoranima. Cilj istraživanja bio je utvrditi da li strah korisnika od pandemijske infekcije utiče na nameru da posete restorane. Ukupan broj ispitanika iznosio je 508, u 27 restorana u Republici Srbiji. Autori su za obradu podataka koristili eksplorativnu faktorsku analizu (exploratory factor analysis – EFA) i višestruku regresionu analizu sa medijacijom. Istraživanjem se došlo do zaključka da percipirani strahovi ispitanika mogu da utiču na odluku o poseti restoranima. Značaj istraživanja se ogleda u primeni rezultata u teoriji i praksi, kako bi se olakšalo poslovanje tokom pandemije.

**Ključne reči:** restorani, korisnici, Republika Srbija, COVID-19

**JEL klasifikacija:** I12, J28, L83

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## **1. Introduction**

The pandemic COVID-19, which has lasted for more than two years, has completely disrupted all sectors of the economy, including the tourism and hospitality sector. Overnight, rigorous measures were adopted, which referred to the complete closure of facilities, up to limited working hours. In one period, protection measures included staying in restaurants until 8 pm, after which it was not possible to stay if the consumer does not have a COVID-19 certificate of vaccination. Such a system of work has completely destabilized the work of catering companies, so most of them closed their facilities and entered the market with a different way of doing business. That way was simple, with less cost, less labor, but the only way to survive in the market. Since the beginning of the pandemic in Serbia, the purchase of food over the internet has increased by 200%, clothing by 100%, and technical devices and computer equipment by 50% (Ministry of Trade, Tourism and Telecommunications, 2022). World companies in the field of tourism and hospitality, and even airlines, are facing major problems. These problems are mainly related to job losses, increased costs, and even company closures. A pandemic, as well as other crisis situations, creates certain fears among consumers. What is the perception in the minds of consumers is very difficult to determine, because consumers must be observed through the prism of different psychological groups. Everyone reacts differently to the type of fear, and everyone has a different duration of fear. According to similar research, the authors aimed to discover the strength of the pandemic fears among consumers of restaurant services, and whether and to what extent there is a correlation between them, and the impact on visits to restaurants during the pandemic. The factor analysis of the issues is divided into four factors, two of which relate to fear of the pandemic (F1) and fear of staying in restaurants (F2), while the other two relate to protection and security measures implemented in restaurants (F3) and the intention to visit restaurants during the pandemic (F4). With the help of multiple regression analysis with mediation, they determined the existence of a significant impact on the intention of users to visit restaurants during the pandemic. It turned out to be a partial mediation, because by introducing the variable Protection and Security Measure, the significance of the first fear decreases, while the value of the second type of fear remains the same.

The importance of research will leave effects in the social, economic and scientific spheres, when observing consumer behavior and their impact on the business of certain industries. In this case, the results will significantly contribute to broader research, where it will be possible to predict consumer behavior in crisis situations, and accordingly take strategic measures to prevent large economic losses and continue working in these circumstances. After the COVID-19 pandemic, consumers will also, in a way, be prepared and already familiar with behavior if a new crisis period arises. Empirical results can contribute to the development of security measures in tourism services and the design of effective actions for the renewal of tourism and hospitality.

## **2. Literature review**

### **2.1. Some of the negative effects of the pandemic on the economy**

In times of crisis, there are structural changes in all economic sectors, including the behavior of consumers of services. The COVID-19 pandemic had the strongest impact on business, but also on the psyche and behavior of consumers (Assaf et al., 2021; Božović et al., 2021). Most schools and higher education institutions worked remotely, cafes, bars, pubs and shopping malls were closed. Only pharmacies, food stores, and pumps operated (Gajić et al., 2021a). Statistics show that 40% of hotels in Barcelona are closed, and that instead of the average 60.000 guests a day, only 13.000 tourists stayed in city hotels at the beginning of the pandemic,

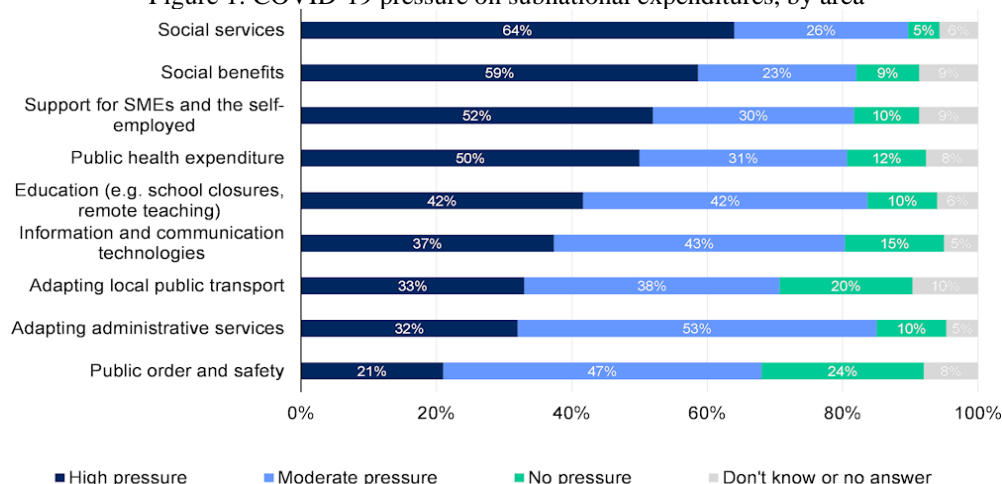
and that the hotel industry has lost 2.7 trillion euros since the epidemic (Gajić et al., 2021b). One of the draconian epidemiological measures against the spread of COVID-19, was introduced in early November 2020 and most hotels are officially defined as quarantine hotels. Global revenue from international tourism in 2019 amounted to 1.47 trillion dollars, and in the following, pandemic year, it dropped by 63 percent (Kock et al., 2020).

In the Republic of Serbia, when the pandemic began, there were no recorded reservations in hotels, the level of health procedures increased, public spaces were closed, demand was disrupted and reduced, operating costs increased, and borders were closed (Bradić-Martinović & Kovačević, 2020). Considering the number of employees, Republic of Serbia felt the impact through the production of durable goods. About 19 percent of Serbia's workforce is employed in the production of durable goods (Radić et al., 2021). The crisis caused by COVID-19 affected the Serbian economy primarily through the processing industry. In the Republic of Serbia, service activities and smaller companies have experienced very severe consequences (Blešić et al., 2021). Some sectors, such as the hospitality industry, immediately felt the negative consequences of dismissing employees or sending them on forced leave. Tourist traffic in Serbia in June 2020 is only half lower compared to the same month in June 2019. There is still a huge decline, but it is much better than in May with a turnover of only 17% compared to the same period last year (Ministry of Trade, Tourism and Telecommunications, 2022). This increase in traffic is primarily a consequence of domestic tourists, not foreign ones, which is understandable given the existing travel restrictions. The number of realized nights of foreign tourists is only 15% of the level from 2018, and the number of nights spent by domestic visitors is 82% (Ministry of Trade, Tourism and Telecommunications, 2022).

The cities of Belgrade and Novi Sad are the most affected, which means an increase in traffic in the mountains and spas. The number of tourist nights in Belgrade is 21% of the level from June last year, in Novi Sad 27%, while in mountainous places 78%, and in spas 80%. Vranjska Banja, Palić and Stara planina even show a significant increase in the number of tourist nights compared to 2018 (Ministry of Trade, Tourism and Telecommunications, 2022). Estimates of many organizations show that the emergence and spread of the pandemic will result in a drop in international tourist arrivals by 20-30% this year, which is a loss of between 30 and 50 billion dollars (27.5 to 46 billion euros). In Europe, for example, due to the pandemic, airlines will make a loss of 76 billion dollars (70 billion euros) annually (OECD, 2022). The survival of some 75 million tourism-related jobs worldwide is in question (Gajić et al., 2021b).

Figure 1 provides an insight into the strength of the pandemic impact on local expenditures, by areas of the economy. The volume of travel in Europe is still far from the period before the pandemic, which is not expected to be surpassed by 2024. It has caused significant damage to economies around the world. Demand was reduced by restrictions on movement, and supply-side shocks were due to labor supply constraints and difficulties in procuring material inputs.

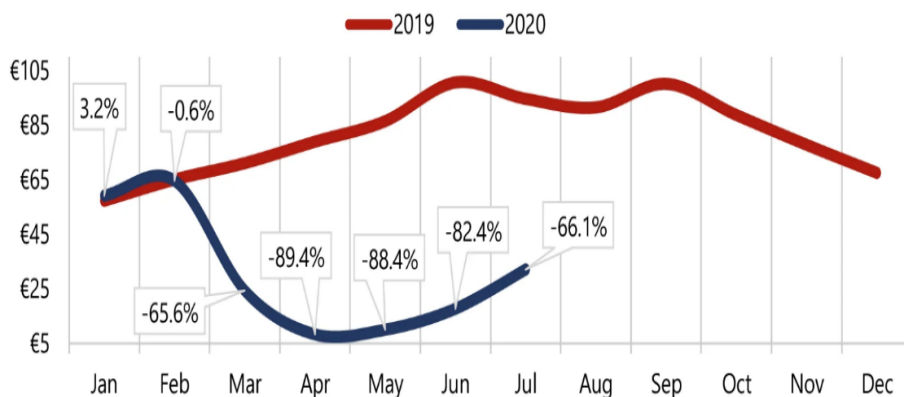
Figure 1: COVID-19 pressure on subnational expenditures, by area



Source: [OECD \(2022\)](#)

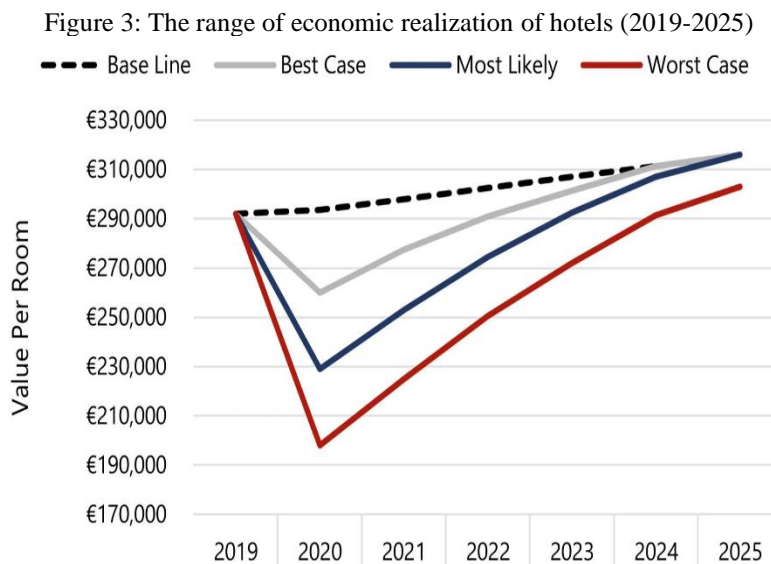
Figure 2 shows revenue in European hotels during the pandemic. A drastic drop in the capacity of the rooms from March 2020 is shown.

Figure 2: European Hotels - Rooms Revenue (2019-2020)



Source: [Statista – Statistic Portal for Market Data \(2022\)](#)

Figure 3 provides insight into the assessment of the evolution of the hotel value range in Europe, for the period 2019-2025. Three scenarios are presented, with a starting point in 2019. The hotel industry is among the hardest hit. Catering will also see subtle and significant changes in the post-pandemic era. Some are already apparent today (Yoo, 2020). Tourism is completely devastated, and is known as an activity that depends on human labor (Roxas et al., 2022).



Source: Statista – Statistic Portal for Market Data (2022)

## 2.2. Behavior of tourists during the pandemic

Godovykh and Tasci (2020), explored how loyal visitors will remain as before the pandemic, and how the emotional experience affects loyalty. The perceived risk has implications for the intention to travel and visit catering facilities in the context of the COVID-19 pandemic (Sánchez-Cañizares et al., 2021). The main factors that affect the creation of an image of health risk during travel are divided into: affective, cognitive, individual, and contextual. The influence of these factors on the tourist's decision to travel is pronounced (Godovykh et al., 2021; Krejić & Milićević, 2021). Agag et al. (2020), investigate the willingness of consumers to pay more for green destinations in some specific crisis periods. However, despite everything, no factor has shown that it has an impact on the willingness of consumers to pay more during the pandemic. Bae and Chang (2020) examine the effect of COVID-19 risk perception on tourism behavior intent. They came to the conclusion that attitude influences the relationship between the affective vision of risk and consumer intention in making a decision, and that the relationship between cognitive vision and consumer intention is determined by subjective factors. Chew and Jahari (2014), examined the effects of perceived risks on the image of the destination. They found that affective and cognitive perceptions of a particular journey are affected by two risks: socio-psychological and financial. Consumer loyalty was affected by perceived physical risk. Perceived and possible risks during the pandemic negatively affect the attitude of consumers towards food and repair in catering facilities, and the perceived benefits positively affect the attitude (Choi et al., 2013). Floyd et al. (2004), examined the effect of the crisis situation on travel decisions after 11 September 2001. The study revealed that people were really scared in the next year, when they wanted to travel. They feared for security, then financial resources. If there is a dose of ignorance about the existing and potential health risk, dangerous consequences can occur when combined with low perceived risk (Hartjes et al., 2009). Kim (2020), investigated an individual's perception of the danger and uncertainty of the COVID-19 virus in the Jordan area. Fear has been found to have a major impact on tourist movements and visits to accommodation and food facilities. Fotiadis et al. (2021), claim that the decline in tourist arrivals and visits to catering facilities can range between 30.8% and 76.3%. Tourism is particularly vulnerable to pandemic measures due to limited mobility and social distancing (Gossling et al., 2020). COVID-19 pandemic, as well



as isolations, have a great impact on the socio-economic, but also on the mental health of people and their decision-making (Poudel & Subedi, 2020). Polas et al. (2019), indicate the lack of a link between tourism health risk and tourism decision-making. It has been noticed that the capacities and ability to manage tourism and hotel and restaurant facilities in resolving complex and critical situations are limited (Santana, 2003). In the wake of the spread of the pandemic news, consumer fears and influence on decision-making begin (Uğur & Akbıyık, 2020). Zhang et al. (2020, p. 1), show that tourists have a strong negative emotional reaction to unfavorable prices related to tourism and hospitality in response to the high (compared to low) threat of infectious diseases. Moreover, risk aversion acts as a basic mechanism that triggers this effect: tourists are afraid of being hit, which further influences negative travel decisions. Alan et al. (2006), highlight the negative impact of SARS pandemic on restaurant visits in Hong Kong, and the very difficult recovery and return of consumer confidence. Bali et al. (2016), argue in their research entitled *Long Shadow of Fear in an Epidemic: The Pheronomic Effects of Ebola on the Private Sector in Nigeria*, that no business has been immune to the effects of a pandemic. Based on the analysis of the problem and the given literature, the following hypotheses were set:

*H1: Fear of a pandemic affects on intention to visit restaurants during the pandemic.*

*H2: There is a correlation between factors of fear of the pandemic.*

### 3. Methodology

The research was conducted in the period from June to December 2021, on a total sample of 508 participants in the research, in 27 restaurants in the Republic of Serbia. Of the total number of respondents, 62.4% are men, while 37.6% are women. When looking at the age structure, the situation is as follows: 24.9% of people aged 20 to 35, then 48.1% aged 36 to 55, and 27% of respondents over 56. The highest percentage is 56.7% with a university degree, followed by 32% with a high school diploma and only 11.3% with a lower secondary school education. A total of 45% have incomes of 200 to 500 euros, followed by 32.1% of 500 to 1,000 euros and 22.9% with a personal income of over 1,000 euros. The obtained data were processed by software SPSS 26.00, and AMOS SPSS version 21. Exploratory factor analysis (EFA) was used for data processing to determine the number of factors or group all items into the appropriate number of factors and confirmed the reliability of the questionnaire. All these items are grouped into four factors. The following factors are named F1- fear of a pandemic, F2 - fear of staying in restaurants during pandemic, F3 - security and protection measures in restaurants, F4 - intention to visit restaurants during pandemic. Issues belonging to the factor F1: I'm afraid of the Covid-19 pandemic, The information in the media upsets me, I'm afraid of transmitting the virus through food and drink, The thought of getting sick from COVID-19 is terrible, Generally have a hard time being sick, I'm afraid to be in a space where the distance is less than 2 meters. The following variables belonged to the F2 factor: I am afraid to stay in restaurants during the pandemic, I'm afraid of spreading the virus with other visitors, I'm afraid of infection generally in restaurants, Fear of staying in the open part of the restaurant. The F3 factor consists of the following variables: Inventory and equipment are disinfected, Masks are used as protection, The distance between the visitors is applied, Disinfection is carried out regularly, Long stay pollutes the space and spreads the virus, Safety standards are complete. Criterion variable or Factor 4 includes questions: I intend to visit restaurants during the pandemic, I intend to visit restaurants with a vaccination certificate, I intend to visit open areas of the restaurant, I intend to visit restaurants with limited time. A measure of the reliability of the scale was also determined with the help of Cronbach's alpha. The value of Cronbach's alpha ( $\alpha$ ) for the first two factors F1 and F2 is  $\alpha = 0.854$ , while for F3 and F4  $\alpha = 0.858$ . A high level of reliability of the questionnaire is noticed, which is a condition for approaching each analysis. Multiple regression analysis was used to determine the influence of factors or

predictors on restaurant visits during a pandemic. The mediator variable Security and protection measures has been introduced, in order to see whether fears significantly influence the intention to visit restaurants through the mediator variable. The task of multiple linear regression is to detect as many factors (independent variables) as possible that affect the dependent variable. Based on the magnitude of the regression coefficients, we can conclude what is the relative impact or importance of each independent variable. Mediation proves how and why, ie by what mechanisms a certain relationship is realized (Baron & Kennz, 1986).

#### 4. Results and discussion

In the beginning, an exploratory factor analysis was performed, which is shown in Table 1 and Table 2. The first table refers to determining the percentage of variance of items on F1 and F2. Specifically, the first two items have significant saturation on factors, while the others have a characteristic root lower than 1, and were not grouped into factors. The first factor showed the highest saturation of about 43.8%, while the second factor had a saturation of 12.8%. The total percentage of explained advances was 56.7%.

Table 1: Total variance explained for Factor 1 and Factor 2

Component	Initial eigenvalues			Extraction sums of squared loadings			Rotation sums of squared loadings <sup>a</sup>
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	4.387	43.867	43.867	4.387	43.867	43.867	3.959
2	1.285	12.850	56.716	1.285	12.850	56.716	3.278
3	0.874	8.744	65.460				
4	0.678	6.784	72.243				
5	0.666	6.662	78.905				
6	0.567	5.665	84.570				
7	0.508	5.083	89.653				
8	0.443	4.426	94.079				
9	0.322	3.224	97.303				
10	0.270	2.697	100.000				

Extraction method: Principal component analysis

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance  
Source: Author's research

Table 2 indicates the percentage of saturation of items on factors F3 and F4. These results suggest that the questionnaire is based on only two factors and that the identification of a number of factors would result in highly related scales of insufficient discriminatory validity.

Table 2: Total variance explained for Factor 3 and Factor 4

Component	Initial eigenvalues			Extraction sums of squared loadings			Rotation sums of squared loadings <sup>a</sup>
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	5.039	50.391	50.391	5.039	50.391	50.391	4.460
2	1.243	12.426	62.818	1.243	12.426	62.818	4.074
3	0.859	8.592	71.410				
4	0.614	6.139	77.549				
5	0.589	5.891	83.440				
6	0.493	4.932	88.372				
7	0.383	3.830	92.202				
8	0.329	3.292	95.494				
9	0.270	2.698	98.192				
10	0.181	1.808	100.000				

Extraction method: Principal component analysis

a. When components are correlated, sums of squared loadings cannot be added to obtain a total variance  
Source: Author's research

Table 3 shows the percentage of explanation of variance. It can be noticed that in the first step of the multiple regression analysis, the percentage of explanation of the aviation was 42.2%, while after the introduction of the mediator or F3, the percentage increased to 50.2%.

Table 3: Percentage of explanation of variance

Model	R	R square	R <sup>2</sup>	Std. Error	R Change Statistics	F Change	df1	df2	Sig.
1	0.652a	0.425	0.422	1.1662	0.425	189.238	2	513	0.000
2	0.710b	0.504	0.502	1.0832	0.080	82.601	1	512	0.000

a. Predictors: (Constant), F1 and F2

b. Predictors: (Constant), F1, F2, F3 (mediator)

Source: Author's research

Table 4 provides an insight into the partial contribution of each predictor, when predicting the score on criterion variable F4. In the first step, before the introduction of the F3 mediator, it is observed that each of these fears has a statistically significant effect on F4 prediction. Fear of pandemic (F1) has the following contribution to determining the score on F4:  $B = 0.253$ ,  $\beta = 0.161$  and  $p = 0.55$ . Regarding the fear of staying in restaurants (F2), the partial contribution is as follows:  $B = 0.639$ ,  $\beta = 0.500$  and  $p = 0.000$ .

