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20

21

TOURISM CHALLENGES
AMID COVID-19



THEMATIC
PROCEEDINGS



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



The Sixth International Scientific Conference

**TOURISM CHALLENGES
AMID COVID-19**

Thematic Proceedings

UNIVERSITY OF KRAGUJEVAC

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

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FOREWORD

The Faculty of Hotel Management and Tourism in Vrnjačka Banja organized the sixth International Scientific Conference "*Tourism Challenges amid COVID-19*" that was held in Vrnjačka Banja from June 3-5th, 2021. For the purpose of this year's Conference, 33 scientific papers were submitted by 59 participants coming from Romania, Croatia, North Macedonia and Serbia.

The Conference is organized for the purpose of exchanging ideas and experience of the participants coming from Serbia and abroad in order to consider the consequences of the COVID-19 pandemic in the tourism sector, tourism challenges amid COVID-19 and ways to build tourism in a more resilient way in the Republic of Serbia and other countries.

Thematic Proceedings, scientifically and practically focused on tourism-related multidisciplinary issues, is published in one volume and will be available in open-access form.

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Vrnjačka Banja,
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COVID CRISIS AND TOURISM EVOLUTION IN SOME EUROPEAN COUNTRIES: ADAPT TO REALITIES OR REINVENT THE FUTURE?

Jean Vasile Andrei¹; Mihaela Cristina Drăgoi²

Abstract

The health crisis has exerted a significant pressure on the global economic system, implicitly on the evolution of tourism, value chain creation and supply chains, generating shocks on various national economic sectors. In this context, the objective of the paper is to make a brief synoptic analysis on the evolution of the tourism sector in some EU countries. Two periods of time were considered - before the onset of the pandemic (2018-2019) and during the pandemic (in 2020). The results of the analysis confirm the specific trends of reducing the multiplicative effects that tourism has on the economy as well as the decrease, even contracting of the sector, a phenomenon identified through specific analyzed indicators.

Key Words: *crisis, COVID-19, travel, transformation, resilience, tourism*

JEL classification: *F63, O11, Z3*

Introduction

In the conditions of evolution and adaptation of the global economy to the new demands imposed by the manifestation of the health crisis, tourism represents one of the most affected economic sectors, whose return and recovery mechanisms will be subject to a relatively long process of adaptation to new economic realities. At the same time, as found in Zhang et al. (2021), for many regions and states, tourism has become a strategic industry in the functional and highly competitive market economy, being one of the strategic pillars in ensuring the well-being of communities and

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economic growth, given its significant contribution to the formation of Gross Domestic Product (GDP). This factual reality that for some countries tourism is already a determining factor in ensuring economic well-being, mobilizing important labor, financial and investment resources, being also a source of income for a significant category of population, requires more than ever, the understanding of the realities specific to the field, constituting equally an important step in deepening these aspects.

The tourism industry has known and experienced negative episodes with significant sectoral effects, until the manifestation of the COVID-19 crisis, the field being affected by an important series of "black swan" crisis events. Social unrest, volcanic eruptions, travel restrictions, airline strikes, the financial crises of 1997 and 2008, the SARS epidemic of 2003 and now the health crisis generated by COVID-19 are just some of the stages of the "black swan" crisis that marked the evolution of this industry. The declaration of the COVID-19 crisis as a pandemic on March 11, 2020 by the World Health Organization imposed on the tourism sector a new reality to which it must adapt, reform and reinvent in order to survive. As argued by Strielkowski (2020), the coronavirus pandemic and the current health crisis will profoundly affect the tourism and travel sector and will impose new approaches in the practice of tourism throughout the value chain, from travelers to travel agencies, hotels and air companies. Lapointe (2020) discusses the need to reconnect tourism with the development needs of local communities which dependend on tourism as a core activity, against the background of promoting a survival strategy, in which the elements of health safety and security are cumulatively integrated, further highlighting the possibility of a reinforcement of the alterity and delinking of tourism in a "6 foot-tourism world". On the other hand, some authors (Chang et al., 2020) propose the development and application of a charter for tourism, travel and hospitality industry after the COVID-19 period as a contribution to substantiating the general framework of this activity and diversifying ways of practicing tourism. Rifkin (2019) also proposes a Green New Deal that is compatible with the new pandemic reality, respectively a rethinking and resettlement of the pardigm on tourism in which the global community spirit resiliently imposes a new ethic of competitiveness. However, any type of measures eventually adopted requires an understanding of the new reality from a fundamentally changed perspective in terms of tourism and tourism activities. Mass tourism, practiced so far, will bear drastic limitations in most tourist destinations, precisely to comply with health restrictions.

In the context of the paradigm shifts imposed by the COVID-19 crisis, the tourism industry must identify resilient solutions for a wide range of problems and challenges, starting with those of territorial cohesion, those of a social nature and ending with those of sectoral perspective, culture or traditions. Equally, the health crisis emphasizes the need to strengthen responses to the impact of climate change and adaptation to structural changes generated by tourism, in the process of reorientation to the new economic and social paradigm.

Tourism and activities related to this sector play a fundamental role in the European economy as a whole, being, as contended by the European Commission (2007a), one of the economic activities with the most significant potential for growth and development mobilization in many states and regions. The indirect contribution of tourism to other economic activities generates an intrinsic set of effects, developing numerous synergies in close interaction between the main beneficiaries, without excluding the environment, society and new technologies (Andrei et al., 2014; Andrei & Drăgoi, 2020; Ciolac et al., 2017). As acknowledged by the European Commission (2007b), the tourism sector is of major importance in creating new jobs in the economy as well as in diversifying the supply of jobs for young people, which are twice as numerous in this sector as in the rest of the economy. When analyzing adventure travel and tourism in the post-crisis health conditions, Nepal (2020) claims that COVID-19 offered the adventure tourism industry a major opportunity to reset and rethink previously used strategies, becoming a sustainable tool in promoting sustainability and responsible capitalization of existing potentials. As highlighted by Higgins-Desbiolles (2021), in the current economic conditions, the COVID-19 pandemic began to impose a new paradigm in the field of tourism, becoming both a large-scale challenge or, even more, a game-changer for travel and tourism in general.