Table 4: Partial contribution of predictors

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.802	0.149		5.378	0.000
	F1	0.253	0.137	0.161	1.851	0.055
	F2	0.639	0.111	0.500	5.759	0.000
2	(Constant)	0.239	0.152		1.575	0.116
	F1	0.144	0.128	0.092	1.131	0.259
	F2	0.412	0.106	0.323	3.885	0.000
	F3	0.424	0.047	0.373	9.089	0.000

a. Dependent variable: F4 (Intention)

Source: Author's research

With the introduction of the F3 mediator, the value of F1 changes significantly, which means that there is no longer a partial contribution or statistically significant impact on F4. In this case, it is a matter of partial mediation. The value of F2 remains unchanged. Both types of fears significantly influence the decision to visit restaurants during a pandemic. Security measures were not necessarily a condition for users to change their attitude about visiting restaurants.

Table 5 shows the values of the significant correlation between the two factors related to the two types of fear (F1 and F2). There is a positive and high correlation between the two factors.

Table 5: Correlations among F1 and F2

		<b>F1</b>	<b>F2</b>
<b>F1 and F2</b>	Pearson Correlation	1	0.923**
	Sig. (2-tailed)		0.000
	N	516	516

\*\* Correlation is significant at the 0.01 level (2-tailed)

Source: Author's research

The research confirmed the initial hypotheses. Hypothesis H1 has been confirmed: both factors related to the fear of a pandemic, have influence on intention to visit restaurants during pandemic. Also, it has been proven that there is a correlation between factors F1 and F2, more precisely that there is a correlation between two types of fear (H2- confirmed).

## 5. Conclusion

Tourism and hospitality present one of the most important economic sectors in the world, employing one in ten people on Earth and providing livelihoods for hundreds of millions of people. Tourism and hospitality enable the progress of every country (Delić et al., 2021). The COVID-19 virus has shut down many businesses and jobs, and nearly destroyed economies that rely on tourism and services. The first measures were the introduction of strict epidemiological measures to combat the spread of the infection, which meant either complete closure or restriction of population movements and restrictions on the work of service activities, primarily catering facilities - cafes and restaurants. Among those that have maintained but also increased revenues are companies for online trade, sale of equipment and chemical means for protection against infection, pharmacies, computer stores. The pandemic is a great challenge for everyone, and tourism workers have faced severe consequences, which are slowly destroying the world economy. Maintaining mental health is possible by following the instructions and advice of the World Health Organization and local authorities. Everyday disorders caused by the fear of viruses and death, also cause anxiety, and because of that, mental health can be impaired. Consumers are afraid of staying in catering facilities, and when making decisions for tourist travel. Many psychologists face the problem of predicting consumer behavior in the future. The appearance of the COVID-19 virus has given a completely new shape, but also space for work on some internal processes. To begin with, it is important to state that one of the most common mistakes in thinking is catastrophizing and predicting negative scenarios in the future. Fear is a natural reaction and allows us to be careful to protect our health and life. To determine exactly what the real state of consumers might be, we would have to study all psychological groups, and then assess their answer to the question of whether or not they would be afraid of future travel and restaurant visits after the pandemic. The authors of the paper conducted a survey in 27 restaurants in Serbia, on a total sample of 508 respondents. The aim was to determine whether any of the factors of fear have an effect on intention to visit restaurants. The exploratory factor analysis yielded four factors (F1 and F2 related to the fear of a pandemic), and F3 and F4 (related to security measures and

protections and intention to visit restaurants during pandemic), and with the help of multiple regression analysis, it was found that both types of fear affect on intention to visit restaurants. A significant correlation was also found between the first two factors F1 and F2. Thus, the initial hypotheses were confirmed: fears of pandemic have significant influence on intention to visit restaurants during pandemic (H1), and that there is a correlation between factors of fear (H2).

The importance of research can play a major role in future research of wider significance. The results can be implemented in all economic areas and sectors of society, and observe the behavior of consumers in crisis situations. Based on the results on the perception of fear in consumers and the impact of fear on future restaurant visits, it will be possible to have a ready business response to a similar scenario, if a similar crisis situation occurs again. Identifying the key business problems during the pandemic, a realistic picture of consumer and employer behavior will be created, and measures will be taken to continue the business with as little loss as possible and without a restaurant closure system.

### Conflict of interest

The authors declare no conflict of interest.

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## **Rural tourism as a driver of the economic and rural development in the Republic of Serbia**

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**Abstract:** Rural tourism supports the linking of the economic, social and environmental development elements, while boosting employment and stepping up rural development. This paper aims to assess the importance of rural tourism in terms of the economic and rural development in the Republic of Serbia. The Kruskal-Wallis test was used to compare the values referring to the number of registered tourist arrivals and overnight stays per region. According to the research findings, the region of Šumadija and Western Serbia has the largest number of rural households and also records the highest number of tourist arrivals and overnight stays. In developed countries, the tourism industry strongly supports the agricultural sector by creating new jobs and contributing to the overall economic development, however, the situation is quite different in Serbia. Furthermore, considering the EU, where the rural areas cover a large part of the overall territory, it is exactly the rural areas that account for a significant number of overnight stays and accommodation facilities.

**Keywords:** rural tourism, rural areas, agriculture, economic development

**JEL classification:** Q01, R11, R58, Z32

## **Ruralni turizam kao pokretač razvoja ruralnih područja i privrede Republike Srbije**

**Sažetak:** Turizam u ruralnim područjima povezuje ekonomske, šire društvene i ekološke komponente razvoja. Pritom, ima pozitivan uticaj na zapošljavanje i razvoj ruralnih područja. Cilj rada je utvrditi značaj turizma u ruralnim područjima za ruralni i privredni razvoj Republike Srbije. Uz pomoć Kruskal-Wallis testa upoređeni su dolasci i noćenja turista, po regionima Republike Srbije, gde se Region Šumadije i Zapadne Srbije izdvojio i kao region sa najvećim brojem seoskih domaćinstava. Zaključeno je da je bitno razvijati ruralni turizam i u drugim regionima, kao i razvijati seoska turistička domaćinstva u turističkim destinacijama koje ostvaruju najveći broj noćenja. Uočeno je da, za razliku od Republike Srbije, u turistički i privredno razvijenijim zemljama, turizam u odnosu na poljoprivredu ima veći značaj za zapošljavanje i privredni razvoj. U Evropskoj uniji koja je, takođe, sa značajnim udelom ruralnih područja, veliki broj noćenja i smeštajnih kapaciteta se odnosi upravo na ruralna područja.

**Ključne reči:** ruralni turizam, ruralna područja, poljoprivreda, privredni razvoj

**JEL klasifikacija:** Q01, R11, R58, Z32

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## 1. Introduction

Today, our villages are facing unprecedented challenges, including agricultural restructuring, depopulation, poor communication and other infrastructure issues, as well as environmental degradation. Consequently, the rural population in the Republic of Serbia (RS) is the most poverty-stricken population, particularly those people that rely solely on the small-scale agricultural production.

The extensive restructuring of the agricultural sector in the economically developed countries focused on the diversification and development of new economic activities in rural areas and linking them with agricultural activities. In recent years, rural non-farm employment (RNFE) has been increasing, as well as the establishment of rural-urban links. The mentioned processes have been contributing to the diminishing of the importance of agriculture, especially in favour of the development of other economic activities.

Given that the RS is predominantly a rural country, rich in captivating rural landscapes and unique traditional foods and dishes, the aim of this paper is to assess the importance of rural tourism for the economic and rural development of the RS. This paper analyses data on tourists' overnight stays and available accommodation facilities in rural areas of the European Union (EU) in relation to other (non-rural) areas, as well as tourists' overnight stays and available accommodation facilities by type of tourist resorts in the RS. The importance of the agricultural and tourism sectors for the economic development of the RS is emphasized and compared with the situation in developed countries. This is important because the mentioned analysis provides recommendations and lessons to be learned in terms of the future development of rural areas in the RS, particularly referring to linking agriculture and tourism and thus creating new non-agricultural jobs that would contribute to poverty alleviation in these areas. Based on the aim of this research, the research hypotheses were formulated as follows:

*H<sub>1</sub>: If the Republic of Serbia increases the number of rural households involved in tourism activities, especially in popular tourist resorts and rural regions that record the largest number of tourists' overnight stays, this will have a significant positive effect on the development of rural areas, tourism industry and national economy.*

*H<sub>2</sub>: If the importance of tourism and other economic activities in rural areas of the Republic of Serbia exceeds the importance of agriculture, this will have a significant positive impact on economic development.*

The paper differs from others in the literature since it compares the rural tourism development in Serbia with that in the EU where rural tourism has a special status, as well as with other countries with the developed tourism industry. It is precisely this gap in the domestic literature that needs to be filled, in terms of the importance of agriculture in relation to tourism in Serbia and other tourism-developed countries. Serbia should analyze the importance of rural tourism in the EU, as well as the importance of tourism in relation to agriculture in those countries where the tourism industry is highly developed, in order to learn from the examples of best practices and thus boost the development of rural areas and their economies.

## 2. Literature review

Tourism is a complex and very specific activity that links the economic, social and environmental development components. In addition, tourism has a substantial effect on employment, income increase, international cooperation and the movement of people and goods. The tourism sector has been generating an important share in the global GDP over the last few decades due to its rapid growth and development. Rural tourism supports the

preservation of cultural values and contributes to the socio-economic development (Muresan et al., 2016).

In general, rural tourism implies the movement of people/visitors from their usual place of residence to rural areas. This type of tourism can contribute to the creation of new jobs and promote investments in rural areas, which would increase motivation of the rural population to stay in these areas. Rural tourism includes activities that the local population organizes on their farms to attract tourists (Dašić et al., 2020). Concerning the tourism sector, sustainability often focuses on accommodation provided by rural households, local food, handicrafts, etc. In a broader sense, sustainable tourism deals with economic sustainability and social justice. The community has a special role in the conservation of the environment and non-renewable resources which rests on the responsibility of the local population and visitors (Park & Yoon, 2010). The synergy of the central and local governments is also important for the accelerated development of rural tourism (Liu et al., 2020).

The goals of the relevant EU strategies pertain to the inclusion of the rural tourism in both regional and rural development, as it contributes to the development of underdeveloped areas and thus to overall economic development (Dašić & Labović, 2020). In line with the objectives of the EU cohesion policy, tourism can boost employment opportunities, increase income, reduce regional disparities and relieve poverty. The EU is particularly focused on sustainable tourism and ecotourism (Dašić et al., 2020), thus contributing to the preservation of the environment (Carvache-Franco et al., 2022).

Rural areas in the EU are very important, because of their size and the population that lives in them (Muresan et al., 2016). In Serbia, rural areas cover 85% of the total territory of the country and about 40% of the total population lives in these regions (Gajić et al., 2021). This is the main similarity between the RS and the EU in terms of rural areas. The diversification of rural economy can be achieved by developing tourism activities in rural areas, which would in turn support the development of other economic sectors and create new employment opportunities.

Rural areas are facing many different problems (demographic, natural, cultural) that affect the people living in them and these problems are primarily related to people earning their income, education issues, migrations, and etc. (Gajić et al., 2021). The contemporary rural policy paradigm relies on an integrated, decentralized approach. Accordingly, rural development should be in line with the specific features, needs and potentials of different rural communities in order to adequately develop strategies for investment attraction and implementation of new economic activities. The multifunctional countryside of today is not focused solely on food production; it also sustains rural landscapes, protects biodiversity, generates new jobs and contributes to the sustainability of rural areas, thus emerging as a region where the demands concerning recreation and rural tourism development is increasingly considered (McAreevey & McDonagh, 2010).

Agriculture, although often neglected, is a sector that significantly contributes to rural employment (Dašić & Labović, 2020). In rural areas in the RS, agricultural incomes lag behind salaries and wages earned in other sectors of the economy, as well as pensions. Rural poverty is related to the high dependence of the rural economy on agriculture and low income in agriculture. This means that rural areas should be developed by diversifying and promoting non-agricultural employment (Dimitrijević et al., 2021). Rural non-farm employment (RNFE) and rural-urban linkages contribute to poverty alleviation by providing benefits both to the agricultural sector and the tourism industry (Akkoyunlu, 2015; Reardon et al., 2001), as well as by supporting sustainable development.

Since agriculture is not able to create sufficient employment opportunities, many rural residents rely on non-agricultural incomes. Evidence from many European countries shows

that the non-agricultural economy greatly impacts the economic growth of rural areas. The neglect of rural areas in Serbia causes significant delays in structural adjustment to the EU standards (Miljković et al., 2010).

The unique and attractive gastronomic events should be used to brand the destination, as this can be the key to attracting tourists to rural areas (Čavić & Mandarić, 2021). The authentic dishes and drinks of a certain region can be promoted through gastronomic events, which will make the given destination attractive to tourists. Although agritourism is still important for rural development, its role is diminishing in favour of gastronomy tourism which is becoming increasingly important for rural development and tourism (Ruiz-Real et al., 2020). The RS should take advantage of these opportunities, given the large number of products recognizable abroad.

The national label of agri-food products quality and origin, i.e., the label “Serbian quality”, should be promoted as much as possible as it designates the products that have a higher level of quality compared to other products on the market (Ministry of Agriculture, Forestry and Water Management, 2020) and thus contributes to branding and promotion of Serbian villages. The rural development should be facilitated by using the funding provided by the international assistance programmes, especially IPARD (Instrument for Pre-Accession Assistance for Rural Development), while all national strategies and programmes concerning the agriculture and rural development should be designed in line with the EU Common Agricultural Policy (CAP) (Ministry of Agriculture, Forestry and Water Management, 2019).

### **3. Methodology**

The research was conducted on several different samples for the period 2010-2020. The Kruskal-Wallis test for comparing differences between groups was used for data processing. First, tourists’ arrivals and overnight stays were compared per regions of the RS, bearing in mind that all regions (the Region of Šumadija and Western Serbia, the Region of Southern and Eastern Serbia and the Region of Vojvodina), except the Belgrade region, could be considered rural. Then, a comparison of tourists’ overnight stays and accommodation facilities (number of beds) in the RS with those in the EU was made, bearing in mind that both in the RS and the EU, rural areas dominate and a significant number of people live in them. Initially, the comparison of the number of the tourists’ overnight stays and accommodation facilities in the EU per the degree of urbanization (cities; towns and suburbs; rural areas) was done and then followed the comparison of the tourists’ overnight stays and accommodation facilities in the RS by type of tourist resorts. Further, the number of the recorded tourists’ overnight stays and accommodation facilities by type of tourist resorts in the RS were observed by taking into account the rural households involved in tourism activities as one of the several types of the available accommodation facilities.

In addition to this analysis, the RS was compared with tourism-developed countries using the Travel & Tourism Competitiveness Index - TTCI (World Economic Forum, 2019), based on which the RS ranked 83<sup>rd</sup>. Serbia was compared with the top ten countries: Spain, France, Germany, Japan, USA, the United Kingdom, Australia, Italia, Canada and Switzerland. The TTCI index was used only for the purpose of forming a sample of tourism-developed countries with which the RS was compared. In order to compare the RS with the tourism-developed countries, tourism indicators such as contribution of tourism to GDP and employment and tourists’ arrivals, were used. In addition to tourism indicators, agricultural indicators were also analysed concerning the observed sample, i.e., the contribution of agriculture to the economic development and employment of the observed countries. In addition to comparing RS with the tourism-developed countries, according to the mentioned agricultural and tourism indicators and their contribution to the economic development, a comparison was made within each

country, by comparing the share of agriculture and tourism in GDP, as well as in total employment. Thus, a conclusion was drawn as to which indicators are more important for the economic development, considering that the RS is also ranked according to GDP per capita in relation to the observed countries.

Secondary data sources were used for the research from Statistical Yearbook ([Statistical Office of Republic of Serbia, 2011-2021](#)), Tcdata360 ([World Bank, 2022a](#)), World Bank Data Indicators ([World Bank, 2022b](#)) and Eurostat (2022).

#### 4. Results and discussion

Tourists' arrivals and overnight stays contribute to the overall economic growth, which is related to the diversity and quality of the offer (Čerović et al., 2015). On the one hand, the COVID-19 pandemic has led to a decline in international tourist arrivals in the world (Schweinsberg et al., 2021); on the other hand, it has inspired a special interest in rural tourism, as well as the development of sustainable rural tourism and implementation of integrated rural tourism (Mwesiumo et al., 2022). The COVID-19 pandemic has resulted in the decline of the number of tourists' arrivals and overnight stays in Serbia, because of the introduction of a number of restrictive measures. Despite the evident decline in the number of the tourists' arrivals, a growing interest in rural tourism in Serbia has been recorded in the recent period (Cvijanović et al., 2021). Table 1 shows and compares the regions of the RS based on the tourists' arrivals and overnight stays.

Table 1: Tourists' arrivals and overnight stays by regions of the Republic of Serbia, 2010-2020, values expressed in Mean Rank

Regions	Tourists' arrivals	Tourists' overnight stays
Belgrade region	30.18	24.73
Region of Vojvodina	11.36	8.73
Region of Šumadija and Western Serbia	35.27	38.91
Region of Southern and Eastern Serbia	13.18	17.64
Chi-Square	***28.867	***32.504

Note: \*\*\* means statistical significance at the level of 1%

Source: Author's research, based on [SORS, 2011-2021](#)

The Region of Šumadija and Western Serbia recorded the largest number of tourists' arrivals and overnight stays, followed by Belgrade region and then the Region of Southern and Eastern Serbia and the Region of Vojvodina (Table 1). Given the fact that the Belgrade region slightly lagged behind Region of Šumadija and Western Serbia considering the tourists' arrivals, while the gap relating to the overnight stays was more pronounced, as well as the fact that the Region of Southern and Eastern Serbia and Region of Vojvodina were found to lag behind the mentioned regions significantly, it would be very important to work on promoting rural regions and attracting more tourists to those areas, having in mind the growing popularity of the countryside, particularly during the pandemic and crisis situations.

Ecotourism, agrotourism and rural tourism are becoming important sectors of the tourism industry. The new EU member states, which are rich in natural beauties, unlike the old ones, do not use it enough to generate income from agrotourism (Ana, 2017). The EU programmes, such as the LEADER, have a significant influence on sustainable rural development and tourism. Apostolopoulos et al. (2020), noted that the EU development programmes offered an opportunity for the expansion of rural tourism; further, the income of rural inhabitants

increased as agricultural production began to decline. Table 2 shows tourists' overnight stays and accommodation facilities expressed in number of beds, according to the degree of urbanisation in the EU.

Table 2: Tourists' overnight stays and accommodation facilities (number of beds) by a degree of urbanisation in the EU, 2012-2020, values expressed in Mean Rank

Degree of urbanisation	Tourists' overnight stays	Number of beds
Cities	7.00	5.00
Towns and suburbs	10.38	14.00
Rural areas	20.13	23.00
Chi-Square	***14.865	***23.143

Note: \*\*\* means statistical significance at the level of 1%

Source: Author's research, based on Eurostat, 2022

Rural areas in the EU have a more prominent role in relation to cities, towns and suburbs, both in terms of the number of tourists' overnight stays and accommodation facilities (Table 2). Considering that the largest number of the tourists' overnight stays are recorded in rural areas, the largest part of the investments in these regions had been channelled towards increasing the number of accommodation units, thus the better results were achieved.

Although Serbia has many natural beauties, there are also many negative factors. The number of beds in rural tourism shows an uneven trend, which indicates an insufficient utilization of rural tourism resources. If we take into account the foreign tourists' overnight stays recorded in rural areas, this strongly confirms the fact that the rural tourism in Serbia is not very popular among the foreign tourists. It should also be noted that there is a large territorial inequality. Namely, the most rural households involved in the tourism activities in the RS are located in the Region of Šumadija and Western Serbia (Đorđević et al., 2019). Table 3 shows tourists' overnight stays and accommodation facilities expressed in the number of beds, in total, as well as in the number of the rural household involved in tourism activities per tourist resorts in the RS.

Table 3: Tourists' overnight stays and accommodation facilities (number of beds) by type of tourist resorts in the Republic of Serbia - total vs. rural tourism households, 2010-2020, values expressed in Mean Rank

Tourist resorts	Tourists' overnight stays (total)	Number of beds (total)	Tourists' overnight stays (in rural tourism households)	Number of beds (in rural tourism households)
Spas	37.36	33.27	9.33	10.00
Mountain resorts	28.91	19.27	14.17	16.33
Other tourists' resorts	17.73	31.45	18.43	22.83
Other resorts	6.00	6.00	11.57	6.57
Chi-Square	***37.136	***31.927	*5.178	***16.974

Note: \*, \*\*\* means statistical significance at the level of 10% and 1%, respectively

Source: Author's research, based on SORS, 2011-2021

In the RS, the largest number of the tourists' overnight stays was recorded in spas, followed by mountain resorts and finally other tourists' resorts and other resorts (Table 3). Based on the available data, spas have the largest number of accommodation facilities, followed by other tourists' resorts, and then mountain resorts and other resorts. The largest number of the

tourists' overnight stays in rural tourism household was recorded in other tourists' resorts, followed by mountain resorts, then other resorts and finally in spas, while the highest number of accommodation facilities was registered in other tourists' resorts, followed by mountain resorts, then in spas and finally in other resorts. Therefore, it could be concluded that according to the type of the accommodation facilities, rural tourism households situated in the most popular tourist resorts do not have sufficient number of accommodation units, this particularly refers to spas and the mountain resorts. Therefore, it is necessary to work on increasing the number of tourists' overnight stays and accommodation units in spas and the mountain resorts. In addition to hotels and motels that occupy the primary position, rural tourism households should be developed in popular tourist destinations, which would improve the rural tourism offer based on the unique local gastronomic offer and specialties of the region. Also, a great chance for the development of this type of accommodation is in other resorts, where it is necessary to promote those areas, attract tourists to them and thus increase the number of accommodation facilities.