Tourism and the ecosystem generated around this economic branch represent for many contemporary economies a potentiating factor of economic growth, not only by capitalizing on the available natural potential, but also by the multiplier effect that this branch has on the economy in general. From this perspective, the effects of the health crisis are much more complex, difficult to measure and highlight and with a duration that is closely determined by the health measures adopted in the field. The new health reality emphasized and tested the degree of flexibility of contemporary economies in adapting to extraordinary situations and in strengthening the level of resilience of national economy systems in

mitigating socioeconomic consequences to allow resumption of economic activity and sectoral recovery. The socio-economic consequences generated by the COVID-19 pandemic, as several authors claim (Fotiadis et al., 2021; Villacé-Molinero et al., 2021), will be long-lasting and felt unequally in different European states, requiring extensive sectoral support measures and considerable budgetary allocation.

As recognized by Lew et al. (2020), the COVID-19 pandemic has globally caused a collapse next to dilution of the human-earth system, requiring a significant reorganization of this system by reconsidering the acceptance of innovation and creativity as part of the new economic and social reality in the process of adapting to the new demands. Tourism, as an exclusively dependent activity based on the exploitation of the human-earth system and on geographical resources, must therefore adapt to the new context of the planet in order to be able to function further. Tourism, unlike other contemporary economic activities, develops an entire ecosystem of interdependent activities, which generates financial and resource flows, involving multiplier synergies, as described in Figure 1.

Figure 1: *Tourism ecosystem approach*

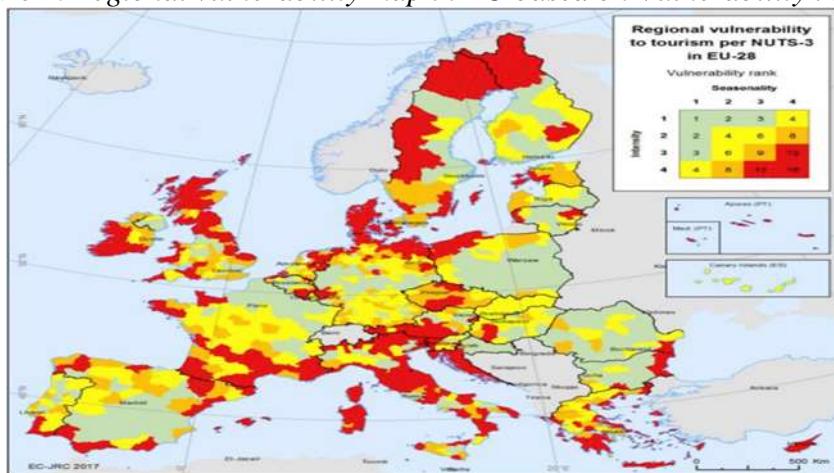


Source: *Authors' caption from the European Commission, (2020), Tourism and transport in 2020 and beyond, (05 March 2021)*

Tourism and the tourism industry, through the deterministic links and interrelationships between resources and highly diverse mobilized factors, has a particularly important role in the development of contemporary society, often positively or negatively correlated with economic growth, regional or local communities' development as well as with the need for resilient development of the global economy. Figure 1 allows observing the

interdependencies determined by tourism in all contemporary economies. The multiplication effect held on the global economic system imposes tourism, not only from the perspective of a leisure activity, but also as a factor of economic growth and mobilization of the capitalization of the available economic potentials. The tourism generated connections create synergies, sometimes difficult to understand, but which highlight more and more its potentiating factor on economic growth. However, the COVID-19 crisis exposed the vulnerabilities of the regions in which tourism was the main economic activity. In this sense, Figure 2 shows the Regional vulnerability map in the EU based on the Vulnerability index.

Figure 2: *Regional vulnerability map in EU based on Vulnerability index³*



Source: *Authors' caption from the European Commission, (2020), Tourism and transport in 2020 and beyond, (05 March 2021)*

The main objective of this paper is to provide a synoptic analysis of the evolution of the tourism sector, in the first year of the pandemic, compared to a previous period (2018-2019), in the context of a growing global trend to reconfigure this economic sector. For this, the data available from Eurostat regarding the evolution of some indicators appreciated as significant and representative for the field were taken into account. The paper was structured in a classical manner: the introductory section, which includes a brief foray into the specialized literature, is completed with two distinct subsections related to the periods until the pandemic and during the pandemic, in which major trends specific to the field are analyzed. The

³ According to JRC methodology the vulnerability index is peer-reviewed rank calculated taking into account two other representative indicators: tourism intensity and seasonality.

concluding part of the paper concentrates the main conclusions and recommendations obtained following the analysis. The novelty of this research consists in trying to achieve an integrated approach to sectoral developments in tourism in some European countries, from a dual perspective, as previously described, and by including in the analysis the three states of the Western Balkans: Montenegro, R Serbia and North Macedonia.

Approaches to tourism before and during COVID-19

a. Tourism before COVID-19. A short analysis during 2018-2019

Tourism is an essential activity in the EU in ensuring economic growth and well-being for a significant part of the population, while also being an essential activity in many European areas and regions, as shown in Figure 2 and Table 1.

Table 1: *Tourism trips, nights and expenditure of EU-27 residents by destination and month of departure, July-August 2018*

Indicator	Entire year 2018	July-August	Share in the entire year 2018		
			July-August	July	August
Total trips (thousand)	1,133,696	270,663	24%	11%	12%
Domestic trips	799,731	190,175	24%	11%	13%
Outbound trips	333,965	80,488	24%	12%	12%
Other EU countries	239,643	60,477	25%	12%	13%
Rest of the world	94,322	20,011	21%	10%	11%
Total nights (thousand)	5,882,100	1,927,447	33%	17%	16%
Domestic trips	3,306,662	1,177,469	36%	18%	18%
Outbound trips	2,575,439	749,978	29%	15%	14%
Other EU countries	1,593,878	511,260	32%	16%	16%
Rest of the world	981,560	238,718	24%	13%	11%
Total expenditure (mil.Euro)	516,713	137,621	27%	13%	14%
Domestic trips	206,654	60,868	29%	14%	15%
Outbound trips	310,059	76,753	25%	12%	13%
Other EU countries	173,680	48,612	28%	13%	15%
Rest of the world	136,379	28,141	21%	11%	10%

Source: Authors based on Eurostat, (2020), *Tourism in the EU - what a normal summer season looks like - before Covid-19, (05 March 2021)*

In order to highlight both the importance of tourism in the European economy and to make a significant comparison of the two time periods considered in this paper, Table 1 comprises data on tourism trips, nights and expenditure of EU - 27 residents by destination and month of departure, between July-August 2018. Also, to complete this analysis, nights spent in tourist accommodation establishments, July-August 2019 are presented in Table 2.

Table 2: *Nights spent in tourist accommodation establishments, July-August 2019 (thousands)*

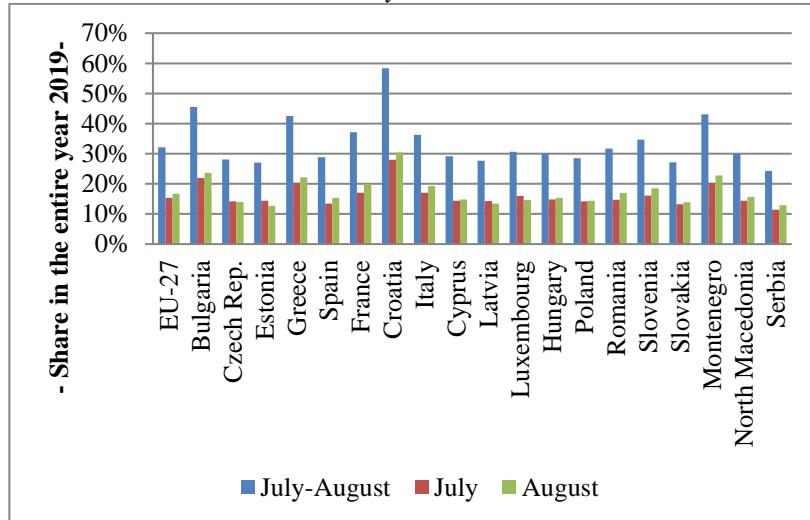
	Number of nights spent	
	Entire year 2019	July-August
EU-27	2,849,852	914,878
Bulgaria	27,155	12,363
Czech Rep.	57,025	16,019
Estonia	6,967	1,886
Greece	119,515	50,778
Spain	469,462	135,241
France	446,467	165,804
Croatia	91,178	53,245
Italy	434,062	157,613
Cyprus	18,056	5,263
Latvia	5,510	1,524
Luxembourg	2,917	893
Hungary	33,079	9,978
Poland	93,343	26,654
Romania	29,870	9,465
Slovenia	15,764	5,463
Slovakia	17,225	4,671
Montenegro	4,605	1,985
North Macedonia	2,295	690
Serbia	10,051	2,443

Source: Authors based on Eurostat, (2020), *Tourism in the EU - what a normal summer season looks like - before Covid-19*, (05 March 2021)

As observed from the combined analysis of the data presented in Tables 1 and 2, tourism and the European tourism industry have registered a relatively decreasing trend at least in terms of the total nights indicator. In 2018 there were 5,882,100 thousand nights, which in 2019 decreased to 2,849,852 thousand nights, i.e. just over half the value recorded in the previous year. A determining factor is represented by the concentration of tourist activities during July-August, demonstrating the seasonality of this

activity and consumers' preferences for sun tourism. Figure 3 shows the evolution of Nights spent in tourist accommodation establishments, July-August 2019 as share in the entire year 2019.

Figure 3: *Nights spent in tourist accommodation establishments, July-August 2019 as share in the entire year 2019*



Source: *Authors' computations based on Table 2*

The capitalization of the economic potential of European tourism is strongly focused on achieving the exigencies of competitiveness, being an activity in a close correlation and determination with the ways of highlighting the cultural and natural heritage, the traditions and contemporary cultures of European states. The number of nights spent in tourist accommodation establishments is one of the relevant indicators in understanding the options of tourists to be attracted in a certain area, as well as of the convergence and diversity of the determined tourist offer.

The European tourism industry must adapt, to the point of compliance and understanding, to the demands imposed by the existence of increasing competition worldwide, starting from the reality that emerging or developing countries or regions propose and advance increasingly aggressive policies to attract tourists. In these conditions, the European tourism industry, faced with this superior dimension of competition by volume, must fundament a sustainable, resilient and quality tourist offer that will accentuate the existing comparative advantages. From this perspective we can easily argue that the evolution of the number of nights

spent in tourist accommodation establishments is determined by the level of comparative advantages prevailing in each country, starting from the diversity of existing landscapes, the quality of reception structures and exceptional cultural richness and traditions. It must be taken into account that the tourist demand shows a high degree of fluctuation precisely due to economic, financial and political situations in a continuous change and global adaptation.

Under the impact of the need to increase competitiveness and the degree of attractiveness of tourist destinations, tourism and the tourism industry have required the development of an intelligent tourism ecosystem, as a comprehensive form of manifestation of specific tourist phenomena. It starts from the fundamental idea that nothing can work individually, without connection and interdependence, but all components of industry interact within an ecosystem to evolve.