Development of international tourism based on the export-oriented strategy and strategic investments in tourism will contribute to job creation and economic growth of countries (Fawaz et al., 2014). Also, tourism revenues and tourists' arrivals, as well as development of agriculture, have a significant influence on economic growth and poverty reduction in most developing countries (Naseem, 2021). Although agriculture could be an initiator of economic growth in developing countries, the impact varies from country to country. In some cases, agriculture implies growth, while in others an active aggregate economy is precondition for agricultural development (Awokuse & Xie, 2014). Table 4 shows comparison between the RS and the countries characterised by a high level of tourism development, according to indicators relating to agriculture and tourism, i.e., their contribution to GDP and employment, as well as economic development, expressed in GDP per capita.

Table 4: Contribution of agriculture and tourism to economic development – the Republic of Serbia vs tourism developed countries, 2010-2020, values expressed in Mean Rank

Countries	Travel and Tourism total contribution to GDP, %	Travel and Tourism total contribution to employment, % of total employment	Tourists' arrivals	Value added of agriculture, forestry, and fishing (% of GDP)	Employment in agriculture (% of total employment)	GDP per capita
Serbia	13.00	6.00	6.09	112.00	105.50	6.00
Spain	116.00	108.00	91.36	100.00	95.40	17.36
France	55.73	50.18	112.82	60.36	52.60	48.09
Germany	87.27	102.45	60.00	27.36	21.55	69.45
Japan	25.86	17.00	36.27	43.90	77.35	51.64
USA	39.00	38.27	102.09	42.85	20.35	98.00
United Kingdom	73.68	64.45	64.45	9.45	5.90	59.64
Australia	92.91	85.05	20.27	90.73	50.40	98.91
Italy	99.82	98.82	82.45	78.64	81.80	28.36
Canada	12.14	28.73	50.00	68.11	34.20	77.55
Switzerland	55.59	72.05	30.60	14.41	65.45	116.00
Chi-Square	***115.1	***113.6	***110.9	***113.2	***105.1	***111.1

Note: \*\*\* means statistical significance at the level of 1%

Source: Author's research, based on World Bank, 2022a and World Bank, 2022b

In relation to the observed tourism-developed countries, the tourism industry in the RS makes the smallest contribution to both GDP and employment, which also applies to the tourist arrivals. The RS, in relation to the observed countries, has the largest contribution of agriculture to both GDP and employment. Also, it is important to point out that the RS has the lowest GDP per capita in relation to the observed countries, i.e., all these countries are more economically developed than the RS (Table 4). Therefore, it is important to work on promoting the development of tourism in rural and other areas in order to increase the contribution of tourism to economic development and employment, especially in relation to the contribution of agriculture, because this would help diversify activities in rural areas, create additional jobs and support the economic development. Table 5 shows comparison between agriculture and tourism indicators, i.e., their contribution to GDP and employment, in Serbia and each of the observed tourism-developed counties, respectively.

Table 5: Contribution of agriculture vs. contribution of tourism to GDP & Contribution of agriculture vs. contribution of tourism to employment, 2010-2020, values expressed in Mean Rank

Countries	Travel and Tourism, total contribution to GDP, %	Value added of agriculture, forestry, and fishing (% of GDP)	Chi-Square	Travel and Tourism, total contribution to employment, % of total employment	Employment in agriculture (% of total employment)	Chi-Square
Serbia	9.36	13.64	*2.4	6.00	16.5	***15.0
Spain	17.00	6.00	***15.8	16.00	5.50	***15.0
France	17.00	6.00	***15.8	16.00	5.50	***15.0
Germany	17.00	6.00	***15.8	16.00	5.50	***15.0
Japan	16.00	5.50	***15.0	16.00	5.50	***15.0
USA	16.00	5.50	***15.0	16.00	5.50	***15.0
United Kingdom	17.00	6.00	***15.8	16.00	5.50	***15.0
Australia	17.00	6.00	***15.8	16.00	5.50	***15.0
Italy	17.00	6.00	***15.8	16.00	5.50	***15.0
Canada	15.00	5.00	***14.2	16.00	5.50	***15.0
Switzerland	17.00	6.00	***15.8	16.00	5.50	***15.0

Note: \*, \*\*\* means statistical significance at the level of 10% and 1%, respectively

Source: Author's research, based on [World Bank, 2022a](#) and [World Bank, 2022b](#)

It is only in the RS of all observed countries that the contribution of agriculture to both GDP and total employment is higher than that of tourism industry. In all other countries, which are more economically developed, contribution of tourism to GDP and employment is higher than the contribution of agriculture (Table 5). This is another reason why it is important to develop multifunctional agriculture in rural areas of the RS and diversify activities in favour of tertiary and secondary sector, which would support the development of these areas and the overall economic development.

## 5. Conclusion

Considering that most of the rural households in the RS are located in the Region of Šumadija and Western Serbia, which is the region that has the highest number of tourists' arrivals and overnight stays, it can be concluded that there is a considerable interest in rural tourism

development. Therefore, special attention should be paid to the natural beauty of that and other rural areas, given that tourist competitiveness depends on it (Roman et al., 2020).

Rural regions with a pronounced primary sector have limited opportunities concerning achieving competitiveness. In Serbia, where rural areas have a large share in the total territory of the country, it is vital to address this problem. In developed countries, tourism and services provide a significant contribution to development of rural areas (Jurjević et al., 2021). The EU, which is also characterized by a large number of rural areas and a relatively high percentage of rural population, has been developing different strategies and programmes over the last decades in order to step up the rural development and improve tourism industry. Thus, the number of tourists' overnight stays, as well as accommodation facilities (number of beds) is much higher in rural areas of the EU in relation to cities, towns and suburbs (Alina, 2015). Consequently, the RS should harmonize its rural development policy with the EU policy in the field of tourism development and promotion of destinations in rural areas. Management of rural tourism destinations and experiences of countries where rural tourism is successfully developing can be a good example for Serbia (Vuković, 2017).

The promotion of rural tourism in the RS should be focused on the tourism destinations that have the largest number of tourists' overnight stays, such as spas and mountain resorts, but also other resorts. The development of tourism in these areas should be based on their sights and specialties, which would contribute to the sustainable development of tourism in rural areas. This promotion should go in the direction of the development of rural households involved in tourism, which would offer their own specialties, unlike the accommodation establishments such as hotels, motels, etc., which often buy these products from farmers and then resell them as specialties. The increase in the number of accommodation facilities is also needed in the form of rural tourism households, especially in the spas and mountain tourist destinations. This confirms the first hypothesis that if the RS increases the number of rural tourism households in tourist resorts and rural regions that have the most tourists' overnight stays, it will significantly positively affect the development of rural areas, tourism and national economy.

The RS lags behind the more developed countries in terms of tourists' arrivals, then contribution of tourism to employment and the overall economic development (GDP). Unlike these countries, the RS has a larger share of agriculture in employment and economic development (GDP). Given that the RS lags behind these countries economically (measured by GDP per capita), it is very important to follow their successful models of diversification of activities in rural areas that support the development of tourism and increase its contribution to economic development in relation to agriculture. Furthermore, in the observed economically developed countries, tourism is more important than agriculture, both in terms of the total employment and overall economic development, which is not the case in the RS. This confirms the second hypothesis that if the importance of tourism and other economic activities in rural areas of the RS exceeds the importance of agriculture, this will have a significant positive impact on the economic development. Finding alternative sources of income, such as tourism in rural areas, can have a significant influence on both agricultural production and the sustainable development of rural areas (Trukhachev, 2015), but the problems relating to attracting investment and stepping up tourism development in rural areas need to be overcome (Jane Warne & Thompson, 2022).

The main limitation of this research is that the RS is compared with the countries that are ranked according to the indicator of tourism development, and not according to the indicator of agricultural development. The indicators of agriculture, tourism and economic development are considered separately, so the recommendation for future research may be the unification of agricultural and tourism indicators and their impact on economic development through



panel regression analysis. In addition, considering that there is no data on the classification of areas by degree of urbanisation in the RS, but only the data referring to the type of tourist resorts, it is important to conduct research in which this classification will be performed, where a more complete picture of tourists' overnight stays and accommodation facilities in rural areas in relation to other non-rural areas would be obtained.

## Conflict of interest

The authors declare no conflict of interest.

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## Protected areas as recreational zones for nearby cities – The case study of the City of Pančevo

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**Abstract:** This research seeks to determine whether the residents of the City of Pančevo use the surrounding protected areas (PAs) for excursions and to what extent. A survey was conducted on a sample of 715 respondents above the age of 15. One main and six assisting hypotheses were set, testing the significance of differences between specific groups of respondents. Following the analysis of the results obtained by the descriptive statistics method and a Chi-Square Test, statistic conclusions were derived. The results show that 88.7% of the respondents like excursions into nature, but due to the lack of free time, money, and similar factors, only 55.1% of them practice such trips. Findings about preferred activities (dominated by walking 33.8%), the frequency (58.6% of respondents having visited the Special Nature Reserve “Deliblatska peščara” several times; 51.9% of respondents never having visited the Nature Park “Ponjavica”; 65.9% of respondents never having visited the Nature Monument “Ivanovačka ada”) and the style of visits to these PAs (mostly on their own), can help define guidelines for their further development.

**Keywords:** protected areas, one-day excursions, City of Pančevo

**JEL classification:** L83

## Zaštićena područja kao rekreacione zone obližnjih gradova – Primer grada Pančeva

**Sažetak:** Ovo istraživanje ima za cilj da uvrđi da li stanovnici Grada Pančeva koriste zaštićena područja u svom okruženju za izlete i rekreaciju, i u kom obimu. Sprovedeno je anketno istraživanje na slučajnom uzorku od 715 stanovnika Grada Pančeva, uzrasta preko 15 godina. Postavljene su jedna glavna hipoteza i šest pomoćnih kojima je proverena značajnost razlika među pojedinim grupama ispitanika. Nakon analize rezultata metodom deskriptivne statistike i upotrebom Chi-Square Testa, izvedeni su statistički zaključci. Rezultati su pokazali da 88,7% ispitanika voli jednodnevne izlete u prirodu, ali zbog manjka slobodnog vremena, novca i sličnih faktora, tek 55,1% njih to i praktikuje. Saznanja o tipovima rekreacije (među kojima prednjači pešačenje sa 33,8%), učestalosti poseta (Specijalni Rezervat Prirode „Deliblatska peščara” 58,6% nekoliko puta do sada; Park Prirode „Ponjavica” 51,9% nikada; Spomenik Prirode „Ivanovačka ada” 65,9% nikada) i načinu posete (većinski samostalno) mogu pomoći u definisanju smernica njihovog razvoja i doprineti naučnoj zajednici po pitanju ove nedovoljno istražene teme.

**Ključne reči:** zaštićena područja, jednodnevni izleti, Grad Pančevo

**JEL klasifikacija:** L83

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## 1. Introduction

According to the definition of the World Tourism Organization, the one-day visitor (or an excursionist) is the visitor whose trip does not include an overnight stay (UNWTO, n.d.). According to Štetić et al. (2011), excursions involve organizing various types of short trips for fun and pleasure. Furthermore, this type of trip is marked by visits to nearby tourist destinations which may last a couple of hours, half a day or all day. They depend on the time and season and are closely related to tourist recreation.

Being the areas of preserved nature with cultural and historical heritage as an added value, many of protected areas (PAs) have great recreational potential (Cetin & Sevik, 2016), especially those that may be reached in less than one hour (Sanchez Martin et al., 2018). Such tourist movements are becoming increasingly topical (Štetić et al., 2021), leading to more research of PAs (Sanchez Martin et al., 2018), especially as destinations for excursions and recreation (Cetin & Sevik, 2016; Le Corre et al., 2021; Opačić et al., 2014; Sanchez Martin et al., 2018). This is expected, keeping in mind the fast pace of life of the urban population, who more often go out into nature to escape pollution, noise and stress, especially in the form of short and frequent trips to places of preserved nature, preferably close to their permanent residences. More and more frequently, they opt for several single-day excursions throughout the year instead of one longer vacation. Also, the presence of the global pandemic of SARS-CoV-2 over the past two years has given rise to a trend of intensified visits to tourist destinations in Serbia, including visits to protected areas (Štetić et al., 2021).

The priority role of these areas is the preservation of natural values and heritage, but most of them, especially the ones with larger areas, provide possibilities for open recreation (lat. *recreate* – to re-create, to refresh, in this case to refresh the mind and the body). Some authors (Opačić et al., 2005; Vidaković, 2003) assert that this also depends on the type of protected area. Accordingly, in the protected areas of the highest rank – national parks for example, the tourist component prevails, while in protected areas of lower rank, the recreational component prevails. In line with Pan & Ryan (2007) and their view that national parks are, as a rule, at greater distances from cities, while other PAs are closer to cities and are affected by landscape transformation, they provide wider specter of recreation types. A very comprehensive research (almost 14.000 respondents) in four PAs in Extremadura, an Autonomous community in Spain, which was conducted by Sanchez Martin et al. (2018) showed that the distance to PAs was much more important than their attractiveness, i.e. that the percentage of PAs visitors decreases with increasing time necessary to reach PAs. They concluded that this was especially the case with PAs where travelling from the starting point required more than 60 minutes. This study, which is particularly interesting because of tourist mobility analysis, also shows that private transportation is still dominant over collective transportation.

In the Republic of Serbia, 7.66% of the territory (678.237 ha) is under protection. In the Autonomous Province of Vojvodina, where the studied areas are located, protected areas cover 6.91% of the territory (138 PAs, 148.599,6 ha) (Institute for Nature Conservation of Vojvodina Province, n.d.). The research of the habits of PAs visitors (the time of visit, the number of visitors, the activities they are involved in, etc.) are a necessary part of planning the sustainable development of tourism (Hadwen et al., 2007). Three PAs that are the subject of this research, with the exception of SNR “Deliblatska peščara” (Kovačev et al., 2014; Štetić et al., 2021; Trišić, 2019; Trišić, 2020; Trišić et al., 2020; Vesić, 2017), are still insufficiently explored, particularly as destinations for hikers and recreationalists. This paper is the result of a two-month research conducted among the inhabitants of the City of Pančevo dealing with one-day excursions in the nearby protected areas. It is the first step in a more extensive research on the use of protected natural areas in Serbia in the vicinity of cities by the population living there. The aim of this research is to find out to what extent the inhabitants of the City of Pančevo use

protected natural areas in the territory of their municipality as places for one-day excursions and recreation in leisure time, how they use them, how often, and how they reach them. The aim is to help future managers of the three PAs set out guidelines in their future work on developing these areas and attracting even more visitors.

Based on the analysis of similar research (Le Corre et al., 2021; Opačić et al., 2014) and the experience of interviewing the residents of the City of Pančevo, the following hypotheses have been formulated:

- H<sub>1</sub>: The residents of the City of Pančevo do not use PAs in their surroundings on a large scale.
- H<sub>2</sub>: There is a correlation between gender and the practice of going out into nature in free time;
- H<sub>3</sub>: There is a correlation between gender and the way of spending time in nature;
- H<sub>4</sub>: There is a correlation between gender and the frequency of visiting surrounding PAs;
- H<sub>5</sub>: There is a correlation between age and the practice of going out into nature in free time;
- H<sub>6</sub>: There is a correlation between age and the way of spending time in nature; and
- H<sub>7</sub>: There is a correlation between age and frequency of visiting surrounding PAs.

The results were analyzed using descriptive statistics, and the application of relevant statistical tests assisted in the formulation of statistical conclusions in this research.

## 2. Materials and methods

### 2.1. Study area

According to the administrative territorial division (SORS, n.d.), Pančevo is one of the eight settlements in the Autonomous Province of Vojvodina that have the status of the City. According to the 2011 Census, the urban settlement of Pančevo had a total of 76,203 inhabitants (SORS, 2012). Based on the records of the Central Register of Protected Natural Resources (Institute for Nature Conservation of Serbia, n.d.) and the number and type of protected areas in the municipality of Pančevo, materials provided by the Tourism Organization of the City of Pančevo (Tourism Organization of the City of Pančevo, n.d.; Pančevo info, n.d.), and the assessment made during the field research, three protected areas were selected: Special Nature Reserve “Deliblatska Peščara” (SNR), Nature Park “Ponjavica” (NP) and Nature Monument “Ivanovačka ada” (NM) (Figure 1).

Figure 1: Protected areas in the vicinity of the City of Pančevo



Source: Author's research

**SNR “Deliblatska peščara”** is one of the most important centers of biodiversity in Europe. Located between the Danube and the Carpathian slopes (Amidžić et al., 2007), it is protected as the largest expanse of sand in Europe with pronounced forms of an aeolian relief (Stojanović et al., 2011). It has preserved the sandstone, steppe and forest ecosystems inhabited by over 900 species of plants and animals (about 180 species of birds, Puzović, 2009), many of which are rare and endangered (*Paconia officinallis subsp. Banatica*, *Paeonia tenuifolia*, *Artemisia panicii*, *Helicarysum arenarium*, *Juniperus communis*, *Falco herrug*, *Aquila heliacal*, *Riparia riparia*, etc.) (Provincial Secretariat for Architecture, Urbanism and Construction, 2006; Official Gazette of the Republic of Serbia, No. 3/02). It is internationally protected as an IBA (Important Bird Areas in Europe), IPA (International Plant Areas in Central and Eastern Europe), PBA (Prime Butterfly Areas), a Ramsar area and a potential Emerald area. It is included in the list of the geomorphological geoheritage sites of Serbia (Amidžić et al., 2007). The frequency and massiveness of excursionists' influx to the SNR is at its highest on weekends and on public holidays, especially between April and October (Kovačev et al., 2014). The allowed activities that are potentially interesting for tourists are the following: controlled collection of plant and animal species, educational activities, cultural activities, hunting, sport fishing and ecological tourism (Official Gazette of the Republic of Serbia, No. 3/02). Kovačev et al. (2014) mention walking and freebiking on several hundred bicycle and motorcycle trails that intersect Deliblatska Peščara as the most represented activities of excursion tourism in the SNR “Deliblatska Peščara”. It is the fourth most visited protected area in Vojvodina (Stojanović et al., 2011). The primary tourism sites planned to house tourism information centers are Čardak and Devojački Bunar (Provincial Secretariat for Architecture, Urbanism and Construction, 2006). Čardak is the starting point for most excursion tours in the SNR, which are organized by various mountaineering clubs, sports associations, and educational institutions (Kovačev et al., 2014). Devojački Bunar is a weekend settlement or a zone of holiday homes, affected by illegal development. The sites Čardak and Devojački Bunar are 42.5 km and 35.4 km away from Pančevo, respectively. There is no direct bus line from Pančevo to either of these tourist sites.

The Ponjavica is a river in southern Banat springing in the Kapetanova Bara pond near the village of Starčevo, flowing into the Danube near the village of Dubovac (Stojanović et al., 2011). A part of this watercourse was first protected in 1992, by a decision on preliminary protection and in 1995, the site Ponjavica was designated a Nature Park (Institute for Nature Conservation of Vojvodina Province, 2012). The NP “Ponjavica” belongs to the III category of protected areas, i.e. to protected areas of local importance. It is located in the territory of the City of Pančevo, namely in the territory of the cadastral municipalities of Omoljica and Banatski Brestovac. It covers an area of 302.96 ha with a protection zone of 678.57 ha and an established three-level protection regime. Among other things, sport sanitary and selective fishing is allowed (Official Gazette of the City of Pančevo, No. 6/2014). Among the natural tourism values of the NP “Ponjavica”, Stojanović et al. (2011) particularly highlight the course of the Ponjavica River and the species-rich wildlife (ornitho and ichthyofauna) inhabiting local aquatic and wetland ecosystems, as well as the remnants of former lowland forests. This protected area is still a destination unknown to the wider tourist population (Brankov, 2010; Đukić et al., 2014). It is about 22 km away from Pančevo, it has an arranged picnic area and two beaches. Over the past two years, attention has been paid to reed cutting, mulching, and restocking. It has a very small capacity and as such it can only have local importance.

**NM “Ivanovačka ada”** is a river island (*ada*) in the Danube, in the territory of the City of Pančevo. It was protected in 2009 as a natural monument because of the remnants of former lowland forests of the indigenous species of white poplar and willow, which are also the habitat of rare and protected species of plants (*Rorippa sylvestris*, *Vitalis vinifera L. Subsp. Sylvestris*, *Erysinium sheiranthoides L.*) and animals (*Alcedo atthis*, *Haliaeetus albicilla*, *Picus viridis*).

It covers an area of only 6.07 ha, with a 50 m wide protection zone. Until 2009, in the immediate vicinity of the site, but on a much larger area (582 ha), there was the Omoljička ada nature reserve, which was under a strict protection regime. However, the decision on protection was annulled ([Official Gazette of the City of Pančevo, No. 22/2009, 4/2011](#)). It is one of the most famous terrains in the vicinity of Pančevo for fishing and one-day excursions (Vojvodjanski agrar, n.d.). This resort is about 20 kilometers away from the center of Pančevo. It is easily accessible, as it has good traffic signalization and visitors can take a bus from Pančevo. The inhabitants of Pančevo, as genuine cycling enthusiasts who often use the bicycle as a means of transportation, can also get to Ada by bicycle. Theoretically, the international bicycle route EuroVelo 6 passes between the village of Ivanovo and NM, but in practice the path that goes along the embankment is neglected and barely passable.