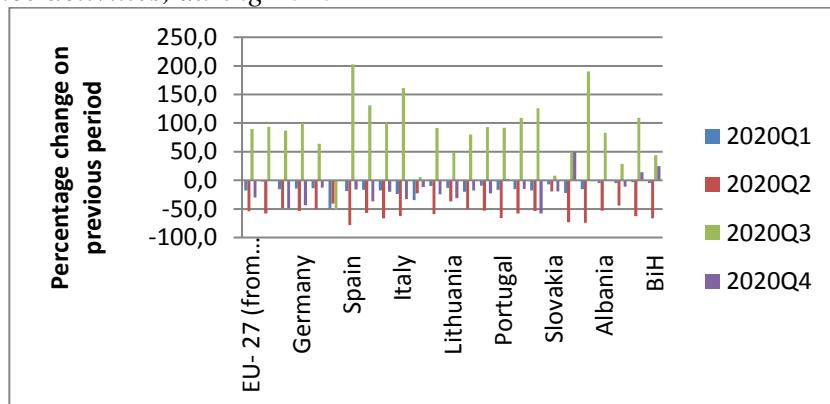
Considering the indicators presented in Table 1, one can easily notice the interdependencies between the domestic tourism component (Domestic trips) and the external one (Outbound trips), as well as between the intra-European flows and those with the rest of the world. Thus, as argued by Bazargani & Kiliç (2021), globally, the tourism industry is one of the most important economic sectors, which experiences the fastest growth, having an essential role in promoting local potential, in creating new jobs, even if some of a seasonal nature, triggering and potentiating the essential factors in promoting economic prosperity for many regions.

The outbreak of the COVID-19 health crisis has put tourism and the tourism industry in front of significant challenges, which at least the European economic space has not faced before. Although there are experiences from previous crises, often of an economic, financial or organizational nature, the need to adapt and reconsider the European tourism paradigm is much more pressing now. Tourism and the European tourism industry must develop appropriate forms to deal with the new restrictions imposed, starting with the transport of tourists and ending with the conditions of accommodation, social distance, volume and services offered. The turnover, the tourist circulation, the degree of occupation of the tourist capacities are just some of the elements that can be taken into account when trying to understand the new tourist paradigm. From this perspective, the second part of the paper is focused on the evolution of tourism and the European tourism industry during the COVID-19 crisis.

b. Tourism during COVID-19

In order to understand the evolution of the European tourism paradigm in the beginning of the health crisis caused by COVID-19, in this section of the paper we chose to analyze only two indicators, which we consider relevant. The first of these is Index of turnover evolution in accommodation and food service activities, and the second, keeping the previous reference, is nights spent at tourist accommodation establishments. Figure 4 shows the evolution Index of turnover evolution in cases of accommodation and food service activities, during 2020, in the case of some European states. The turnover level is significant for the evolution of the tourism sector, highlighting the degree of sustainability of this activity, given that the significant volume of turnover is generated in the third and fourth quarters, related to sun tourism for most countries analyzed.

Figure 4: *Index of turnover evolution in case of accommodation and food service activities, during 2020*



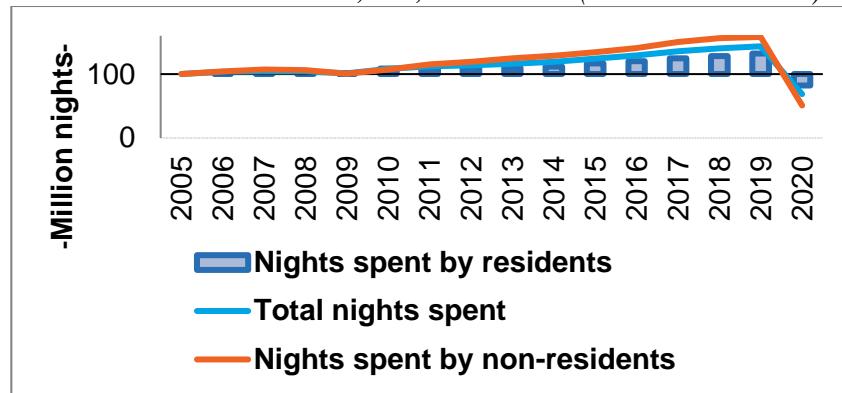
Source: Authors based on Eurostat, (2021). *Tourism statistics - nights spent at tourist accommodation establishments*, (05 March 2021)

As deriving from the data presented in the previous figure, tourism and the tourism industry have registered a significant sharp decline in revenues, being among the economic sectors that are most severely affected by the pandemic and whose return depends directly on the measures of limiting and combating it. Also deriving from Figure 4, the first and second quarters of 2020 represented for most of the analyzed states a reduction in turnover caused by the beginning of the health crisis generated by COVID-19. From this perspective, one can notice the significant level of influence that the limitation of the population circulation – including the touristic mobility – had on the level of revenues in the tourism industry. Thus, at international

level, World Tourism Organization - UNWTO (2020) estimates only for 2020 a volume decrease in tourism between 60% and 80%, with financial losses between 910 billion USD to 1.2 trillion USD, starting from the reality that for the first quarter of the same year, international arrivals fell by 22%. On the other hand, as noted by Tamás & Árva (2020), the pandemic of COVID-19 has already caused serious, irreparable sectoral consequences, generating a 10-30% decrease in global economic activities.

Returning to the second indicator considered, to exemplify this situation, Figure 5 presents annual estimates from the perspective of the number of nights spent at tourist accommodation establishments in the EU, for the period 2005-2020.

Figure 5: Annual estimates - Number of nights spent at tourist accommodation establishments, EU, 2005-2020 (index: 2005=100)

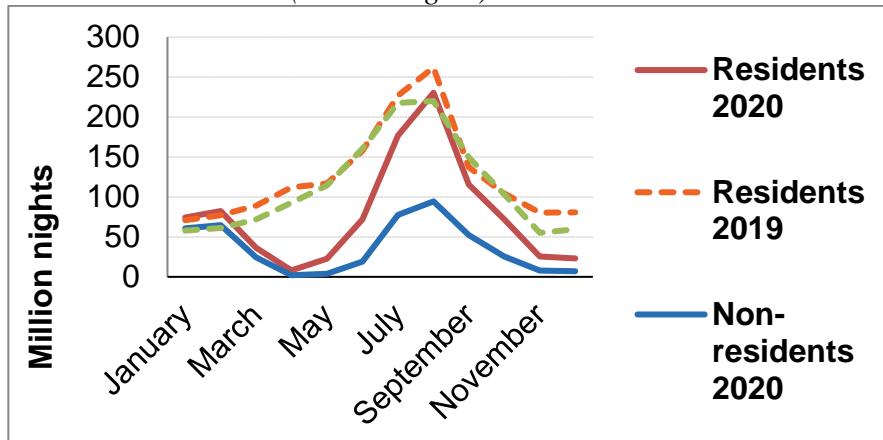


Source: Authors based on Eurostat, (2021), *Tourism statistics - nights spent at tourist accommodation establishments*, (05 March 2021)

As shown in Figure 5, for the period 2005-2019, the number of nights spent at tourist accommodation establishments is owned by non-resident tourists, starting with 2020, we are witnessing a change in the trend due to the application of traffic restrictions. Thus, the number of nights spent at tourist accommodation establishments decreases dramatically starting with 2020, as well as the structure of tourists, those who choose tourist destinations being mostly resident tourists. Therefore, epidemic and health crises, including that of COVID-19, can generate as claimed by Seraphin (2021) essential changes in the structure of tourism demand for certain destinations, starting from the reality that tourists are now put in the situation to decide consciously and informedly not to get exposed to such

crises and to choose those destinations that they consider safe from a health point of view. Relevant in this respect are the data presented in Figure 6.

Figure 6: *Evolution of the number of nights spent in EU tourist accommodation by origin of the guest (resident/non-resident), Jan-Dec 2019 and Jan-Dec 2020 (million nights)*



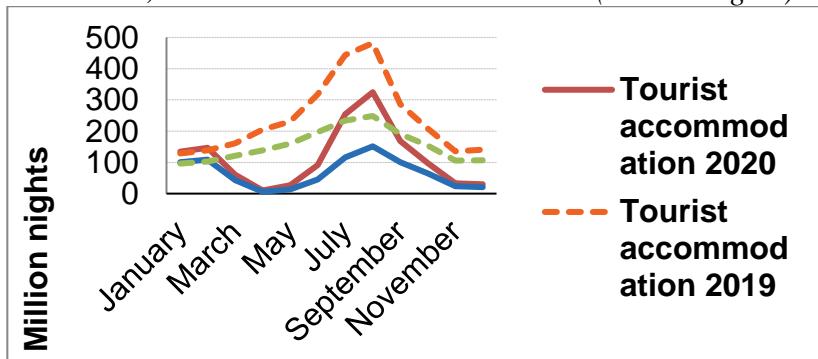
Source: Authors based on Eurostat, (2021), *Tourism statistics - nights spent at tourist accommodation establishments*, (05 March 2021)

As can be seen from the data presented in Figure 6, most of the analyzed states have applied travel restrictions, drastically limiting tourism and tourist circulation as part of measures to limit the spread of COVID-19. Thus, from the data presented by Eurostat (2021), at the level of 2020, the nights spent by non-residents (foreign guests) in the available tourist accommodation capacities decreased by 68%, while the nights spent by residents (domestic tourists) also decreased by 38%. If we consider the evolution of the number of nights spent in EU tourist accommodation by origin of the guest (resident/non-resident), for the period Jan-Dec 2019 (until the pandemic) and Jan-Dec 2020 (at one year of pandemic), the tendency of reverse internalization of the beneficiaries of tourist services is noticeable. If in 2019 the tourist demand in the form of number of nights spent in tourist accommodation was from non-residents, in 2020 the flow is reversed due to the application of travel restrictions. As highlighted in the report of Eurostat, the evolution of tourism and of the tourism industry at European level registered a positive trend, relatively significant, respectively with increases of 5% in January and 6% in February 2020, compared to the same months of 2019. However, the onset of the health crisis in March 2020 significantly disrupted the European tourism sector, as observed in Figure 7. Thus, according to Eurostat (2021), the evolution

of the number of nights spent in EU tourist accommodation decreased dramatically, respectively by 62% compared to March 2019, precisely due to travel restrictions, closure of tourist units or blockages and limitations imposed in the management of the health crisis. From this perspective, as acknowledged by Rivera (2020), the analysis of the existing realities in the hospitality and tourism industry in the context generated by the COVID-19 pandemic is of paramount importance.

At the same time and for the same reasons, the health crisis can be associated with the reduction of the availability of the tourist offer. Therefore, the rapid outbreak and spread of COVID-19 has forced many tour operators to cease operations, and as evidenced by Fotiadis et al. (2021) many of the tourist destinations have been forced to stop operations or limit the volume of activity following the application of drastic traffic restrictions, the decrease of the volume of trips or the increase of the cancellation rate of the reservations or due to the limited logistics available.

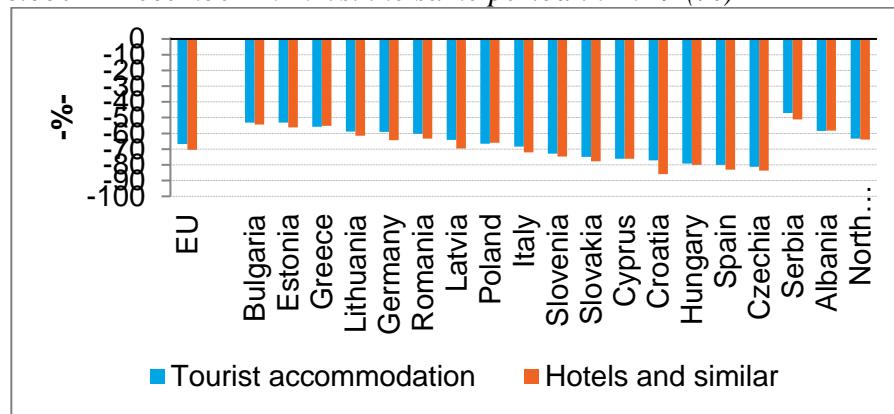
Figure 7: *Evolution of the number of nights spent in EU tourist accommodation, Jan-Dec 2019 and Jan-Dec 2020 (million nights)*



Source: Authors' own processing based on Eurostat, (2021), *Tourism statistics - nights spent at tourist accommodation establishments*, (05 March 2021)

In order to complete this overview, Figure 8 presents the change in the number of nights spent in tourist accommodation, October - December 2020 vs. the same period in 2019 (%).