## **2.2. Data collection and analysis**

The research was conducted using a survey method, partly through a direct interview (216 respondents), and partly through an electronic Google questionnaire (520 respondents). The respondents were interviewed at their workplaces, in pubs, hair salons, on the Tamiš quay and in the Sport Fishing and Boating Association “Tamiš”. The Google Forms questionnaire was promoted on the websites and Facebook pages of Pančevo sports clubs, mountaineering clubs, on the Facebook page “PančevoMOJKraj”, on the Facebook page “Pančevci” and on the website of the Technical School “23<sup>rd</sup> May”.

The research involved the categories of adult population (15–64 years old) and seniors (over 65 years old). In the population of the City of Pančevo over 15 years of age (38,512), the share of the adult population is 97.5%, whereas the seniors account for 2.5% ([SORS, 2012](#)). Among the respondents, the adult population account for 94.97%, and the seniors for 5.03%. The average age of the inhabitants of the City of Pančevo is 41.6 years, while the average age of the respondents is 36.2 years. The share of men over 15 years of age in the total population of the City of Pančevo is 47.73%, whereas women account for 52.27% ([SORS, 2012](#)). The share of male respondents is 40.3%, and female 59.7%. All of this indicates the similarity of the sample and the population, proving the sample’s reliability and validity.

The questionnaire contained a total of 14 questions. The first two questions were introductory, to gain an insight into the habits of respondents regarding leisure time and the type of recreation they practiced. Furthermore, the survey included two questions related to the visits to each of the three selected protected sites, questions about the importance of organized transport to these destinations and additional drivers for visit, as well as questions seeking to determine whether the respondents knew how many protected areas could be found in their environment. The last three questions were related to the sociodemographic characteristics of the respondents.

The survey was open for random respondents between December 15th, 2021, and February 1st, 2022. Out 736 responses in total, 715 were accepted as valid and were analyzed using the Statistical Package for the Social Sciences (SPSS), version 20.

## **3. Results and discussion**

In the sample of 715 valid surveys, 40.3% of the respondents were male and 59.7% female. The average age of the respondents was 36.2. This is a couple of years less than the average age of the inhabitants of the City of Pančevo, according to the latest census (41.6 years) ([SORS, 2012](#)). The youngest respondent was 15 years old, and the oldest was 81. As regards the employment status of the respondents, the majority came from the category of employees (55.9%), and the fewest belonged to the category of students (2.8%) (Table 1).



Table 1: Sociodemographic characteristics of the respondents

<b>Age</b>	Mean	36.21	
	Std. deviation	16.277	
	Minimum	15	
	Maximum	81	
		<b>Frequency</b>	<b>Percent</b>
<b>Gender</b>	Male	288	40.3
	Female	427	59.7
	Total	715	100.0
		<b>Frequency</b>	<b>Percent</b>
<b>Employment Status</b>	Pupil	207	29.0
	Student	20	2.8
	Employed	400	55.9
	Unemployed	43	6.0
	Retired	45	6.3
	Total	715	100.0

Source: Author's research

Half of the respondents (55.1%) said to be using their free time for excursions and recreation in nature. Their favorite ways of spending time in nature were walking (33.8%) and hanging out with friends over food and drink (19.6%). The other activities practiced by more than 4% of the respondents included: a combination of walking and hanging out with friends over food and drink (8.1%), cycling (4.1%), a combination of walking and cycling (4.3%) and fishing (5%). All other types of activities and their combinations, 35 in total, were far below 4%. At the same time, 4.1% of respondents said that they had no interest in nature.

This type of destinations is not very popular among local tourists. Many of them are even unknown to tourists (Tešin et al., 2020). It was expected that the SNR “Deliblatska peščara” would be recognized as a leading excursion site. As many as 58.6% of the respondents have been to SNR several times, and only 7.6% of respondents have never visited it. However, a large percentage of the citizens of Pančevo have never visited the other two sites, which are much closer to the city: 51.9% of the respondents have never been to the NP “Ponjavica”, and as many as 65.9% of them have never visited the NM “Ivanovačka Ada” (Table 2). It would be interesting to compare these results with the conclusion of the extensive Spanish study (Sanchez Martin et al., 2018), according to which visits to PAs decline with the distance – however, the example of these three PAs suggests a different conclusion. However, the results are in agreement with those obtained by Ali and Irfan (2021), who have also demonstrated that distance is not crucial when visitors plan to visit a protected area.

Table 2: Visits to protected areas (PAs) in the vicinity of Pančevo

<b>Have you ever been to any of these PAs?</b>	<b>Special Nature Reserve “Deliblatska peščara”</b>		<b>Nature Park “Ponjavica”</b>		<b>Nature Monument “Ivanovačka Ada”</b>	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Once	98	13.7	110	15.4	109	15.2
Several times	419	58.6	208	29.1	117	16.4
At least once a week	20	2.8	12	1.7	4	.6
At least once a month	66	9.2	7	1.0	7	1.0
At least once a year	58	8.1	7	1.0	7	1.0
Never	54	7.6	371	51.9	471	65.9
Total	715	100.0	715	100.0	715	100.0

Source: Author's research

Most inhabitants from Pančevo who visited these protected natural assets did this on their own, i.e. they organized the excursion and used their own transportation. This especially applies to the visits to NP and NM, where using one's own transportation was almost the only way to reach the sites (Table 3). The result is interesting from the perspective of tourist mobility since it is in line with the findings of Sanchez Martin et al. (2018) that indicate the dominance of private transport in PAs visits.

Table 3: The usual way to visit protected areas (PAs) in the vicinity of Pančevo

If you have visited these PAs, how did you arrange the visit?	Special Nature Reserve "Deliblatska peščara"		Nature Park "Ponjavica"		Nature Monument "Ivanovačka Ada"	
	Frequency	Valid	Frequency	Valid	Frequency	Valid
On my own	490	74.1	316	91.6	224	91.8
Organized	119	18.0	25	7.2	15	6.1
Both ways	52	7.9	4	1.2	5	2.0
Total	661	100.0	345	100.0	244	100.0

Source: Author's research

What can be done to make the inhabitants of Pančevo visit protected areas in their immediate surroundings more intensively? Should they be made more accessible by introducing direct seasonal lines? Should the media coverage be better? Perhaps the low intensity of visits has to do with the fact that the sites are not sufficiently developed and supplied with infrastructure and services? The respondents from Pančevo expressed their opinion on these issues as well. The largest percentage of the respondents (49.6%) would go to these areas more often if direct seasonal bus lines were available. For a slightly lower percentage of the respondents this would not be crucial, because they have their own transport (43.8%), while the minority (6.6%) are not interested in visiting these places at all.

At the same time, 65.7% of the respondents would choose these sites for excursions and recreation more often if they were better developed and supplied with infrastructure and services. A better media coverage, i.e. a better promotion as a driving factor was mentioned by 18.0% of the respondents (Table 4). The importance of better promotion, time and money is also mentioned by Tešin et al. (2020), describing the results of a similar research. It is interesting that the mentioned study emphasizes inadequate waste disposal as a major factor discouraging potential visitors. In the areas analyzed in the paper, this problem is also present, but none of the respondents mentioned it.

Table 4: Additional drivers for visiting protected areas in the surroundings of Pančevo

What would influence your decision to visit these areas more often?	Frequency	Percent
Better state of development and availability of infrastructure and services	470	65.7
Better promotion	129	18.0
Nothing, because I am not interested	48	6.7
Better state of development and promotion	46	6.4
More free time	6	0.8
Better state of development and accessibility for cyclists	4	0.6
Solving the problem of illegal building	4	0.6
Better financial situation	2	0.3
Nice weather	2	0.3
More leisure time and money	2	0.3
Company	1	0.1
I don't know, I've never been there	1	0.1
Total	715	100.0

Source: Author's research

The need to better promote these valuable natural areas is evidenced by the fact that 33.3% of the respondents are not aware that there are protected areas in the vicinity of Pančevo, while 6.6% believe that there are none (Table 5).

Table 5: Awareness of the people of Pančevo about the existence of PAs in the vicinity

Is there any protected area near Pančevo?	Frequency	Percent
Yes, there is one	188	26.3
There are more of them	242	33.8
There are none	47	6.6
I don't now	238	33.3
Total	715	100.0

Source: Author's research

In order to compare the obtained data in relation to gender and age, since these are nominal data, the Pearson Chi-Square Test was used. Out of all male respondents, 63.9% practice excursions, 22.9% would like to but cannot manage, while 13.2% do not practice excursions. Out of all female respondents, 49.2% practice excursions, 40.7% cannot manage but would like to, while 10.1% do not go on excursions. Significance (Sig.) is less than 0.05, which confirms H<sub>2</sub> and indicates that the differences in frequency are not accidental, i.e. that gender and the practice of excursions are related (Table 6). A similar study conducted in the Hingol National Park in Pakistan and obtained by Ali & Irfan (2020) also found that men visited recreational sites more often than women.

Table 6: Gender and excursions to nature in free time

Gender	Excursions to nature in free time			Total
	Yes	Wished I could	No	
Male	<b>184</b> 63.9%	<b>66</b> 22.9%	<b>38</b> 13.2%	<b>288</b> 100.0%
Female	<b>210</b> 49.2%	<b>174</b> 40.7%	<b>43</b> 10.1%	<b>427</b> 100.0%
Total	<b>394</b> 55.1%	<b>240</b> 33.6%	<b>81</b> 11.3%	<b>715</b> 100.0%
	<b>Value</b>	<b>df</b>	<b>Asymp. Sig.</b>	
<b>Chi-Square</b>	24.529	2	0.000	

Source: Author's research

Testing H<sub>3</sub> showed a significance of less than 0.05, indicating that there is a significant difference between male and female respondents in terms of the type of recreation they prefer (Table 7). Respondents had the opportunity to choose a number of preferred activities, resulting in a total of 35 combinations. Table 7 presents the top five favourite activities for both genders. Among male respondents, most prefer walking (24.3%), then hanging out with friends over food and drink, and in third place is fishing (11.8%). As for female respondents, most prefer walking (40.3%), hanging out with friends over food and drink (21.5%) and cycling (3.5%).

Table 7: Gender and favorite ways to spend free time in nature

Gender	Top 5 Favourite types of activities					
	Walking	Hanging out with friends	Cycling	Fishing	Team sports	No interest in nature
Male	<b>70</b> 24.3%	<b>48</b> 16.7%	<b>14</b> 4.9%	<b>34</b> 11.8%	<b>13</b> 4.5%	<b>14</b> 4.9%
Female	<b>172</b> 40.3%	<b>92</b> 21.5%	<b>15</b> 3.5%	<b>2</b> 0.5%	<b>6</b> 1.4%	<b>15</b> 3.5%
Total	<b>242</b> 33.8%	<b>140</b> 19.6%	<b>29</b> 4.1%	<b>36</b> 5.0%	<b>19</b> 2.7%	<b>29</b> 4.1%
	<b>Value</b>		<b>Df</b>		<b>Asymp. Sig.</b>	
<b>Chi-Square</b>	127.093		34		0.000	

Source: Author's research

The intersection of data on the gender of the respondents and the frequency of their visits to the three protected natural assets in the territory of the City of Pančevo ( $H_4$ ) shows that there is a difference between men and women ( $\text{Sig}<0.05$ ). In the case of the SNR “Deliblatska peščara”, 60.4% of all male respondents have said they visited this site several times, while only 3.8% have never been to SNR. Among female respondents, 57.4% visited the SNR several times, while 10.1% have never visited SNR. The largest percentage of male respondents have never been to the NP “Ponjavica” (41.3%), but a significant percentage of them have been there several times (39.2%). The majority of female respondents have never visited the NP (59.0%), and 22.2% of them visited the NP several times. The NM “Ivanovačka ada” had the least visits. Among the surveyed men, 61.5% have never visited this PA, while 21.2% of them have been there on several occasions. Among the surveyed women, 68.9% have never visited the NM, while 16.4% went there more than once (Table 8).

Table 8: Gender and visits to protected areas (PAs) in the vicinity of Pančevo

Gender	Visits to SNR “Deliblatska peščara”						Total
	Once	Several times	Once a week	Once a month	Once a year	Never	
Male	27 9.4%	174 60.4%	6 2.1%	32 11.1%	38 13.2%	11 3.8%	288 100.0%
Female	71 16.6%	245 57.4%	14 3.3%	34 8.0%	20 4.7%	43 10.1%	427 100.0%
Total	98 13.7%	419 58.6%	20 2.8%	66 9.2%	58 8.1%	54 7.6%	715 100.0%
Visits to NP “Ponjavica”							
Male	42 14.6%	113 39.2%	3 1.0%	6 2.1%	5 1.7%	119 41.3%	288 100.0%
Female	68 15.9%	95 22.2%	9 2.1%	1 0.2%	2 0.5%	252 59.0%	427 100.0%
Total	110 15.4%	208 29.1%	12 1.7%	7 1.0%	7 1.0%	371 51.9%	715 100.0%
Visits to NM “Ivanovačka ada”							
Male	38 13.2%	61 21.2%	3 1.0%	4 1.4%	5 1.7%	177 61.5%	288 100.0%
Female	71 16.6%	56 13.1%	1 0.2%	3 0.7%	2 0.5%	294 68.9%	427 100.0%
Total	109 15.2%	117 16.4%	4 0.6%	7 1.0%	7 1.0%	471 65.9%	715 100.0%
Pearson Chi-Square Test							
PAs	Value		df		Asymp. Sig.		
SNR	33.853		5		0.000		
NP	37.640		5		0.000		
NM	15.251		5		0.009		

Source: Author’s research

In order to test the  $H_5$  hypothesis, the respondents were first divided into three categories, for comparison: young (15–24 years old), middle aged (25–64 years old) and old (over 65 years old). The Chi-Square Test shows that there is a significant difference between age groups when it comes to practicing recreation. Young respondents are the least likely to practice “escape” into nature in their free time – 38.5% of the total number of young respondents. This age group is also the least interested in this way of spending free time – 22.1% of all young respondents (Table 9). These results are in agreement with a similar research conducted in the Medvednica National Park in Croatia (Opačić et al., 2014), where young respondents showed poor interest in recreation.

Table 9: Age groups and excursions to nature in free time

Age groups	Excursions to nature in free time			Total
	Yes	Wish I could	No	
Young	87 38.5%	89 39.4%	50 22.1%	226 100.0%
Middle-aged	284 62.7%	140 30.9%	29 6.4%	453 100.0%
Old	23 63.9%	11 30.6%	2 5.6%	36 100.0%
Total	394 55.1%	240 33.6%	81 11.3%	715 100.0%
	<b>Value</b>	<b>Df</b>	<b>Asymp. Sig.</b>	
<b>Chi-Square</b>	53.895	4	0.000	

Source: Author's research

The analysis shows that there is a significant difference among age groups in terms of ways of spending free time in nature, which confirms H<sub>6</sub>. The respondents falling into the young category prefer to spend time in nature hanging out with friends over food and drink (27.9% of the young). The middle-aged respondents prefer walking (37.7% of all in this category), just like seniors (55.6% of the old). The seniors do not practice cycling and team sports at all, but they are the leaders in fishing (11.1% of seniors) (Table 10).

Table 10: Age groups and favourite ways of spending free time in nature

Age groups	Top 5 Favourite types of activities					
	Walking	Hanging out with friends	Cycling	Fishing	Team sports	No interest in nature
Young	51 22.6%	63 27.9%	10 4.4%	4 1.8%	14 6.2%	22 9.7%
Middle aged	171 37.7%	73 16.1%	19 4.2%	28 6.2%	5 1.1%	5 1.1%
Old	20 55.6%	4 11.1%	0 0.0%	4 11.1%	0 0.0%	2 5.6%
Total	242 33.8%	140 19.6%	29 4.1%	36 5.0%	19 2.7%	29 4.1%
	<b>Value</b>		<b>df</b>		<b>Asymp. Sig.</b>	
<b>Chi-Square</b>	179.972		68		0.000	

Source: Author's research

The intersection of data on age groups and the frequency of visits to the observed protected natural assets (H<sub>7</sub>) indicates differences among the young, middle-aged, and senior respondents. The obtained significance (Sig<0.05) for the three PAs shows that the differences in the resulting frequency are not accidental. As for the SNR "Deliblatska peščara", among the respondents who visited it more than once, the seniors prevail (66.7% of all old), while the young respondents make the greatest part (12.4% of all young) of the respondents who have never visited this PA. The same applies to the visits to the NP "Ponjavica", where 70.4% of the young respondents have never visited this NP, while only 16.8% of them visited it more than once. Among the middle-aged respondents, 44.4% have never visited this NP, while 33.6% visited it more than once. Among theseniors, half (50.0%) visited this NP several times, while 30.6% have never visited it. The protected area in the territory of the City of Pančevo that is the least visited, NM "Ivanovačka ada", has never been visited by 75.7% of the young respondents, while 12.8% of them visited it once. As for the middle-aged respondents, 63.4%

have never visited this PA, while 17.9% have paid several visits to the NP. Among those from the category of seniors, 41.7% visited NM several times, while 36.1% of them have never visited this PA.

Table 11: Age groups and visits to the protected areas (PAs) in the vicinity of Pančevo

Age groups	Visits to SNR “Deliblatska peščara”						Total
	Once	Several times	Once a week	Once a month	Once a year	Never	
Young	47 20,8%	124 54.9%	2 0.9%	14 6.2%	11 4.9%	28 12.4%	226 100.0%
Middle-aged	48 10.6%	271 59.8%	16 3.5%	50 11.0%	44 9.7%	24 5.3%	453 100%
Seniors	3 8.3%	24 66.7%	2 5.6%	2 5.6%	3 8.3%	2 5.6%	36 100.0%
Total	98 13.7%	419 58.6%	20 2.8%	66 9.2%	58 8.1%	54 7.6%	715 100.0%
Visits to NP “Ponjavica”							
Young	22 9.7%	38 16.8%	6 2.7%	0 0.0%	1 0.4%	159 70.4%	226 100.0%
Middle-aged	81 17.9%	152 33.6	6 1.3%	7 1.5%	6 1.3%	201 44.4%	453 100%
Seniors	7 19.4%	18 50.0%	0 0.0%	0 0.0%	0 0.0%	11 30.6%	36 100.0%
Total	110 15.4%	208 29.1%	12 1.7%	7 1.0%	7 1.0%	371 51.9%	715 100.0%
Visits to NM “Ivanovačka ada”							
Young	29 12.8%	21 9.3%	0 0.0%	3 1.3%	2 0.9%	171 75.7%	226 100.0%
Middle aged	73 16.1%	81 17.9%	4 0.9%	4 0.9%	4 0.9%	287 63.4%	453 100.0%
Seniors	7 19.4%	15 41.7%	0 0.0%	0 0.0%	1 2.8%	13 36.1%	36 100.0%
Total	109 15.2%	117 16.4%	4 0.6%	7 1.0%	7 1.0%	471 65.9%	715 100.0%
Pearson Chi-Square Test							
PAs	Value		df		Asymp. Sig.		
SNR	35.941		10		0.000		
NP	57.918		10		0.000		
NM	37.097		10		0.000		

Source: Author’s research

#### 4. Conclusion

The fast-paced city life has intensified the trend of one-day excursions into nature. Urban population increasingly spends weekends and free time outside cities. Protected areas play an important role in this, especially those in the vicinity of cities, which are suitable for one-day excursions, offering rich natural heritage and opportunities for nature-based recreation.

The findings of the conducted research, which were obtained with the help of descriptive statistics, show that a significant number of the residents of the City of Pančevo spend their free leisure time in protected natural sights, while only a small share of them are not aware

that protected areas can be found in the vicinity of Pančevo. Based on this, hypotheses H<sub>1</sub> “The residents of the City of Pančevo do not use PAs in their surroundings on a large scale” has been refuted, and the alternative hypothesis (H<sub>A</sub>) “The residents of the City of Pančevo use PAs in their surroundings on a large scale” has been accepted. Gender and age are significant indicators. By applying a Chi-Square Test according to gender and age, it has been found that there are notable differences among the respondents as regards their visits to the three PAs in the territory of the City of Pančevo and the type of recreation they prefer. Based on this, all initial hypotheses have been accepted. The male respondents visit the studied PAs for recreation more often, so there is a correlation between gender and the practice of going out into nature in their free time (H<sub>2</sub>). There is a significant difference between the male and female respondents in terms of the type of recreation they prefer, so there is a correlation between gender and the way of spending time in nature (H<sub>3</sub>). Gender also affects the frequency of visits to these areas. Men visit these places more often, and among the respondents who have never visited the protected areas, there is a greater share of women. Hence, there is a correlation between gender and the frequency of visiting the surrounding PAs (H<sub>4</sub>). Age has also proved to be an important indicator. Young respondents visit PAs less often than the middle-aged and seniors, which confirms that there is a correlation between age and the practice of going out in nature in free time (H<sub>5</sub>). Also, the type of recreation they practice differs, as does the frequency of visits to SNR, NP and NM. There is a correlation between age and the way of spending time in nature (H<sub>6</sub>), and there is also a correlation between age and the frequency of visiting the surrounding PAs (H<sub>7</sub>).

The residents of the City of Pančevo mostly visit SNR “Deliblatska peščara”. Although much closer to the City, the NP “Ponjavica” and NM “Ivanovačka Ada” are rarely their choice. The low level of development and the poor availability of infrastructure are the main shortcomings of the protected areas in the vicinity of the City of Pančevo. The respondents have also highlighted the poor media coverage of these sites. Better promotion would be a significant driver for them to visit the sites more often and on a larger scale. The fact that only one-third of the respondents know that there are several protected natural assets in the municipality of Pančevo shows that it is necessary to talk and write more about these protected areas. The findings also reveal the need for introducing seasonal bus lines to the sites. This is especially true in the case of the SNR. With developed trails that are regularly maintained by the mountaineering club “Jelenak“, info boards, sports grounds and the parking space, the tourist sites of the SNR meet almost all conditions for more intensive visits by excursionists. In addition to solving the problem of illegal development, which was highlighted by many respondents, the only thing missing is a public transport connection between the two main picnic areas and Pančevo (Devojački Bunar and Čardak), so that the residents of Pančevo who do not own a car can use the benefits of this tourist destination. The other two areas have a specific morphology and access is only possible by car, bicycle, or on foot. One thing that should be taken into account is the ubiquitous problem in Serbia, even in protected assets – inadequate waste disposal, especially visible in the NP. As far as the third protected area is concerned, the pedestrian and bicycle path along the Danube embankment from Starčevo to Ivanovo should be developed. It has been traced along the embankment for a long time, but is so neglected that many respondents complained and said it would never occur to them to go there again. The most pressing issues for the users of the camp, which has been there for years, include a bad road and the lack of sanitary facilities and drinking water, although they regularly pay the annual rent for the plot to the manager.

If all these issues were resolved and better promotion and popularisation ensured, these valuable areas would certainly continue to be the oases of peace and relaxation for the residents of Pančevo. In this regard, the results presented here could help the public institutions that manage these three PAs in planning further development of sustainable tourism and visitor

management. The research community will also benefit as the topic of recreation in protected areas near cities is still insufficiently discussed in the local research literature.

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## Conflict of interest

The author declares no conflict of interest.

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## A new paradigm for meetings and events studies

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**Abstract:** The aim of the article is to propose a new way of perceiving and researching meetings and events, which in turn will contribute to our understanding of how to stimulate the development of this sector more effectively. Thus far, researchers have tended to emphasize the economic importance of meetings. The article presents an innovative research approach concerning one specific type of meetings, namely “congresses”. This new paradigm focuses on the institutional role of congresses. The analysis has identified the functions that congresses perform in relation to market stakeholders and the relationships between them that create cooperation. Convention Bureaus and Congress Ambassadors were identified as new institutions that have added to the development of the entire congress market. As the most important for the development of Meeting Industry, the article indicates the synergy between the stakeholders of the sector and the activation of the demand side by strengthening the role of associations.

**Keywords:** meetings, events, congress, convention, institutional economics

**JEL classification:** G14

## Nova paradigma za studije sastanaka i događaja

**Sažetak:** Cilj članka je da predloži novi način sagledavanja i istraživanja sastanaka i događaja, koji će zauzvrat omogućiti razumevanje kako efikasnije stimulirati razvoj ovog sektora. Do sada su istraživači težili da naglašavaju ekonomski značaj sastanaka. U članku je predstavljen inovativni istraživački pristup u odnosu na jednu specifičnu grupu sastanaka, a to su „kongresi”. Ova nova paradigma se fokusira na institucionalnu ulogu kongresa. Analizom su identifikovane funkcije koje kongresi obavljaju u odnosu na učesnike na tržištu i međusobne odnose koji stvaraju saradnju. Kongresni biro i kongresni ambasadori identifikovani su kao nove institucije koje su doprinele razvoju celokupnog kongresnog tržišta. Sinergija između zainteresovanih strana takođe je identifikovana kao uslov za proširenje sektora; najvažnije je ojačati i aktivirati stranu potražnje (asocijacije).

**Ključne reči:** sastanci, događaji, kongresi, konvencije, institucionalna ekonomija

**JEL klasifikacija:** G14

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## 1. Introduction

This article is the result of research on the phenomenon of congresses taken from a perspective different from the current dominant one in the literature on the subject. The most common approach in literature emphasizes the number of participants and the large budgets of congresses. Thus, the significance of congresses is traditionally derived from the size of congresses (delegates and money). However, this approach does not answer what is so special about congresses compared to other forms of gatherings. Another question is what makes congresses usually (but not always) win large audiences and large budgets. And one more question, especially important in the time of recovery of Meeting Industry after the Covid-19 pandemic: what influences that the market generates congresses and whether and how we can increase their number.

In order to answer these questions, a detailed study of the selected congress market, namely in Poland during the 1997-2018 period, was undertaken, which was an example of very dynamic development, including the creation of a number of new solutions. The study was conducted from the perspective of institutional economics, which assumes that the market creates specific institutions that allow for more effective transactions between the demand and supply sides.

The most important clients generating demand on the congress market are domestic and foreign industry associations. The paper defines the concept of a congress as an assembly of an above-average size associated with the activities of associations (or similar organizational forms), distinguished by the importance of the issues raised, as well as the formal (or implicit) empowerment of the represented group to make decisions or indicate solutions on a given topic. Thus, the element that distinguishes the concept of a congress from other forms of business meetings is the *empowerment to solve an important social problem*. It has shaped the high rank of congresses throughout history as a special institution. This institutional role of congresses also determines their importance in the modern knowledge-based economy.

This can be summarized as follows: congresses are not important because they are large, on the contrary, they are (or can be) large because they are important. This different approach constitutes the “paradigm of change” (Kuhn, 1962) for Meeting Industry research. This new approach allows the search for solutions (formal and informal institutions) that operate in a given market and affect supply, demand and transactions between them, such as access to information sources, trust between partners of the congress market and market expansion.

## 2. Characteristics of different types of business meetings

### 2.1. Types of business meetings

The concepts of *events* and *meetings* have been the object of interest in various academic fields including marketing, communication, tourism studies, management studies as well as economics. Within entrepreneurship, there has emerged the term a *meeting industry* sometimes referred to as *the events industry*. In the professional literature, the process of clarifying the naming of human gatherings has been ongoing for several decades. Numerous authors have pointed out the terminological ambiguity (Bladen et al., 2018; Davidson & Cope, 2000; Ladkin, 2002; Lee & Back, 2005; Rogers, 1998; UNWTO, 2006; Weber & Chon, 2002). In contemporary publications, the English terms *event* and *meeting* are commonly used in many expressions, such as *event tourism*, *event marketing*, and the *meeting industry*, but one should keep in mind that in practice they are being used within national languages, where English words are not always acceptable. Still, many definitions remain unprecise, which is reinforced by the information noise present in the media and language used in the industry on a daily basis. Academia is also not immune to the problem of the lack of terminological precision (Rogers, 2013; Wroblewski, 2019). The process of classification and defining terms is still ongoing and the lack of terminological precision has resulted in the weakening of the position of the entire field in terms of both its practical application and the science dealing with it.

The word *event*, which has recently become very fashionable in the research literature, is very broad and therefore seen as an imprecise term. However, it is currently very widely used, but has not always been met with full acceptance. The concept of an event is associated primarily with corporate (business) events that are meetings commissioned by companies, including corporations, unlike congresses, that are associated mainly with the activities of professional associations.

One example of incoherence can be found in the definitions given by two highly prestigious sources. The United Nations maintains an ISIC (United Nations Statistics Division – Classifications Registry) in which class 8230 states the following description: “Organization of conventions and trade shows include: organization, promotion and/or management of events, such as business and trade shows, conventions, conferences and meetings, whether or not including the management and provision of the staff to operate the facilities in which these events take place” (UNSD, 2022).

In turn, Meeting Professionals International, one of the most important global organizations of gathering professionals in this industry, gave the notion of *meeting* a superior ranking and adopted the following definition: “Meeting is a general term indicating the coming together of a number of people in one place, to confer or carry out a particular activity: a gathering of 10 or more participants for a minimum of four hours in a contracted venue. These meetings include conventions, conferences, congresses, trade shows and exhibitions, incentive events, corporate/business meetings, and other meetings that meet the aforementioned criteria” (WTO, 2014, p. 10). Undoubtedly, both definitions indicate the business nature of all aforementioned forms of meetings, except they do not include private meetings (e.g., weddings, family reunions). However, from the cited definitions, as well as from many other ones, it cannot be induced whether the broader concept is related to an event or a meeting. For the sake of clarifying these definitions, the authors’ recommendation is to accept ‘meeting’ as the superior term (as in the definition of MPI), and it is even better to use the term ‘business meetings’ (Munter & Netzley, 2011). The latter might work well in translations into other languages. On the other hand, as an auxiliary solution, for example in popular publications, it may be more convenient to use the combined expression ‘meetings and events industry’. To put it more simply, it can be assumed that the general term ‘business meetings’ consists of the following forms of people gatherings: (1) congresses, (2) conferences, (3) business events, (4) fairs and exhibitions, and (5) incentive events.

At this point, it is necessary to explain why the word ‘convention’ was not used in this division. In the American tradition, the word ‘congress’ is reserved for the Chamber of Parliament, hence the term convention has been used to describe gatherings of professionals and scientists (mainly in North America and Australia, as well as in other parts of Asia). Generally, in most sources, these concepts are considered to be the same: “Congress – a European term for convention” (Seekings, 1992), “Widely used in America, Australia, and Asia to describe the traditional form of annual or total membership meeting” (Weber & Chon, 2002). It can therefore be assumed that the term ‘convention’ is the same term as ‘congress’.

A detailed analysis of this phenomenon and the role of congresses will be presented later in this paper, however, first it is important to explain the basic differences between the three terms: *congress*, *conference* and *event*. When distinguishing between the first two, we usually intuitively refer to the criterion of numbers attending the event i.e., congresses are usually larger than conferences. But is this a sufficient basis for distinguishing between them? And what about ‘events’?

It may be useful to analyse the functions of these forms of assemblies towards their stakeholders, and in particular their clients. A ‘client’ as a criterion has been applied by the ICCA (2017) which is a global organization that monitors trends of international meetings for their analysis. According to the ICCA methodology, the demand for meetings is created by

three main sectors: the association sector, the corporate sector and the public sector. Table 1 shows the features of these three forms and their dependence on the specifics of the client segment.

Table 1: The specificity of the three basic sectors of the business meeting market

Criteria	Association market	Corporate market	Public market
Typical size (number of participants)	Large or very large	Can differ	Rather large
Lead time	Very long, from 6 months to 4–8 years	Short, even a few days	Usually limited by the term of office of the authorities
Who makes decisions	Collegial decisions of the association's board, held periodically	The owner (or CEO) and the management board, the meetings of the board on a daily/weekly basis	The tender committee, requires approval
Typical recipient of RFP (Request for Proposal)	PCO	PR agency, Event agency, PCO	Diversified entities that meet specific conditions
A typical range of the client's needs	Ensuring participation, ensuring sponsoring, specialized services: communication with participants and speakers, gathering presentations (texts, slides), translation and interpretation	Coordination and supervision. Doesn't require ensuring participation (events organized for employees), or securing sponsoring (costs are covered by the client)	Coordination of predetermined, mainly technical tasks
The aim of collaboration with intermediary	Earning	Saving	Compliance of expenses with the order, obtaining a collective invoice for the entire event
The way of selecting the contractor	Comparison of offers or formal tenders	Comparison of offers or tender with its own regulations	Regulated by the public procurement law
Response to the contractor's offer	Slow	Quick	Strictly defined in the tender rules, not subject to change
Possibility to make corrections	Big	Depends on the company's policy but allowed	Very limited or not possible
The nature of the event	Serious, prestigious	Forms of entertainment and integration are often included	Official, often political in its nature
Limitations, sensitive matters	Desired cooperation with media and sponsors. A sensitive issue: handling foreign guests.	Confidentiality of content from the competitors	Sensitive topics: political correctness, necessary documentation (report on the meeting, minutes), compliance with the rules (e.g. alcohol)
Typical form of meeting	<b>Congress</b> (Or a Conference, in case of a limited number of participants)	<b>Business Event</b>	<b>Conference</b>

Source: Author's research

As evidenced in the above table, the client is considered to be the principal criterion and the size of the assembly is considered a secondary criterion. However, the latter should also be taken into account, so it is analysed below.

## 2.2 The number of participants

The issue of the number of participants who attend meetings requires a detailed discussion because of the fact that this aspect is the basic information provided in statistics and is one of the most important indicators in quantitative research. The classification standards in this area have been developed over the past century by two international industry associations: the Union of International Associations (UIA) and the International Congress and Convention Association (ICCA). The [UIA \(2018\)](#) has accepted the minimum number of 300 people as its eligibility criterion. In turn, [ICCA \(2017\)](#) considers the number to be 50 participants, along with additional criteria, as the minimum while grouping events in the ranges of 50–149, 150–249, 250–499, 500–999, 1000–1999, 2000–2999 and over 3000 people.

Based on The International Congress and Convention Association Data ([ICCA, 2017](#)) the authors assume that a threshold of 250 participants for the separation of the two groups of meetings: the larger ones with a majority of congresses and the smaller with a majority of conferences. This is of course an arbitrary boundary, but the solution is supported by the fact that it is based on ICCA (as the most popular source of annual data) and it is close to the standard used by the UIA (300 participants). In addition, practical solutions applied to the organization of gatherings indicate that smaller meetings are usually handled independently by the community interested in holding them, using a task force created *ad hoc* from its own resources and volunteers. In turn, increasing the size of the gathering, and thus increasing the complexity of the project, is correlated with the emergence of a dedicated organizer or organizational team, and often outsourcing the task to a separate company.

Hence, in defining the term congress, the authors take into account both the criterion of the commissioning party and the number of participants. Therefore, for the purposes of this research, it can be assumed that the congress is a gathering of above average size, usually associated with the activities of associations or wider (international, intergovernmental) structures, distinguished from similar forms of meetings with its significance due to the formal or implicit authority to make decisions on issues that are important to society or a represented group, often having an extensive program and an impressive setting. For the needs of socio-economic analysis, the number of participants should be at least 250 persons.

## 2.3. Definitions of business meetings

The definitions listed below were prepared by [Wroblewski \(2019\)](#) based on the dictionaries provided by leading industry associations: Convention Industry Council and International Association of Convention and Visitors Bureaus, as well as numerous scholars ([Celuch, 2014](#); [Cieslikowski, 2014](#); [Sikošek, 2012](#); [Weber & Chon, 2002](#)).

- **a congress** is an assembly of above-average size (from 250 participants) associated with the activities of associations or wider structures (international, intergovernmental), empowered to solve a socially important problem, requiring a greater amount of preparation and generating a need for professional help (in particular, from the Professional Congress Organizers);

- **a conference** is a relatively smaller gathering (less than 250 participants) and is fairly simple to organize, often independently carried out with the initiator's own forces, and is a form used by various customer sectors;

- **business events** are assemblies carried out for companies (corporations), in particular for the purpose of marketing and sales growth, but also training and integration of employee teams;



- **trade shows and exhibitions** – have two basic options: for business (closed, by invitation) and for consumers (open, for the general public);

- **incentive events** are activities aimed at motivating employees or business partners and clients, constituting a key marketing tool for every company, especially bigger ones. A classic form of implementing this concept is by incentive travel.

It needs to be emphasized that the proposed division of forms of business meetings is a certain simplification, necessary for the readability of the presentation. In fact, these forms are interwoven and in each particular project we find elements from at least two forms of the above typology, e.g., [Davidson and Cope \(2000, p. 5\)](#).

### 3. Terminological issues related to the industry as a whole

Another aspect that needs to be discussed is the terminology referring to the whole field of activity related to business meetings and methods of assessment of its economic impact.

#### 3.1. Meetings and events industry versus business tourism

In the 1970s, the acronym MICE became popular. In addition to the fact, that the abbreviation MICE soon became the subject of jokes, a far more important problem was (and still is) the reduction of the scope of this broad economic and social phenomenon to only four letters. The acronym MICE can be ‘unpacked’ in several ways, with the letter standing for: C – Congresses or Conferences and E for – Exhibitions or Events ([Wroblewski, 2014](#)). The following acronyms are less commonly encountered: MEEC (Meetings, Expositions, Events, Conventions) ([Fenich, 2015](#)), MECE (Meetings, Events, Conventions, Exhibitions), MCE (Meetings Conventions, Exhibition), and only seldom the acronym CEMI has been used (Conventions, Exhibitions, Meetings, Incentives) ([Weber & Chon, 2002](#)).

Some authors have proposed using all three terms as synonyms, where “business tourism = meeting industry = MICE market”. This does not to be such an unambiguous solution is justified, for several reasons. Mainly because the term MICE does not include business trips in the sense of a single employee's trip on behalf of his/her company or institution, which is undoubtedly an important element of business tourism.

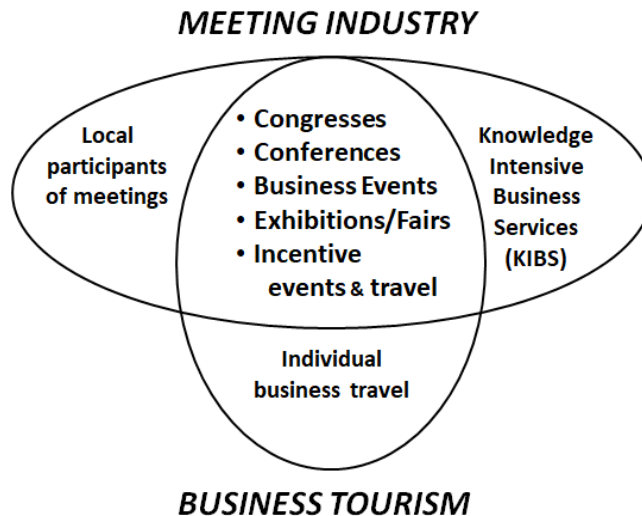
Currently, the entirety of professional activities associated with meetings is commonly referred to as the *meetings industry*. This term has been consciously promoted to emphasize the growing importance of this vastly expanding field ([WTO, 2014](#)). Over the last years, it has been noticeable that the term *meeting industry* is gradually being replaced with the acronym MICE, but the latter still remains popular due to its conciseness, and therefore its ease of use. At present, the term *event industry* is becoming popularized, which may pose certain problems. This can result from an overtaking of the image of the industry by the festival dimension, i.e., events that are focused on promotion or entertainment, and not on substantial issues aimed at exploring more serious social issues, e.g., scientific, and creative problems.

In terms of the overall functioning of the industry, it is necessary to take into account the individual journeys undertaken for business motives. This category (business travel) is in practice very large, cost-generating and of great importance for corporations that are using traveling sales representatives, so it is an important part of the budget of companies. At the same time, it is an important income segment for hotels, airlines, and car rentals. Because of these matters, both sides of demand and supply are usually managed by the same people who are responsible for events and therefore *business travel* should be seen as part of *business tourism*.

Thus, the question arises about the relationship between the *meeting industry* and *business tourism*. Participants of conference meetings may come from outside the city in which the meeting is being held as well as from the same place. The scale of this phenomenon is emphasized by Jago (2012): “in the 2011 American study local delegates made up 41% of all participants (p. 13)”. This means that only the first group fits into the concept of a tourist coined by UNWTO: “people who spent at least 24 hours in the country of temporary stay for purposes of leisure, curative, sightseeing, service, sports, religious, family, social, political, etc.”

The second important element that distinguishes the *meeting industry* from *business tourism* are specialized services that use the acronym KIBS – *Knowledge Intensive Business Services*. They include marketing activities (event marketing), creating and preparing publications and other prints, e.g., programmes for the participant of a congress, creative tasks (e.g., artistic concepts, design, software, etc.) (Borodako et al., 2014). This kind of services is rendered by meeting industry companies (e.g., Professional Congress Organisers). Thus, KIBS must be regarded as a component even though the term does not exist in the tourism literature. The relationship between these concepts is shown in Figure 1.

Figure 1: Meeting industry vs business tourism



Source: Author's research

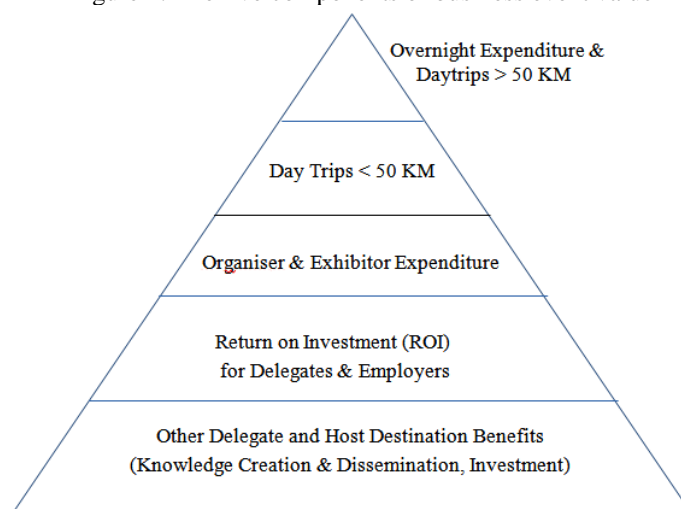
### 3.2. Methodology and techniques for meetings and events studies

Given the importance of the industry, the development of methods for the assessment of its social and economic impact has become particularly important. Although those working in the meetings and events sector appreciate that business events make a substantial contribution to host destinations and beyond, the value of this contribution has neither been adequately documented nor well communicated to external stakeholders. In an attempt to address these concerns, the Joint Meetings Industry Council (JMIC) held a conference in London in 2011 that involved a range of key stakeholders from the field of business events and a number of invited experts with relevant expertise. There was unanimous agreement among the participants of the conference that for enhanced credibility it is critical to ensure that the economic assessment of the value of business events conforms to a set of internationally agreed guidelines (Jago, 2012).