Figure 8: *Change in number of nights spent in tourist accommodation, October - December 2020 vs. the same period in 2019 (%)*



Source: Authors' own design based on Eurostat, (2021), *Tourism statistics - nights spent at tourist accommodation establishments*, (05 March 2021)

Figure 8 shows the significant change in the number of nights spent in tourist accommodation, October - December 2020 vs. the same period in 2019, in the case of the analyzed states. Given that according to the European Commission (2020), tourism and the tourism industry represent at European level the fourth largest category of exports in the whole economy, the decrease of tourism activities produces a negative driving effect on the whole European economy and on directly connected sectors, such as air transport or the leisure sector. The collateral training benefits generated by tourism on other economic branches, represent in this context one of the essential factors that should be taken into consideration in rethinking the European tourism strategy towards being more connected to the economic realities. According to the same European document (European Commission, 2020), a euro related to the added value generated by tourism determines an additional added value of 56 cents from other sectors, which further sustains this indirect effect, of stimulating the development of other industries' potential.

Conclusions

Overcoming, limiting and counteracting the effects produced by the health crisis on tourism requires sustainable management of tourist destinations, starting with planning the efficient use of space and specific facilities, investments in infrastructure and services, health management and last but not least rethinking potential valorification strategies. The new orientation

of tourism, both in scale, level and typology can consolidate the long-term development of this economic branch in terms of economic performance and sectoral position in the ensemble of national economic branches. The promotion of an articulated sectoral policy can determine a significant return of this field, considering the strong influence of tourism on stimulating economic growth and mobilizing resources in the economy, starting from its sustainable features that allow addressing the key challenges posed by the COVID-19 crisis in a much more reactive manner than other economic activities.

Limitations and future researches

The impact of the COVID-19 crisis on the tourism evolution is much deeper and with wider reverberations than can be analyzed at first sight. The present paper addresses only some strictly limited aspects, not taking into account a series of other specific indicators, precisely to highlight the impact of reducing the number of overnight stays, and furthermore, accommodation and the evolution of profit. This paper presents only a small, limited approach that could and should be complemented with the research on the influences on profit, employment and tariffs as well as on the transformation of mass tourism and the emergence of tourism forms well suited to health requirements.

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THE IMPACT OF THE COVID-19 CRISIS ON ROMANIAN TOURISM

Ancuța Marin¹; Steliana Rodino²

Abstract

The paper presents the evaluation of the impact of the COVID-19 health crisis on tourism in Romania with a focus on the market effects and the impact on tourism operators. The onset of the COVID-19 health crisis in March 2020 led to restrictions on the movement of people, which led to behavioral changes in accommodation as well as in the behavior of tourists (tourism consumers). The objective of this paper is to analyse the changes in the hospitality industry sector, highlighting the changes in the behavior of tourism consumers.

Key Words: *tourism, health crisis COVID-19, HoReCa*

JEL classification: *H12, Z30, Z32*

Introduction

The SARS-CoV-2 virus is a major public health emergency all over the world, representing a major health, economic and social shock (Fotiadis, et al., 2021). This health crisis has been accompanied by a number of negative effects on the economy in general and tourism in particular.

The closure of borders and travel restrictions to European countries have reduced the mobility of people, by all means - by air, land or rail - and therefore the negative effects for these areas were immediately felt, resulting in dysfunctions of international transport, supply (Butu et al., 2020) and international trade of tourism services.

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Due to local, regional or national quarantine measures, imposed social distancing rules and travel restrictions, hospitality industry companies were the first to feel the impact of the crisis (Organisation for Economic Co-operation and Development - OECD, 2020). That is why their representatives have made urgent requests for help from governments.

In general, the tourism industry is the first to be impacted by the negative effects in the event of a global crisis (Uğur & Akbiyik, 2020). This time, facing exceptional circumstances, the tourism industry has reached a point of interruption of normal activity that was never seen before.

Hospitality industry was one of the most affected economic sectors in the world both due to the restrictions imposed during the COVID-19 pandemic (Baum et al., 2020), but also the reluctance of consumers to travel (Song & Choi, 2020). However, the offers of the agencies were adapted to the changing demand, so that the accommodation units came with packages adequate to the sanitary crisis, with measures of distancing and sanitation.

In Romania, the shock wave affected all areas of activity. Unlike the economic crises so far, which were characterized only by declining consumption, while production remained constant, we are currently facing a health crisis, which is characterized by declining consumption, because people are scared and have rethought their savings strategy.

In July 2020, Romania registered the largest decrease in the arrivals of foreign tourists from the European Union, according to Eurostat data. The statistical data indicate a decline of almost 90% of the nights spent by foreigners in accommodation units compared to the same month in 2019.

The aim of this paper was to research how tourists feel about the current crisis and what will be the long-term impact COVID-19 on them, in order to develop and substantiate methods and tools that could be applied to refresh the market.

Methods of Research

For the evaluation of the opinions of tourism consumers from Romania, a survey was conducted. A number of 798 questionnaires were filled out by the respondents.

The study of consumer preferences is very important, aiming to identify their views on the influence of the COVID-19 health crisis and their behavior in terms of internal travel, accommodation and meals.