Detailed analysis (Jago, 2012) of existing studies has shown that there are three general approaches: (1) Assessing the economic contribution of business events at the national level; (B) Assessing the economic contribution of business events at the local or sub-national level; (C) Assessing the ‘beyond tourism’ benefits of business events.

- (A) Regarding the first of these, which is the broadest in scope, so far only a small group of countries in the world have conducted research on the economic impact of the meetings and events industry on their economies. These studies were initiated by Australia in 2005, followed by Canada, the USA, and Mexico. The obtained calculations have shown that the share of the meetings and events industry in the GDP of a given country is at a minimum level of 1%. For example, Mexico – 1.43% (2010), Canada – 1.5% (2012), Denmark – 1% (2012), Singapore – 1.06% (2012), the United Kingdom – 2.9% (2011), Malaysia – 1.78% (2015), and Poland – 1% (2015) (Celuch et al., 2017; Jago, 2012).
- (B) Regarding the research at the second sub-national level, there appears to be three main approaches: (1) Contribution that a single business event makes to a region; (2) Contribution that business events held at a single venue make to a region in a year; (3) Contribution that business events held at multiple venues in a region make to that region in a year (Jago, 2012). The focus of this research is the contribution resulting from the spending of new funds brought to the region by business visitors. While this approach is appropriate for assessing the value of tourism, it underestimates the value of business events as it ignores the contribution made by local delegates, which is an important component of the overall value. Therefore, attention should be given to the correct labelling of the outputs of such studies of business events. Their outputs represent the ‘tourism contribution’ of business events rather than the total contribution and should be labelled as such.
- (C) Regarding the third approach of assessing – the ‘additional benefits’ of business events, studies have shown the existence of substantial ‘beyond tourism’ benefits for delegates and the host destination. These studies, however, have not been successful in estimating the magnitude of the value. However, the business event value triangle that has been developed in Australia (Jago, 2012) demonstrates the different components of value that business events deliver and underlines the relative importance of the ‘beyond tourism’ component (Figure 2).

Figure 2: The five components of business event value



Source: Jago (2012, p. 6)

Summarizing the above analyses, it seems that apart from the need to systemize and describe the terminology, a methodological problem is of fundamental importance. This methodological aspect consists of: the choice of approach to research and the choice of the scientific field in which the research is to be conducted. As visible from the examples that are cited, tourism studies do not value the role of non-tourists. First of all, the term ‘beyond tourism effect’ is difficult to accept since it has to be applied to phenomena of importance that is much more important than the ‘tourism effect’ itself (which primarily involves new funds that are brought to the region). Secondly, within classical economics, the role of individuals and social organizations are not taken into account enough (Fukuyama, 1992; Stiglitz, 2002). In addition, typical economic indicators cannot confirm the impact of events on the development of, for example, a city or region. There is therefore a need for so-called out-of-the-box thinking which is unconstrained by the framework of a given narrow field and will allow focusing on the other essential factors which are determining the importance of the meeting industry.

#### **4. Congresses as a particular subject of the study**

An attempt was made to examine the phenomenon of the congress market as a separate subject area of this study. The separation of congresses was allowed to break free from the dominant pattern of perceiving its meaning through the prism which is based on the number of participants and the size of the budget. Such a different approach is a consequence of the authors' use of cognitive assumptions adopted by methodological constructivism and institutional analysis. It is legitimate to use the methodological solutions which have been developed within institutional economics because of at least main two reasons (Zboron, 2009, p. 77). Firstly, institutional economics makes it possible to pursue qualitative and interdisciplinary research. Secondly, epistemological constructivism (widely used in the social science literature nowadays) creates the opportunity for innovative and out-of-the-box approaches to the particular problem (Chmielewski, 2011). Hence, the most basic question for a researcher is not related to the economic significance of a particular event anymore but to the functions performed towards its stakeholders. As defined by ICCA (2017), these stakeholders include, first of all, the client (the so-called *meeting owner* of the association or corporation which acts as a commissioning party) and secondly, the persons attending the meeting (*delegates, participants*). These functions have distinct institutional character, that is, they fulfil some important functions in terms of social consciousness.

##### **4.1. Historical conditioning of the importance of congresses as an institution**

The genesis of congresses can be found in the history of religion, in particular of synods (*synodos* from the Greek language – *common path, assembly*), as a form of high-ranked congregations in a specific hierarchical structure. Even in the past centuries, for a given synod to be socially recognized, its representativeness was extremely important, that is, the correctness of its calling. It has happened in history that some synods were convened in violation of the applicable procedures. They were later referred to as *conventicula latrocinia* (Latin), which can be translated as felonious or criminal gatherings (Catholic Encyclopedia, 2022). Therefore, the most important feature of synods as recognized institutions is not so much the number of participants in a given assembly, but their authorization to decide.

The second source of congress traditions is described in the key meetings of rulers or leaders, in particular those who bring peace during the post-war period. The oldest preserved descriptions of peace keeping assemblies concern the ancient Athens (Demosthenes' speech from 346 BCE), although the oldest certificates of peace contracts go back to the Babylonian era. Latin *convenio* means – come together; to agree; to assemble. Two other words are also close to these: *congrego* which stands for to gather/collect and *congressio*, a meeting.

Therefore, it can be assumed that the historical rank of such gatherings was considered to be a mechanism for resolving conflicts or other more serious problems of key importance for societies and states. This has built up a universal recognition of the role of congresses (or conventions) as a kind of institution.

At this point, it is necessary to note that many assemblies, similar to the ones described above as important gatherings, are known in history as *conferences*, not *congresses*, despite the fact that they had both the attributes of a large number of participants and as previously mentioned, legalism (the right to represent the will of the participants, e.g., countries). As examples, we can cite the United Nations Founding Conference in San Francisco (1945) or conferences leading to the adoption of the Treaty of Rome (1957). Thus, the actual name of a particular assembly may not actually determine its classification as a congress.

As mentioned previously, the concepts of *congress* and *convention* are virtually identical. When considering the use of one common concept, the authors have analysed a dozen definitions regarding the terms *congress* and *convention* that have been used in reports and dictionaries recommended by the international industry associations such as CIC – Convention Industry Council (currently Events Industry Council); IACVB the International Association of Convention and Visitor Bureaux; IAPCO International Association of Professional Congress Organisers; as well as numerous other researchers (Celuch, 2014; Poland Convention Bureau, 2016; Sikošek, 2012). It has been noted that the following components that have been identified are repeated in the analysed definitions of *congress/convention* concepts: (1) a large gathering; (2) devoted to a specific topic; (3) related to the resolution of highly important matters relevant to further action in the public interest, held on behalf of the organization which are authorized to make decisions; (4) related to debate and decision making; (5) often related to the election of authorities; (6) recurrent, regularly held gatherings in accordance with the rules (e.g., the association by-laws); (7) with a longer duration; (8) having an extended form (parallel sessions; exhibition; social program); (9) having an educational program; and (10) ensuring the exchange of ideas.

An analysis was conducted of the frequency of occurrence of particular components of definitions which indicated that the most frequently mentioned (9 out of 12) was ‘empowerment for making decisions’, the second most frequent (7 out of 12) was ‘socially important topics of the meeting/important to the represented association or a group’. The third most frequent component was ‘periodicity of the gathering’. Thus, the first three elements have one thing in common – they refer to the problem-solving process. It can be assumed that the formal (by the organization) or default (due to the social importance of the subject) legitimacy for resolving or recommending solutions to significant problems is an essential and distinctive feature of congresses. These important gatherings of confederate people were described almost 200 years ago by Alexis de Tocqueville in his famous *On Democracy in America* (1835). He laid the success of democracy at the feet of associations and the engagement of community peers who *associate* with each other and *share what they know*. He stressed that “The second degree in the right of association is the power of meeting. Men have the opportunity of seeing each other; means of execution are more readily combined, and opinions are maintained with a degree of warmth and energy which written language cannot approach” (Tocqueville, 1835, p. 215).

#### **4.2. The model of the congress market and a congress function matrix**

The authors have identified five major functions (based on Golovinski, 2012) that congresses usually fulfil in relation to market stakeholders, including participants and the clients themselves:

- (1) educational function, i.e., acquiring knowledge (in particular, it concerns participants of the congress) and dissemination of specific content (the purpose of the client of the congress);
- (2) business enhancement function, i.e., promoting a product, conducting business talks aimed at the development of a company or their own professional career;
- (3) the image creation function, i.e., building/strengthening a personal and/or company image, for the congress participant as it will also be related to the psychological need for belonging;
- (4) networking function, i.e., expanding/strengthening contacts, acquiring new clients, meeting new people; and,
- (5) motivational function, i.e., strengthening engagement and positive relationships of members of a given organization; improving the emotional state as a result of participation in the meeting; the accomplishment of the needs for recognition, achievement and security.

As a result of these findings, a functional model of the congress market was created to determine the relationship between the main institutions of the congress market (Wroblewski, 2019). Nine market stakeholders were included and were understood both as formal or informal institutions: (1) clients (meeting-owners, commissioning parties), mainly professional associations; (2) participants of congresses (delegates); (3) PCOs who were companies directly responsible for the organisation of a meeting; (4) congress venues (congress centres); (5) convention bureaux; (6) industry associations; (7) congress ambassadors; (8) industry journals/media; (9) academic community (researchers, lecturers). The state and its institutional impact may be regarded as the 10<sup>th</sup> element of the model. It is worth mentioning that in some countries (e.g., post-Soviet or Asian countries) the governmental institutions might be of greater importance.

## 5. Methodology

These two groups of variables were used for the analysis of the links between entities associated with the congress market. The structure of the aforementioned functions of the congress were used in the study, which indicated the existence of stronger links between the congress market stakeholders (cooperation matrix). For this purpose, the Delphi method and a panel of representatives of various groups of congress market stakeholders were used. The Delphi method (also known as Estimate-Talk-Estimate or ETE) is one of the heuristic methods aimed at discovering new facts and uses an indirect form of expressing opinions by experts (Linstone & Turoff, 2002). The basic principles of this technique are to carry out several stages in which experts answer questions aimed at gradually agreeing to their positions on the issue or problem being investigated.

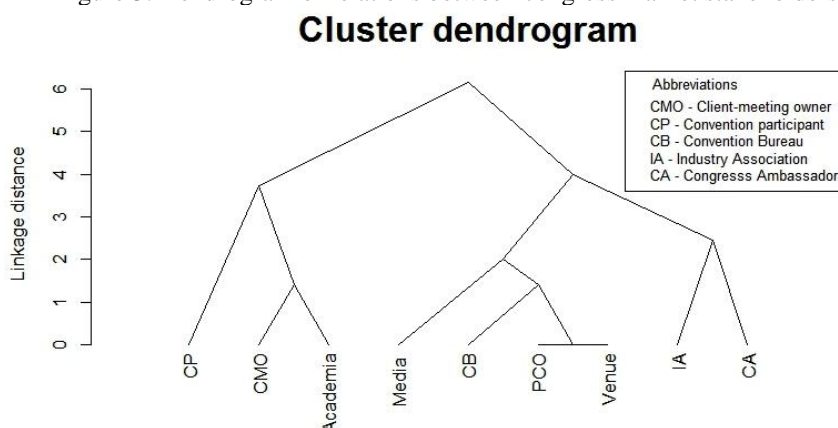
This study was carried out based on the example of Poland, a country that has achieved significant success in business tourism over the past 20 years, as confirmed by numerous reports (ICCA 2016–2017). The survey was carried out in April and May 2018. A total of 15 representatives of various groups of congress market stakeholders were invited to participate in the Delphi online procedure. These representatives consisted of: congress facility managers (3 people); owners or directors of congress industry companies (4 people); Convention Bureau managers (4 people); representatives of the world of science (3 people); people associated with the program of the Polish Congress Ambassadors Program (4 people including 1 congress ambassador); a representative of public administration (1 person); media representative (1 person). Some of these representatives had more than one of the above affiliations; 7 people belonged to associations of the professional meetings industry; and all representatives had a long-standing relationship with the congress industry. Thus, the diversity and high competence of the study representatives was established. Full anonymity was also maintained at each stage, with the coordinator only providing the experts with only a summary of the answers and a calculation of the median and arithmetic mean, and a commentary indicating the areas of doubt. Due to a lack or delay of response, answers were finally obtained from 11 of the experts. The experts did not receive any remuneration for the services provided.

The specific goal of this study was to determine the importance of individual functions that could be performed within the congress. Experts, based on their knowledge and experience were able to comment on both their own role as a congress market stakeholder and express their opinions of others. Answers were readily made available and during the second stage of the study, there was recognition that excellent conclusions had been achieved. The second round of responses allowed for an agreement of opinions, and in the third round, the participants were informed about the results that had been obtained, which did not raise any further questions or queries from the participants.

## 6. Results

Based on a matrix analysis with an assignment of the importance of various functions (Education, Business, Image-creation, Networking and Motivation) to stakeholders of the congress market, a dendrogram (Figure 3) of the identified relations was created by means of a cluster analysis using a complete method and Euclidean distance in R programming language (Kassambara, 2017). Correlation analysis of major clustering methods (complete, average, single, Ward, centroid) showed a high degree of similarity with a minimum possible correlation coefficient equal to 0.91.

Figure 3: Dendrogram of relations between congress market stakeholders

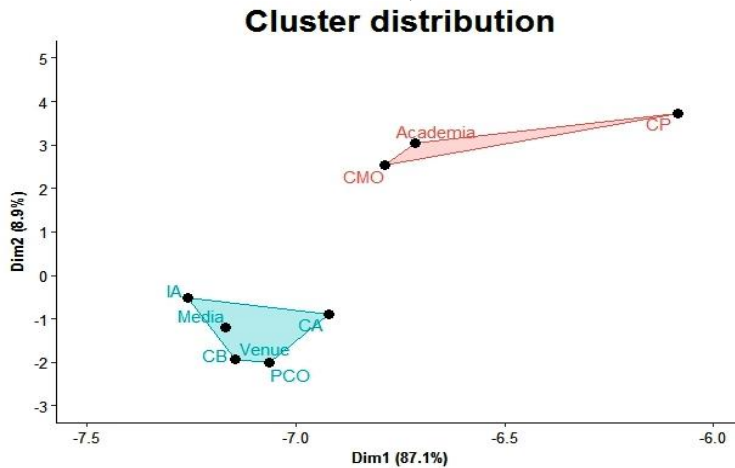


Source: Author's research

The analysis produced the existence of two clusters (Figures 3 and 4). Cluster 1 was made up of Clients (Meeting owners) along with Convention participants and representatives of Academia. The composition of Cluster 1 confirmed its demand nature. Cluster 2 consisted of: Professional Congress Organizers (PCO) with Venues and Convention Bureaus, Congress Ambassadors, Industry Associations, and Industry Media. The character of Cluster 2 was determined by two supply side elements (PCO and a Venue) along with supporting institutions (Convention Bureau, Ambassadors). The relative distance between these two clusters that are shown in Figure 4 indicates a different orientation (the pro-business orientation and the orientation on other factors) of these two clusters. A concentration of six elements in Cluster 2 might be interpreted as related to the sharing of the same objectives in terms of attracting potential clients. It is interesting that the ambassadors of congresses were placed in the supply cluster, which points to the perception of representatives of science as a significant link between the supply side and clients. At the same time, it may also raise some questions about the location of the industry media in the business-oriented group of institutions. Convention Bureaus, in this study, were also perceived as a business-oriented institutions. In addition, elements of Cluster 2 were more closely related to each other than those of Cluster 1, which might indicate that there was a greater degree of differentiation of interests and objectives

among the latter. At the same time, in Cluster 2 there were two distinct sub-clusters (IA and CA) and (Media, CB, PCO and Venue), along with the interests and objectives of PCO and Venue which completely coincided with each other.

Figure 4: Diagram of cluster distributions (The ties between stakeholders of the congress market)



Source: Author's research

## 7. Discussion and concluding remarks

As previously stated, this paper focuses on the phenomenon of the institutionalization of congresses, and as a result, the reinforcement of the social consciousness that congresses perform has a specific and important function. The method that has been used to research the broad category of social phenomena has been developed over several decades and based on the sub-discipline of institutional economics, which is the reason why the authors have adopted the methodology of this sub-discipline for their analysis.

In the literature on the subject, institutional economics has been defined as a broad research area that has formed on the border of economics, sociology and political science. This relatively new trend refers to the concept of formal and informal norms, and social rules that are understood as institutions, and has developed theories related to the emergence and evolution of institutions.

The International Society for the New Institutional Economics provides us with a definition of institutional economics as: "NEI has an interdisciplinary character, combining economics, law, organization theories, political science, sociology and anthropology to understand the functioning of social, political and commercial institutions. It uses many disciplines of social sciences, but its basic language is economics. Its purpose is to explain how institutions work, how they evolve, what purposes they serve, how they change, and how – if at all – they should be changed" (ISNIE, 2022). In this definition, it should be noted that the pressure is on the normative scope of the discipline, therefore enabling the formulation of recommendations and predictions.

On the basis of economics, the introduction of the notion of the *institution* has been commonly attributed to Veblen (1899) in his treatise titled "The Theory of the Leisure Class". Other scholars who wrote about institutions were the fathers of sociology – Durkheim and Weber. Despite the long tradition of research on institutions, there is still no single widely approved definition of the concept of an institution. However, the most well-known and accepted is the



definition by North (1990) who stated that “institutions are the rules of the game in society, or more formally, they are invented constraints that define social interactions” (p. 3).

The theory of transaction costs which was initiated by Coase (1937) and developed by Williamson (1985) provided the foundation for understanding the reasons for starting enterprises as a special form of institution. This theory is a key element of the theory of institutionalism because it justifies the need and mechanism for creating institutions. Institutions allow for more effective functioning in the market. Williamson (1975) also suggested the need to distinguish four levels of economic analysis: micro (current changes), mezzo (period of changes up to 10 years), macro (perspective up to 100 years) and mega (perspective longer than a 100 years). In Table 2 below the different aspects of research on congresses were assigned to this four-level structure.

Table 2: Applications of economic theories to institutional research of the congress market

Research level by Williamson, 1975	Theory / research problem	Application to the congress market research
I. Culture, ideology, religion	Theory of institutions. The assumption of methodological moderate individualism.	Informal institutions shaping the traditions of congresses. Traditions of debates and consensus. Institutionalization of the concept of congress. Path dependence.
II. Institutional environment	Property rights. Theory of institutional change (adaptation).	Traditions of respecting property rights. Free market. Evolution of the congress market. Institutions (norms) informal vs formal institutions.
III. Governance	The theory of rational choice (public, collective). Game theory. Model of homo <i>agens institutionalis</i> . The theory of transaction costs and the theory of a firm. Asymmetry of information. Theory of public goods. Model of industry. Rational reconstruction.	Model of the congress market – formal and informal institutions. The role of industry associations and support institutions. Supply and demand on the congress market. Access to information. Inclusivity of the congress market institutions. Institutions as a filter of entrepreneurship. Phenomena on the market of congresses in the field of rent-seeking, free rider, opportunism.
IV. Employment. Measurement of business activity	Theory of structure and Agency theory. Intentionality. Context significance.	Actions taken by actors (including individuals) within the supply and demand on the congress market. Contracts in the congress industry. Risks in convention business. Return on investment (ROI).

Source: Author’s research

Institutional economics fully enables the postulate of qualitative as well as quantitative research as well as interdisciplinary research. At the same time, it avoids the need to precisely determine the limits of a discipline. Secondly, the institutional approach accepts epistemological constructivism (widely used in the social sciences nowadays) that is understood as a cognitive process, the starting point of which is a certain theoretical construct (Janich, 1992, in Wendland, 2011). The use of a constructivist approach in the research process of this study can be considered a research paradigm that is a new way of capturing the phenomenon of congresses. An important difference in this institutional approach is to stress the need to take into account the role of individuals who express their will or pursue activities not only through companies but also through organizations (Chmielewski, 2011). Therefore, among the institutions shaping the congress market, an association that represents the interests of market participants should be taken into consideration.