The questions were grouped into three sections, as follows:

- respondent profile: gender, age, income level;
- consumption behavior:
 - "who consumes?",
 - "Where does the consumption take place?",
 - "When is it consumed?",
 - "What is consumed?",
 - "How much is consumed?";
- public mentality (needs, motivations, desires, expectations).

In order to establish the research objectives, the following working hypotheses were formulated:

- identifying the number of consumers;
- identification of the average frequency of consumption;
- identifying the average consumption per year;
- identification of the place of purchase;
- identifying consumers' preferences regarding locations, accommodation and meals;
- ranking the criteria for choosing accommodation, dining services, choosing places to spend stays / holidays, paying for services
- the influence of the health crisis on consumption habits.

The quantitative survey was used as a method of gathering information, and the investigation technique, structured in the form of a questionnaire, was used as an investigation technique. Because we cannot interview all members of a community or all buyers of travel services, a sample that is considered representative was created.

The quota sampling method was used as a sampling method, which consists in respecting the principle of representativeness of the sample with respect to the total researched community. Representativeness is pursued through independent criteria: gender, age and income. The justification for using the quota method lies in the assumption that if the sample is representative of the population surveyed in terms of the criteria considered in the sampling, it will also be representative in terms of other characteristics such as habits, behaviors, attitudes and so on. Thus, the research results can be

extrapolated to the entire researched population. The total population is the population of Bucharest and the surrounding areas. For an accepted error of +/- 3% we calculated the sample size was 798 people.

The questionnaire included 17 closed questions. Once developed, the questionnaire was pre-tested on fifteen people to gather feedback on understanding the questions and thus improve the quality of the research.

Each interview lasted, on average, ten minutes. The questions refer to information on the socio-demographic characteristics of the respondents, the so-called questions to identify the population in the sample, questions on the purchasing model, consumer needs and preferences for tourist services, their choice criteria, their frequency of purchase.

The variables used in the study of the tourist market are:

- dependent variables: consumer preferences,
- independent variables: gender, age, income.

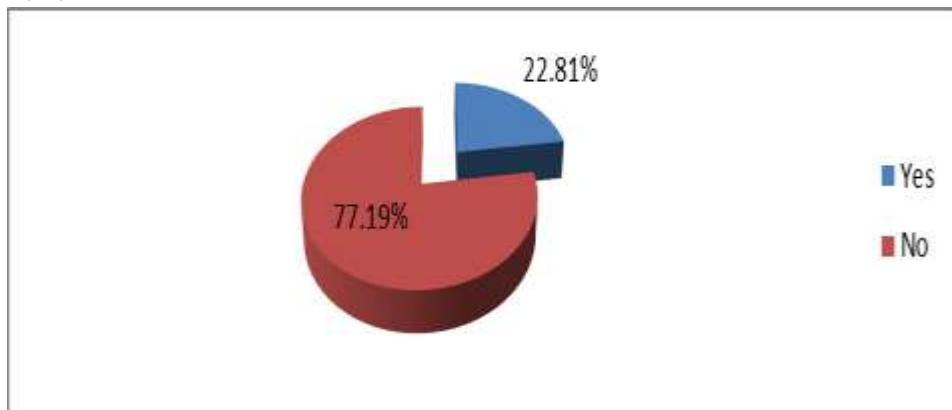
The respondents were all of Romanian nationality. Of the 798 people interviewed, most are women, respectively 74%. By age groups, the highest share was represented by people aged 36-65, totaling 588 people (73.68%) of the total number of respondents, which is natural, given that this age segment coincides with the active employment period.

The sample included all categories of professional status from student to retiree. A number of 585 people (73.31%) of the interviewed subjects are active people (employees and entrepreneurs). Over 87% (700 people) of those surveyed live in the urban area. Given the purchase prices of tourism services, they are purchased in proportion of 86% of people with a family income higher than 3,000 lei / month (aprox. 600 Eur), and families are generally formed (over 69% of those interviewed) from 2 adults and 1-2 children.

Results and Discussion

Out of the total number of respondents, 77.19% frequently use tourism services, the remaining 22.81% occasionally or very rarely, either for health reasons or because they do not have the necessary financial means to pay for accommodation, meals, transport services (Figure 1).

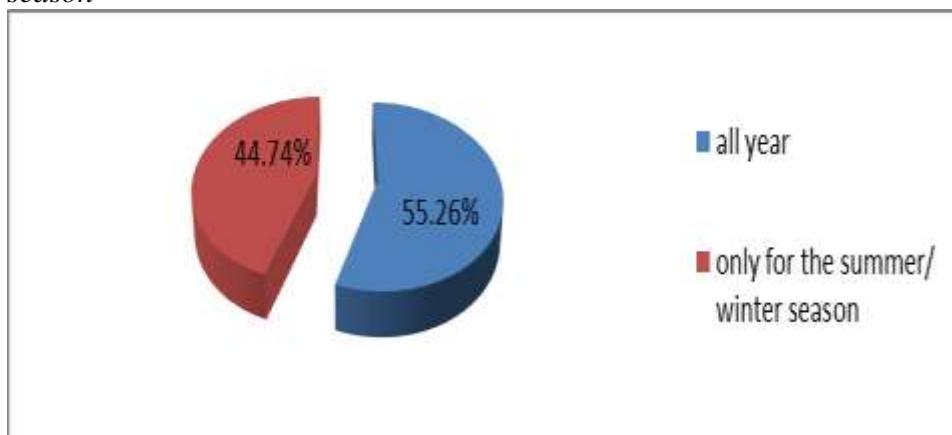
Figure 1: Frequency of consumption of tourist services in Romania during 2020



Source: Survey data

A significant part (55.26%) of those surveyed consume tourist services all year round, regardless of price or season, while 44.74% consume these products only in season.