Using an institutional approach, the following implications can be derived from an analysis of the congress market: (1) The subject of the analysis is the action of the congress market, (i.e., broadly understood institutions that determine the functioning of the market's stakeholders

including entrepreneurs); (2) Entrepreneurs are the driving force of the congress market, aiming at market expansion, (i.e., above all broadening the scale of demand); (3) A crucial element that is essential for the functioning of entrepreneurs and the expansion of the congress market is a reduction in the transaction costs and a reduction of risk in undertaking projects on this market; (4) A key mechanism that is conducive to reducing transaction costs and reducing risk is access to information (counteracting information asymmetry) and building trust between stakeholders of the congress market; (5) The phenomenon of sustained synergy between market stakeholders promotes productivity and expansion and can be considered as an *inclusive institution*. Based on the previous the following conclusion should be made:

- An institutional economy with its multidisciplinary approach is a convenient area for the analysis of such a complex phenomenon as congresses. Using the theory of applied epistemological constructivism allowed for the perception of a congress without any constraints which often occurred when researchers concentrate on commercial results of a congress or when they stubbornly locate the phenomenon of a congress in the field of tourism. The 'out-of-the-box' new perspective, used by the authors, has enabled the display of the unique character of congresses as an historically shaped social institution whose identity is determined by the high social importance of a given problem and the mandate of the gathering (participants of a congress) to deal with a given topic. This analysis has identified the functions that congresses perform in relation to market stakeholders and the relationships between them that create cooperation. Institutional analyses provide important descriptive, as well as normative and predictive implications for the real market.
- Informal and formal institutions in this research area include those that were previously unknown to a given market. Among them, there are convention bureaus and congress ambassadors that have gradually acquired an institutional character and gained full recognition of their role for the market stakeholders. They build lasting mechanisms that have added to the development of the entire congress market. These mechanisms can be defined by the use of the term *inclusive institutions* which promotes productivity and expansion of the market.
- In order to reach expansion of the congress market, it is recommended to support synergy between stakeholders, primarily between the demand and the supply side. The most important factor in the development of the congress market is to strengthen and activate the demand side i.e., participants of congresses that represent associations of various professional specialties. Various activation factors might come from the convention bureaus and congress ambassadors, as well as the media and the meeting industry professional associations. These activation institutions would mitigate the asymmetry of information to build trust between partners in the transaction chain that are necessary for initiating, planning, and conducting congresses. At the same time, specific activities should be undertaken to shape the value of congresses, including the conscious use of the unique role of congresses as a social institution, which is defined as a mechanism to solve important problems with the authorization from a given segment of society or representation of a professional specialty.
- The conclusions from this study suggest that the frequent placement of congress issues in public administration departments responsible for tourism (governmental, regional, and in the cities) does not support the full development of the congress market. Institutions supporting congresses (in particular the convention bureaus and the program of congress ambassadors) should be located in public structures responsible for science or the modern economy, as congresses are an integral part of knowledge-based development.

## **Conflict of interest**

The authors declare no conflict of interest.

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## English language knowledge as a determinant of employability in hotel industry – The case of Vrnjačka Banja, Serbia

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**Abstract:** English has become widely accepted as the language of hotel industry and one of the core soft skills of employability. Since the perceptions of different stakeholders in education often differ to a certain extent, when designing a language course at a university level, it is of utmost importance to take into consideration the opinion of industry practitioners. The aim of the present diagnostic quantitative study employing case study methodology is to look into the importance of English language knowledge for employability in the hotel industry, define field-specific foreign language needs and identify the problems faced in supplier-consumer encounters. The obtained results point to the fact that hotel employees find English important for successful performance. The most necessary skills proved to be speaking and listening comprehension, followed by writing and reading. The identified problems faced in communication were related to inability to understand the interlocutor and the lack of proper lexical knowledge.

**Keywords:** English language knowledge, hotel industry, needs analysis, employability

**JEL classification:** I23, J24, Z13

## Znanje engleskog jezika kao faktor zapošljivosti u hotelskoj industriji – slučaj Vrnjačke Banje, Srbija

**Sažetak:** Engleski jezik je široko prihvaćen kao jezik hotelske industrije i jedna od osnovnih mekih veština zapošljivosti. Kako se percepcije različitih zainteresovanih strana u obrazovanju često razlikuju u manjoj ili većoj meri, pri osmišljavanju kurikuluma stranog jezika na univerzitetskom nivou od najveće važnosti je uzeti u obzir mišljenje zaposlenih u datoj industriji. Ovom dijagnostičkom kvantitativnom studijom, uz pomoć metoda studije slučaja, žele se ispitati značaj znanja engleskog jezika za zapošljivost u hotelijerstvu, definisati potrebe za stranim jezikom u svakodnevnom radu, kao i identifikovati problemi koji se javljaju pri susretu pružalac usluge-korisnik. Dobijeni rezultati ukazuju na to da su zaposleni u hotelima svesni značaja engleskog jezika za uspešno obavljanje poslovnih aktivnosti. Kao najznačajnije veštine izdvojili su se govor i razumevanje govora, praćeni pisanjem i čitanjem. Najčešći problemi identifikovani u komunikaciji tiču se nemogućnosti razumevanja sagovornika i nedostatka odgovarajućeg leksičkog znanja.

**Ključne reči:** znanje engleskog jezika, hotelska industrija, analiza potreba, zapošljivost

**JEL klasifikacija:** I23, J24, Z13

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## 1. Introduction

Globalisation has imposed a need for one common language to be used in international communication. On the other hand, being a service-based industry focused on the supplier-consumer interaction, which usually implies encounters in multicultural and multilingual contexts, tourism was also in a need of a language that would help overcome intercultural barriers and misunderstandings. Being considered the language of business, the English language (EL) has become widely accepted as the language of tourism and hotel industry.

Having the aforementioned in mind, the hotel industry employees are in a need of developing EL skills in order to answer the requirements of their workplace. According to [Amiradis \(2011\)](#), a research carried out by the Organisation of Tourism Education and Training in Greece points to 98.5% of Greek hotels requesting the EL knowledge as a precondition for employment, which only confirms the EL proficiency to be a determinant of employability in the field of hotel industry. On the other hand, as reported by the European Commission document *Languages Mean Business* ([European Commission, 2008](#)), “companies find it increasingly difficult to recruit qualified staff with language skills beyond basic English” (p. 9). Furthermore, the research by [Crossman and Clark \(2010\)](#) and [Clarke \(2017\)](#) stresses the lack of graduates’ soft skills, foreign languages included, which are basic for increasing employability. The blame for such a situation is often placed on higher education institutions ([Hurrell, 2016](#)).

A dialogue between business and education is the construct suggested in the European Commission publication compiled by independent experts of OMC (Open Method of Coordination) group *Languages for Jobs* ([European Commission, 2020](#)). It is stated that “Dialogue between education and business is vital if the supply of language skills from education systems is to be better matched to the needs of the labour market.” ([European Commission, 2020, p. 33](#)). However, the Report further recognises the gap in the goals of employers and educators. In order to overcome such a disparity, businesses are called to become more open and provide educators with the precise information on the type and level of the required competences and “be prepared to provide opportunities for teachers to gain an insight into their business processes” (p. 33). Such a stance supports the idea of carrying out needs analysis (NA) as a basis of bridging the gap between educational goals and workplace requirements leading to a closer tuning of educational activities to meet market needs. Having this in mind, the present study aims at gaining an insight into the needs of hotel industry concerning foreign language (FL) skills, to describe the problems faced by hotel employees in intercultural encounters and identify the employees’ perception of the importance of English language (EL) knowledge for employability.

In such a way, the study is supposed to make a proper contribution to educational policy and practice at tertiary-level hospitality-related educational contexts. Consequently, authorities in charge of vocational secondary school curricula would be provided with the information on the lacks of proper language knowledge that should be addressed and overcome at this level of education. Furthermore, prosperous material writers should also feel the benefit of research results. Finally, based on the study results, the employers would be able to make an informed decision on whether and how much to invest into language training.

## 2. Literature review

Developing language skills and the overall language proficiency is the basic aim of tertiary-level education, as suggested by [Rahayu \(2020\)](#). In order to do so, it is vital to identify employees’ needs for EL at their workplace. Thus, NA should make a base of any English for Specific Purposes programme, including that of hotel industry English, as well. When deciding

on a type of NA, one should be careful, since there are different stakeholders involved in the process of educating hotel staff. Namely, there is the Ministry of Education and Higher Education Institutions as educational policy makers, then secondary vocational institutions, instructors/teachers, students, i.e. prosperous employees and hoteliers as employers. In considering realistic needs of a future workplace, it would be most fruitful to take into account the opinion of employees as most valid. Such a stance is in line with *Languages for Jobs Report* (European Commission, 2020): “Many employers (especially monolingual employers) know neither how to identify and articulate language skill needs correctly nor how to deploy the existing skills of their employees effectively.” (p. 39). Nevertheless, the current literature treating the issue of NA undertaken with employees is based on papers which studied hotel industry in Asian (Blue & Harun, 2003; Hieu & Cheng, 2021; Namtapi, 2022; Prachanant, 2012; Rahayu, 2020) and European contexts (Martin & Davies, 2006). On the other hand, there are few studies dealing with tourism needs in Croatia (Kostić-Bobanović & Bobanović, 2013), whereas hotel industry needs have been studied in Latvia (Luka, 2015). However, the NA research dealing with hotel industry in Serbia took into consideration the needs of student population only (Pešić, 2017; Pešić & Radovanović, 2016) and the writing needs of hotel employees (Vuković Vojnović & Jerković, 2018). Thus, there is a notable gap in literature related to the overall foreign language needs of hotel employees in Serbian business context. The problems faced by hotel employees is the issue treated within NA research.

### 3. Research design and methods

The study is based on a survey conducted in hotel facilities located in Vrnjačka Banja, which is the most frequented spa resort in Serbia. Namely, the pre-Covid period statistical records report on 52,604 foreign visits in the first half of 2019, with the total of 133,686 overnight stays paid by foreign visitors (Statistical Office of the Republic of Serbia, 2020). The given figures only emphasise the need for EL knowledge by hotel employees operating within the destination. Apart from being the most visited spa resort, this is where a secondary vocational school of tourism and catering is located, as well as the faculty of hotel management, which means that a large number of stakeholders with direct interest in a quality educational process, be it at the secondary or tertiary level, are concentrated here.

The aim of this diagnostic quantitative study is threefold – it (1) looks into the perceptions of the importance of EL for employability in the hotel industry, (2) identifies the importance of EL skills and topics necessary to meet the needs of a future work place and (3) identifies the problems encountered in spoken/written communication. Given such an aim, the following research questions were set:

1. Do hotel employees in Serbia perceive EL knowledge important for employability?
2. What are the needs for EL in day-to-day work in hotel industry?
3. What are the problems faced in supplier-consumer encounters in hotels?

The subjects of the study comprise 32 hospitality employees working at different positions at 8 hotel facilities in Vrnjačka Banja.

The data were collected by means of a questionnaire which was distributed in a form of e-survey to 32 subjects performing in different sectors of hotel industry, i.e. front desk, restaurant, and household. The questionnaire had 27 questions divided into three groups and was translated in Serbian for the purpose of the study, so as to avoid any misunderstanding on the part of the subjects. The opening section gathered general information on the subjects. The second part of the questionnaire collected data on the hotel employees perceptions on the importance of EL knowledge for employability in the hotel industry, whereas the final part



draw data on the EL use at workplace including problems faced in spoken and written communication. The type of questions varied depending on the type of the targeted information. There were 11 questions employing 5-point Likert scale, 2 Yes/No questions, 8 open-ended ones and 6 questions implying box-checking. The data collected by open-ended questions were classified prior to analysis. The collected data were computed by means of mathematical statistics.

## 4. Results

The first part of the questionnaire collected general information on the subjects. There were 22 female and 10 male subjects, their age ranging between 20 and 54. Their working experience ranged between 5 and 15 years, whereas one of the subjects was working in the hotel industry for more than 15 years. As far as educational background is concerned, 12 had an MA degree, followed by 8 subjects with secondary-school education and an equal number of those having a college or university degree (6).

### 4.1. The employees' perceptions on the importance of the English language in the field of hotel industry

According to the results presented in Table 1, the subjects confirmed EL knowledge importance for employability and career development. Furthermore, it could be seen that they are motivated to improve the current level of EL proficiency.

Table 1: The importance of EL knowledge for employability in hospitality

Statement	Rating (%)				
	1	2	3	4	5
I think the EL knowledge is important to get the job at my current position.	-	-	28.13	37.50	34.37
My knowledge of EL influenced the possibility of being employed.	6.25	6.25	34.37	18.75	34.37
Regular language workplace checks would motivate me to further improve my EL ability.	6.25	3.12	21.87	28.13	40.63
EL knowledge has enabled my promotion.	15.62	15.62	25.00	25.00	18.75
I think that EL knowledge should positively influence the possibility of promotion.	-	3.12	18.75	31.25	46.87

Source: Author's research

Regarding the results obtained by Yes/No questions, although 71.87% of the subjects found the EL knowledge to be important for employability, only 21.87% testified to EL proficiency being checked at the job interview. Namely, either they were tested or the job interview was carried out in English. However, there were employers who found the information stated in CVs or the enclosed language knowledge certificates to be sufficient proof of the candidate's EL proficiency. Certain number of hotel facilities (15.62%) would do occasional checks of EL knowledge by means of either formal tests (once a month to once a year) or daily observations of the employee's performance. Despite such an attitude of the employers, 93.75% of subjects found it important to take regular checks of their language knowledge at the workplace. As far as the advice to future colleagues was concerned, all subjects recommended the improvement of FL skills, emphasising the importance of speaking more than one FL.

## 4.2. Needs analysis

Table 2 results show that the subjects are highly aware of the fact that EL use at a workplace would make a positive contribution to their daily performance. However, their use of English at work is rather occasional.

Table 2: EFL knowledge needs in everyday business activities

Statement	Rating (%)				
	1	2	3	4	5
EL knowledge is important for successful performance of my daily business activities.	-	3.13	21.87	28.13	46.87
Rate the frequency of using EL at your work.	-	28.13	37.5	21.87	12.5

Source: Author's research

The obtained results further identify the contexts in which the EL was used, most often this being a conversation with clients, telephone conversations and writing e-mails. Almost negligible number of the subjects stated using the EL in negotiations. Other contexts of communication that stood out were communicating about sales in the fields of hospitality, tourism and medical services; cooperation; describing spa centre services; and food and beverage. The forms of written communication that were identified as important were sending/answering to enquiries, i.e. checking room capacity, taking bookings, and providing information on hotel or destination features.

Table 3: The need for language skills

Statement		Rating (%)				
		1	2	3	4	5
How often do you use English for	reading?	28.13	25.00	25.00	15.62	6.25
	writing?	40.63	21.88	15.62	15.62	6.25
	speaking?	6.25	37.50	28.13	12.50	15.62
	listening comprehension?	6.25	18.75	18.75	40.63	15.62

Source: Author's research

As for the language skills used, speaking proved to be the most important one, followed by reading and writing and listening comprehension which share the same mean (2.25).

Table 4: EL knowledge self-estimation

Statement		Rating (%)				
		1	2	3	4	5
Rate your EL proficiency in	reading	-	25.00	21.87	28.13	25.00
	writing	9.37	28.13	18.75	31.25	12.50
	speaking	-	37.50	28.13	21.87	12.50
	listening comprehension	-	18.75	31.25	25.00	25.00

Source: Author's research

The self-estimation of the language skills proficiency testified to reading being the most successfully used followed by listening comprehension. On the other hand, the subjects found themselves to be less able in speaking and writing.

Regarding the language level necessary to perform daily business activities in hospitality, 68.75% of the subjects maintained that intermediate level would be satisfactory to answer the needs of the current position, whereas 31.25% of the subjects found that it would be advanced level of language knowledge.

Table 5: Influence of different aspects of language knowledge on successful performance

Language knowledge aspects	Rating (%)				
	1	2	3	4	5
General language knowledge.	-	6.25	31.25	25.00	37.50
The knowledge of technical vocabulary.	-	12.50	43.75	12.50	31.25
Knowledge of grammar.	6.25	34.37	25.00	18.75	15.62
Business correspondence rules.	6.25	15.62	37.50	9.37	31.25

Source: Author's research

The obtained results point to the fact that more importance was given to the knowledge of general English and technical vocabulary compared to grammatical knowledge and business correspondence.

As far as language functions were concerned, the most important (rated 4 and 5, i.e. described as *very important* and *most important*) proved to be the language of describing hotel services and facilities (43.75%), providing information on sights (40.63%), giving directions (34.37%), telephoning English (31.25%) and problem solving (31.25%).

### 4.3. Problems encountered in communication

The problems encountered in communication with foreign clients could be classified into two groups - those that appeared as the consequence of poor command of EL on the part of the subject, i.e. hospitality employee and those caused by deficiencies in clients' language knowledge. The inability to use the appropriate lexical item(s) in a particular spoken situation (34.37%), or general lack of lexical knowledge (28.13%) were recognised as the most serious obstacles to efficient communication. These were followed by the unusual accent of the clients and the rate of speech delivery (25%). The least rated problems were the knowledge of grammatical system (12.5%) and the lack of self-confidence in communication (9.37%).

Most subjects found the way to deal with the problems in communication either on their own or with the help of colleagues. They managed to handle the lacks in lexical knowledge by using synonymous forms or other relevant explanations, and/or gesticulating. Otherwise, they would ask for help of the more proficient colleagues.

## 5. Discussion

### 5.1. The hospitality employees' perceptions on the importance of EL knowledge for employability

The obtained results testify to the subjects' awareness of EL knowledge importance for employability, which is in line with [Kostić-Bobanović and Bobanović \(2013\)](#), who state that FLs are significant in business communication, especially in the field of tourism. Apart from being aware of FL importance for performing daily activities at their positions, the subjects proved to be willing to improve their language proficiency. On the other hand, the employers' lack of interest in their employees' language proficiency is rather surprising. Such an attitude is confirmed by the lack of any form of language checks in job interviews, scarce number of employee observations, the lack of in-company language training or language checks. It might

be due to the fact that most subjects perform low level hospitality jobs. However, they are the first to face potential clients or loyal customers in a hotel facility, which would only impose a more urgent need for their language knowledge. The positive attitude of employees should be used to further develop their FL skills, i.e. disseminate the findings among two groups of stakeholders – one being the student population, in order to raise their motivation for FL acquisition, and the other prosperous employers, in order to make them aware of the importance of in-company FL training and regular checks.

## **5.2. The use of EL in hotel industry**

The fact that EL is not used to a high degree in a leading spa resort in Serbia is rather surprising having in mind tourism traffic results. However, the fact that the subjects are aware of an increased performance level due to the use of EL is encouraging and it can be used as an instigator of their further improvement.

As for the language skills needed, speaking was found to be most used, which is in line with [Prachanant \(2012\)](#), [Hieu and Cheng \(2021\)](#) and [Namtapi \(2022\)](#). Namely, being mostly at the positions which imply direct contact with clients, the hospitality employees quite naturally, found speaking to be of the utmost importance. At the same time, the use of listening comprehension, which is inseparable from speaking, was rated somewhat lower. Besides being quite contrary to the results obtained in most studies treating the same issue ([Prachanant, 2012](#); [Hieu & Cheng, 2021](#); [Namtapi, 2022](#)), such results are also surprising, since the ability to identify communicated information is vital, especially in service industries. Namely, understanding customers' needs is a precondition of delivering a prompt and efficient service. In support of the importance of listening comprehension, [Namtapi \(2022\)](#) reports on failure in communication caused by listening problems. A possible reason of rating listening in such a way might be affected by the fact that the subjects face more problems in speaking compared to listening comprehension, which led to their underestimation of its importance for the overall communication. Regarding the remaining two skills, reading was given slight precedence over writing. Rating reading as the third most used skill is in line with [Prachanant \(2012\)](#) and [Hieu and Cheng \(2021\)](#). This could be justified by the hospitality employees' need to read instructions or find necessary information on a destination, sight or hotel services. The least often used skill proved to be writing, which is also confirmed by [Prachanant \(2012\)](#). Namely, writing is most often used by receptionists, whereas other positions in hospitality are less prone to using this skill. Despite rating reading and writing as less used skills, the results obtained by [Hieu and Chang \(2021\)](#) describe these skills as equally important, since inability to read e.g. e-mails or documents and provide an adequate written answer may lead to serious consequences. The same importance is confirmed by [Kay and Russette \(2000\)](#).

Despite speaking being most often used skill, the subjects maintain that they are the least skilful in its use. On the other hand, according to their self-evaluation, they use listening comprehension more successfully. Such a stance is supported by one of the identified problems in communication - the subjects state that they can understand the person speaking, but feel unable to provide the proper answer. On the other hand, rating reading as most successfully used skill is not surprising. Namely, due to the nature of the reading input that is all-time available, written texts can be read and reread until the comprehension is reached. Furthermore, it is not used very often by the observed population, which might contribute to the subjective feeling of having mastered it successfully.

As most important language functions, the subjects identified providing information on hotel services and facilities and sights, giving directions, the language of telephoning and problem solving. The obtained results are partially consistent with [Blue and Harun \(2003\)](#), who maintain that English for information, providing services and offering help makes the language

of hospitality, and partly to those of [Namtapi \(2022\)](#), who point to greetings, giving directions, providing information, and offering and asking for help to be of vital importance. On the other hand, [Kostić-Bobanović and Bobanović \(2013\)](#) find writing e-mails and telephoning among most important functions needed in hospitality. However, it would be important to note that all identified functions imply two-way communication and interaction with customers, which should have direct implications for organising class activity.

### **5.3. Problems faced in communication with foreign clients**

The problems that the subjects most often face in encounters with foreign guests are the lack of either general or technical vocabulary, the lack of grammatical knowledge and being unconfident in communication. Namtapi's findings ([Namtapi, 2022](#)) also report poor vocabulary range and confidence in communication to be problematic areas of hospitality staff. Moreover, customers' poor command of English was also identified as one of the serious obstacles disabling efficient communication, which supports the results obtained by [Kostić-Bobanović and Bobanović \(2013\)](#), including difficult accents and the rate of speech delivery, which is also confirmed by [Hieu and Cheng \(2021\)](#) and [Namtapi \(2022\)](#). One of the positive findings of the present study is the subjects' ability to use avoidance and socio-affective language learning strategies to overcome the problems in communication. Namely, improving language knowledge at tertiary-level education mostly relies on making students aware of the possibility to control and manage their own learning process by use of language learning strategies. Being aware of the possibility to take hold of the learning process has a key motivational role in improving language knowledge.

## **6. Conclusions and pedagogical implications**

Given that there is the gap in literature dealing with the problem of EL knowledge influence on the employability of hotel staff in Serbia and the surrounding countries, the aim of the study presented in the paper was to try to overcome it by looking into the hotel employees' perceptions on the importance of EL knowledge for employability, their needs for EL in day-to-day work and the problems faced in supplier-consumer encounters in hotel industry. The obtained results provide valuable information to hoteliers, educational policy makers, both in secondary- and tertiary-level education, and FL material writers, regardless of the FL used.

The emphasis given to communicational skills and in particular to FL proficiency by the [European Commission \(2012\)](#) as an important factor of employability is well recognised by the hotel employees operating in one of the most visited spa resorts in Serbia. Although they perceive EL proficiency as important, they do not find themselves skilled enough to efficiently perform daily activities which imply intercultural encounters. On the other hand, there is only a partial formal recognition of FL skills importance by employers working at the same hotels, since language testing was not a part of the assessment of job candidates. In that sense, the results may raise the employers' awareness about the importance of EL knowledge, i.e. provide them with the information of how to exploit the employees' language ability.

As for the English language needs in a realistic setting, although slight precedence is given to speaking and listening, reading and writing skills should be treated as equally important. The identified contexts in which multilingual/multicultural encounters take place imply two-way communication, which would mean that role-plays and simulations should be widely used in equipping future hospitality employees with the skills that are necessary to cope with everyday assignments. The functions that came to fore are the language of information, telephoning and problem solving, which should be taken into consideration when making decisions on curriculum design. On the overall, in organising ESP training, be it as a pre-service or in-company, communicative approach to language learning and teaching should be employed,

which implies the use of real-life tasks in the classroom with learners taking an active role in developing all four language skills with emphasis given to speaking and listening comprehension. The fact that there is a strong motivation among hotel employees to improve their language knowledge level should be taken as an advantage, with special attention given to raising the employees awareness of the possibility to take control over their learning process by use of language learning strategies, which would enable making them independent learners.

The problems experienced in communication also point to the need of further training. Namely, the loss of words or the choice of an inappropriate lexical item, inability to keep up with a faster rate of speech or non-native speakers' accents as well as noticing grammatical mistakes in writing, all point to a necessity of improving the current proficiency level. These problems could be overcome in additional training that would comprise using listening material that promotes the use of World Englishes, i.e. the use of English by non-native speakers, with the varying rate of speech. Furthermore, by becoming more proficient in language use, the employees would be able to understand a message regardless of the rate of speech. Furthermore, secondary vocational school policy makers should take into consideration the employment of CLILL, which has already become the practice of some European countries (European Commission, 2020).

Apart from positive implications, the study has certain limitations. First, it is the size of sample. Future research should address a larger group of hotel employees operating at different destinations. Furthermore, the needs should be observed within different sectors, which would enable a more detailed description of hotel staff needs based on the sector they operate in. Finally, apart from using quantitative research, qualitative should also be employed, which would enable an in-depth analysis of the treated issue.

## Conflict of interest

The author declares no conflict of interest.

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Announcement

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## The Economic and Tourism Valorization and Legal Protection of the Villas of Vrnjačka Banja as the Guardians of the Cultural Heritage

Conclusions of the Round Table organized by the Faculty of Hotel Management and Tourism in Vrnjačka Banja, within the Project “The Villas of Vrnjačka Banja as the Guardians of Cultural Heritage – ReVillas”, funded by Serbian Academy of Sciences and Arts (SASA) Research Center in Kragujevac and the University of Kragujevac

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As part of the project *The Villas of Vrnjačka Banja as the Guardians of Cultural Heritage – ReVillas*,<sup>2</sup> the Round Table “*The Economic and Tourism Valorization and Legal Protection of the Villas of Vrnjačka Banja as the Guardians of the Cultural Heritage of Vrnjačka Banja*” was held on March 29, 2022 in Vrnjačka Banja. The Round Table was organized by the Faculty of Hotel Management and Tourism in Vrnjačka Banja under the auspices of the Serbian Academy of Sciences and Arts (SASA) Research Center in Kragujevac and the University of Kragujevac. The relevance of the topic brought together academics and practitioners, representatives of public authorities, cultural institutions, tourism and hospitality service providers, scientific research institutions, and owners of Vrnjačka Banja villas. A great interest in cultural tourism, especially since the 1990s, has led the academic community to dedicate more attention to this niche of the tourism market.

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<sup>2</sup> ReVillas project team is consisted of ten members, out of which five are in the status of researchers and five are in the status of consultants: **Andrej Mičović**, Ph.D., Associate Professor, University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, Project Leader; **Miljan Leković**, Ph.D., Associate Professor, University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, Project Member; **Danijela Pantović**, Ph.D., Assistant Professor, University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, Project Member; **Nataša Dorđević**, MSc, Teaching Assistant, University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, Project Member; **Marijana Seočanac**, MSc, Junior Researcher, University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, Project Member; **Marko D. Petrović**, Ph.D., Senior Research Associate at the Social Geography Department of the Geographical Institute “Jovan Cvijić”, Serbian Academy of Sciences and Arts (SASA) in Belgrade (Serbia), consultant; **Darko Dimitrovski**, Ph.D., Associate Professor, University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, consultant; **Marija Kostić**, Ph.D., Associate Professor, University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, consultant; **Nemanja Pantić**, Ph.D., Assistant Professor, University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, consultant; **Jovanka Kalaba**, Ph.D., Assistant Professor, University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja. All participants in the project have a high degree of theoretical and practical knowledge from various scientific fields, primarily in the field of tourism, which is supported by their competencies within their biographies.



The aim of the Round Table is to raise awareness of the importance of cultural heritage at the local, national and international level, the need for legal protection of material and intangible cultural heritage, as well as to consider the possibilities of their commercialization for tourist purposes, creation of new tourist products and expansion of the cultural tourist offer in Vrnjačka Banja through the economic and tourist valorization of Vrnjačka Banja villas.

The Round Table participants were greeted by the Dean of the Faculty, Prof. Drago Cvijanović, Mr. Nenad Manojlović, Member of the Municipal Council of the Municipality of Vrnjačka Banja and Prof. Andrej Mičović, ReVillas Project Leader. Keynote speakers at the event were distinguished Jelena Borović-Dimić (Director of the Cultural Center of Vrnjačka Banja), Majda Sikošek (art historian) and Ana Ječmenica (Director of the Baja Tours Travel Agency). Furthermore, the Round Table was also greatly honored by hosting Ivan Trifunović (Director of the Tourist Organization of Vrnjačka Banja), Marija Acimović (archaeologist curator), Nataša Čurčiev (manager of the Villa Emilia), Dragana Matijević (Director of the Center for development of innovative business activities), Nikica Pantović (Spa travel Vrnjačka Banja), Katarina Grujović-Brković (Director of the Institute for Cultural Protection Kraljevo), who actively participated in the discussion.

Taking into an account doctrinal views, the participants of the Round Table agreed that travel motivated by cultural and historical resources is one of the largest and fastest growing sectors of the tourism industry in the modern world. Namely, cultural heritage tourism is growing much faster than all other forms of tourism and is therefore considered an important potential tool for community economic development (UNWTO, 2005). Cultural heritage is increasingly seen as a resource not only for the promotion of culture, but also for socially and economically sustainable development and well-being of the population, especially through its use as one of the main attractions of cultural tourism (Yáñez Martínez, 2011). Tourism is the leading generator of resources crucial for the preservation and promotion of cultural heritage (Chiabai et al., 2014; Strielkowski, 2012) and cultural tourism is often considered the key generator of resources necessary for the preservation and promotion of cultural assets, with cultural tourism playing a key role in identifying cultural heritage (Chiabai, 2013).

The villas' architecture is one of the striking characteristics of the physical structure of Vrnjačka Banja, standing out with the special type of buildings that participate in the formation of the tourist offer (Marić et al., 2009). From 1868 onwards, the construction of spa villas marked the beginnings of the modern development of Vrnjačka Banja, and they were built either as family holiday homes, or as purpose-built boarding houses and lodgings. The diversity of architectural styles and expressions of villas is a cross-section of styles used in the construction of modern Serbia.

The construction peak of the first wave of the villas was the period from the end of the 19th and the beginning of the 20th century, namely the period of Art Nouveau. This artistic movement left a serious mark in the architecture of Vrnjačka Banja and provided unique examples of the style in Serbia. Some of the villas were more in the academic building style, but they had a distinct Art Nouveau decoration and ornamentation, whereas some, like Villa Arnovljević, were designed as unique examples of Art Nouveau architecture. This villa was designed by one of the most important architects of Serbia at the time - Branko Tanazević. The second wave of construction of the villas was the period between the two world wars, when some of the most beautiful examples of modernism in Serbia were built in Vrnjačka Banja.

The Round Table was one of the activities of the ReVillas project,<sup>3</sup> which aims to: improve and increase the scholarly contribution to the valorization of cultural heritage tourism; raise awareness of the importance of the tourism valorization of tangible heritage in the Republic of Serbia, retaining existing tourists on the one hand, but also attracting new categories of culturally interested tourists on the other hand; conduct tourism valorization of villas and examining the opinions of tourists using a multidisciplinary approach (Du Cros, 2001); identify perspectives for commercializing villas for tourism purposes; create a proposal for the protection of villas in accordance with the existing legal regulations. The scholarly result of the project will be the monograph *The Tourism Valorization of Cultural and Historical Villas of Vrnjačka Banja*, which will, through fieldwork and empirical research, lay the basis for expanding knowledge about cultural heritage tourism. The practical result of the project would be the proposal of a new tourism product “The Villas of Vrnjačka Banja Cultural Route”. The new product is expected to enrich the existing cultural tourism offer in Vrnjačka Banja and contribute to the promotion of local cultural heritage, as well as increase the average length of tourists’ stay in Vrnjačka Banja, which has been declining in recent years.

Within the project, a joint effort of all team members and partner institutions also produced research titled “Cultural Heritage and Old Villas in Vrnjačka Banja”, based on a survey created to collect tourists' opinions. The original survey questionnaire was obtained from Zhang et al. (2021). After collecting 320 answers and processing the data obtained in the survey, a comparative analysis of the conclusions was made.<sup>4</sup>

The conclusions from the Round Table, organized as part of the Project, that can be singled out are the following:

- Cultural heritage has a significant impact on the choice of tourism destination: the more monuments, museums and the larger the area of the protected urban zone, the greater the benefit for tourism and the possibility that the area will be visited;
- Cultural tourism in Vrnjačka Banja is developed to a certain extent through the programs of the Belimarković Castle, Film Scenario Festival, Culture Festival, Carnival, while the villas of Vrnjačka Banja are a considerable untapped potential;
- When making reference to cultural heritage and spa tourism, the expression “spa villa” is used exclusively in the context of Vrnjačka Banja, as no other spa center in the Republic of Serbia has so much cultural and historical wealth related to old villas;
- An exchange of experiences is necessary among the representatives of public authorities, tourism and cultural representatives, owners and managers of the villas of Vrnjačka Banja in order to raise awareness of the importance of cultural heritage, both tangible and intangible;
- It is necessary to insist on the importance and potential of Vrnjačka Banja’s cultural heritage;
- Protection of cultural heritage is dependent on adequate legal framework;
- Cultural tourism is fundamentally motivated by experiencing culture in different ways, which is a context where the villas of Vrnjačka Banja are an unused resource;
- Due to the growing interest in cultural tourism, especially since the 1990s, this topic is expected to encourage the academic and wider community to pay as much attention to this problem as possible, all in the function of developing a new tourism product;

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<sup>3</sup> The project was registered as a program for scholarly research and artistic projects conducted by young researchers and artists and was chosen as the best project in the field of social sciences and humanities. See: [https://www.kg.ac.rs/doc/rang\\_lista\\_projekti.pdf](https://www.kg.ac.rs/doc/rang_lista_projekti.pdf)

<sup>4</sup> The online questionnaire can be found here: <https://forms.gle/6ERr6rPX1GQeCLnXA>

- The study of the villas of Vrnjačka Banja is multidimensional and complex as it entails many areas: from economics and tourism through art history and museology to architecture; but the most important area is the strategy and policy of the development of Vrnjačka Banja as a spa center;
- Cultural tourism is motivated by tourists' interest in historical, artistic, scientific or heritage offering by a community, region, group or institution, and in this sense, Vrnjačka Banja's potential is immense;
- If we look at all basic motives for cultural tourism and look at the geographical, cultural, infrastructural and economic factors relevant for Vrnjačka Banja, adoption and implementation of cultural tourism strategy can move Vrnjačka Banja even higher up the scale of tourist destination visits in Serbia;
- In its surroundings, Vrnjačka Banja has the monastery of Žiča, the coronation monastery of the medieval royal dynasty of Nemanjić, which should perhaps have a better connection with handicrafts stalls and their offer;
- If, however, we wish to evoke the aristocratic atmosphere of the 19th and 20th-century Vrnjačka Banja, that would require presence of volunteers wearing appropriate costumes in front of the most important and best preserved villas during weekends;
- Artistic motives are used in a good way in the Belimarković castle, but insufficiently promoted in Vrnjačka Banja as a whole. The emphasis here should be on the authenticity of the exhibits and the story that the building itself carries;
- Taking into an account that Vrnjačka Banja is a complete ambient whole with all its natural beauties and architectural achievements, the tourism promotion narrative should be adjusted in the sense that Vrnjačka Banja offers them EXPERIENCE, not just a stay.

The potential of the villas for cultural tourism could be used in several ways:

- The exploitation of the educational and evocative potential of architectural heritage, through the organization of city walks either on foot, by bicycle or sightseeing train; untapping this type of potential does not require any material investments, and only the implementation brings immediate economic benefits;
- One of the possibilities for unlocking the potential of this special category of buildings in Vrnjačka Banja, especially those that were erected during the period of Art Nouveau and which do not require major material investments, would be the celebration of June 10, the World Art Nouveau Day. These activities could start at a smaller scale, through the organization of city walks, and could grow over time into an art nouveau festival, which would comprise various workshops, exhibitions, concerts, souvenir fairs inspired by the creation of this style etc.;
- The idea of villas as accommodation with an "aristocratic atmosphere" would require considerable material investments, but the ensuing economic profit would certainly be many times higher than the initial investments. The idea is to buy, restore and offer certain villas to a specific group of tourists who are willing to spend more money, and in return receive top service and accommodation that would provide them with privacy and comfort;
- Looking at examples of the development of different types of products pertaining to cultural tourism, the conclusion is self-evident: activities will attract the media, the media will attract tourists. One-day tourism will bring money to cafés, shops, taxi drivers, restaurants etc. Multi-day tourism will bring money to all the above mentioned plus hotels, hostels/villas. Tourists will become the ambassadors of Vrnjačka Banja, which will lead to new tourists' visits.

## Acknowledgement

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## A model for preparing manuscripts for submission to the journal Hotel and Tourism Management

### Title of the paper in English

Name Surname<sup>1\*</sup>, Name Surname<sup>2</sup>, Name Surname<sup>3</sup>

<sup>1</sup> Institution

<sup>2</sup> Institution

<sup>3</sup> Institution

**Abstract:** This document presents a model for preparing the camera-ready manuscripts to be submitted for publishing in the journal Hotel and Tourism Management. The abstract briefly summarizes the article, at the same time enabling a reader to assess its relevance. The author(s) should elaborate the **goal** of their research or state the reason for writing the paper. They are additionally required to describe the **methods** used during the research and give a brief description of the **results** and conclusions of the research. The abstract should be between **100 and 150** words long.

**Keywords:** 3-5 keywords

**JEL classification:** 10pt ([http://www.aeaweb.org/jel/jel\\_class\\_system.php](http://www.aeaweb.org/jel/jel_class_system.php))

### Naslov rada na srpskom jeziku

**Sažetak:** Ovaj dokument predstavlja obrazac za formatiranje radova tako da izgledaju kao da su već spremni za štampu. Sažetak predstavlja kratak informativni prikaz sadržaja članka koji čitaocu treba da omogući brzu i tačnu ocenu njegove relevantnosti. Autori treba da obrazlože **cilj** istraživanja ili navedu razlog zbog koga pišu članak. Zatim, potrebno je da opišu **metode** korišćene u istraživanju i ukratko opišu **rezultate** do kojih su došli u istraživanju. Sažetak treba da sadrži od **100 do 150** reči.

**Ključne reči:** 3-5 ključnih reči

**JEL klasifikacija:** 10pt ([http://www.aeaweb.org/jel/jel\\_class\\_system.php](http://www.aeaweb.org/jel/jel_class_system.php))

### 1. Introduction

Papers should be written **in English** using Microsoft Word for Windows. The paper should be between **10 and 15** full pages long including the figures, tables, references list and appendices. The page should be formatted as **B5 (JIS)**. Allow **20mm** for the bottom and top margins and **25mm** for the left and right margins on a page. The line spacing within a paragraph is single whereas the spacing between two paragraphs is **6pt**. The text should be written using **Times New Roman** font. The maximum number of authors per paper is three.

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\* e-mail address of the correspondent author



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Author(s) is(are) encouraged to propose the **hypotheses** or **research questions** in the line with the aim and type of conducted research.

## 2. Background

The title page should contain the Title of paper in English (16pt). Names of authors, institutional affiliation, addresses and e-mail addresses should be typed as shown at the previous page. After the address of the last author, leave an empty row followed by a short abstract (10pt). Keywords should follow the abstract. Below the keywords, the title of paper and the abstract are to be given in Serbian.

For numbered first-level subtitles use a bold font of 12pt whereas a bold font of 10pt is used for second-level subtitles. The text and the references list should be written using the font size 10pt.

## 3. Materials and methods

Materials and methods section should provide a reader with sufficient details and argue all the necessary aspects in order to allow other researchers to replicate the research and build the published results.

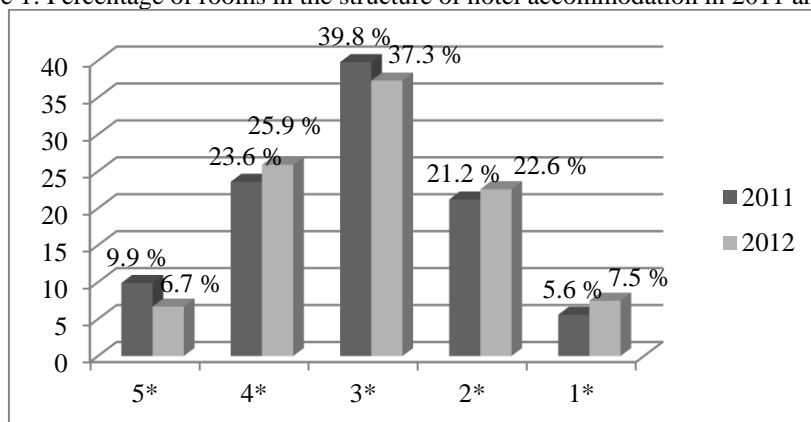
## 4. Results and discussion

The results obtained in the research should be described in this section. The discussion should highlight the main findings.

### Figures, tables and equations

All illustrations whether diagrams, photographs or charts are referred to as Figures. The name and number of figures should be centered on the line above a figure.

Figure 1: Percentage of rooms in the structure of hotel accommodation in 2011 and 2012



Source: [Ministry of Finance and Economy of the Republic of Serbia, 2013](#)

The equations are written using Microsoft Word (MathType); they are consecutively numbered and centered.

$$PV_0 = \frac{FV_n}{(1+i)^n} \quad (1)$$

The name and number of tables should be centered above the table.

Table 1: Percentage of rooms in the structure of hotel accommodation in 2011 and 2012

Category	2011	2012	Number of rooms (2011)	Number of rooms (2012)
5*	9.9	6.7	1,452	990
4*	23.6	25.9	3,486	3,911
3*	39.8	37.3	5,895	5,636
2*	21.2	22.6	3,102	3,420
1*	5.6	7.5	1,133	1,132
Total	100	100	15,068	15,089

Source: [Ministry of Finance and Economy of the Republic of Serbia, 2013](#)

If the study findings were presented graphically or in a table, author(s) is(are) encouraged to state the source below the picture or table in the following form: Author's research.

The paper with all tables and figures should be sent as one data bank. Besides, all figures and tables should be sent as separate files in JPF or TIFF formats with the smallest resolution of 300dpi.

## 5. Conclusion

The conclusion summarizes the results achieved during the research, along with the **limitations of the conducted research and future research recommendations**.

## Acknowledgement

For papers that came as a result of the project or programme, the title and number of the project, i.e. programme, and the name of the institution supporting the project would be appreciated. If persons other than authors were involved in important aspects of the preparation of the manuscript, their contribution should be acknowledged. If the paper was previously presented at a scientific conference (with the same or similar title), author(s) is(are) encouraged to specify it within this section.

## Conflict of interest

The author(s) declare no conflict of interest.

## References

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