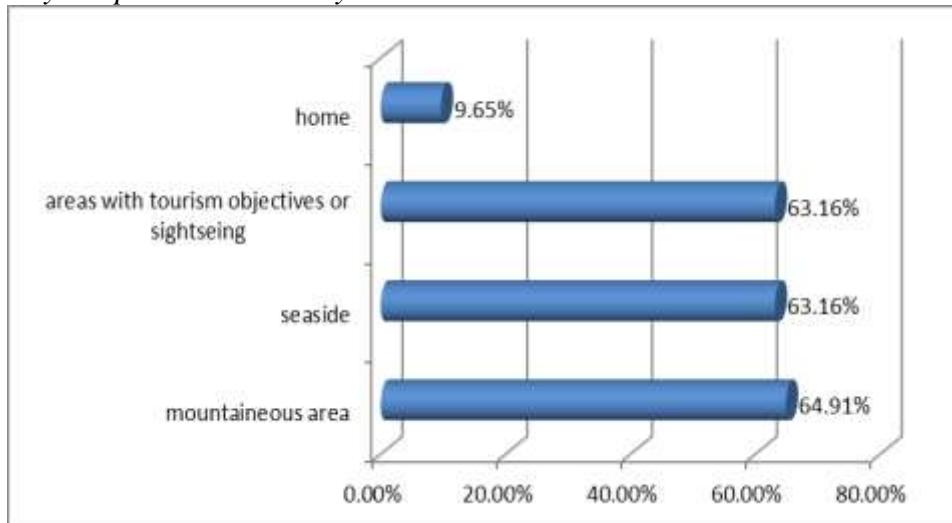
Figure 2: Frequency of consumption of tourist services depending on the season



Source: Survey data

As shown in Figure 3, a number of 518 people (64.91%) prefer to stay or spend their holidays at the seaside. A share of 63.16% (504 people) stay or spend their holidays in the mountains and / or in areas with interesting landscapes or go sightseeing or have cultural objectives. However, there are also 77 people (9.65%) who stay or spend their holidays at home.

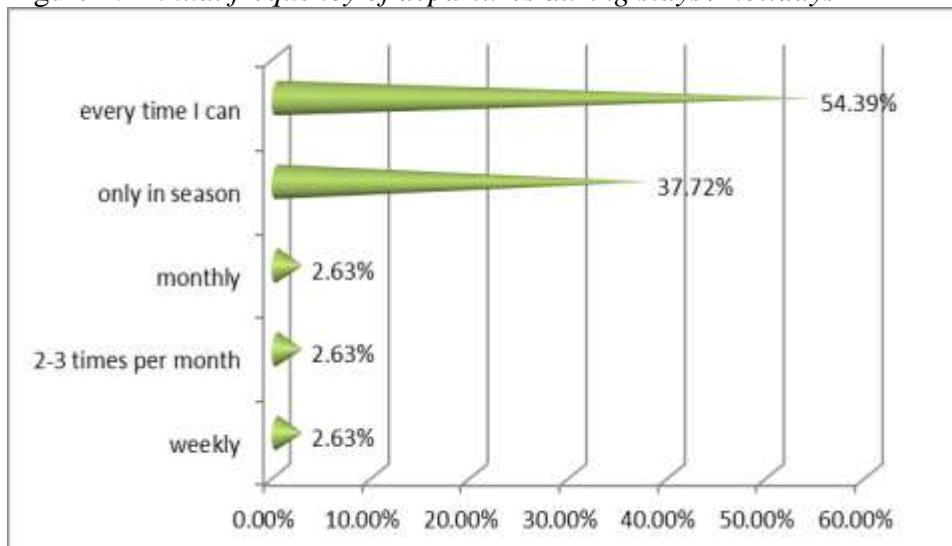
Figure 3: *Tourism consumers' preferences regarding the area where they stay or spend their holidays*



Source: Survey data

Most of the interviewees (over 69%) do not have a favorite place to stay or spend their holidays, the choices being spontaneous for 54% (434 people). A number of 301 people, respectively 37.72% go on a holiday only in the summer or winter season (Figure 4).

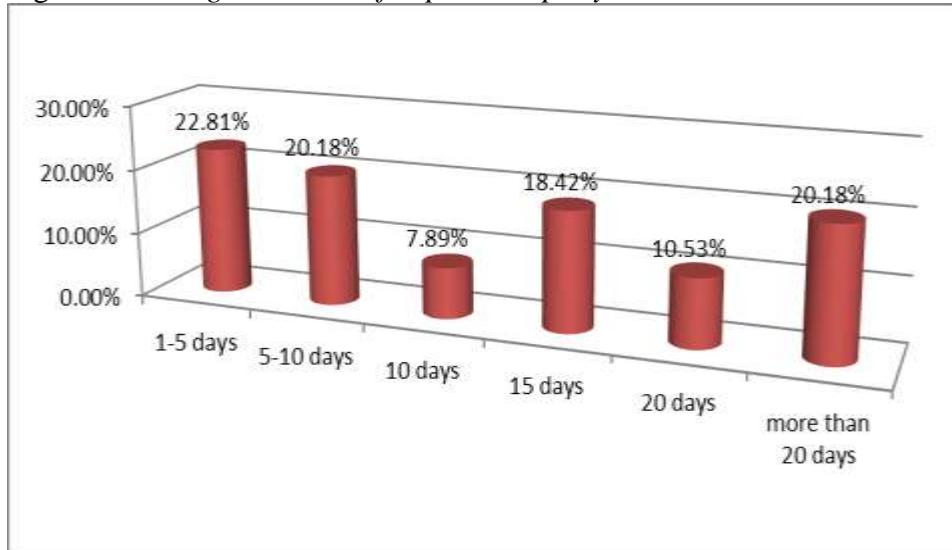
Figure 4: *Annual frequency of departures during stays / holidays*



Source: Survey data

The average duration of a stay / vacation is 1-5 days for 182 people (22.81%), 5-10 days for 161 respondents (20.18%), 15 days for 147 people (18.42%) and for the remaining 161 people (20.18%) it is over 20 days a year (Figure 5).

Figure 5: *Average duration of departures per year*



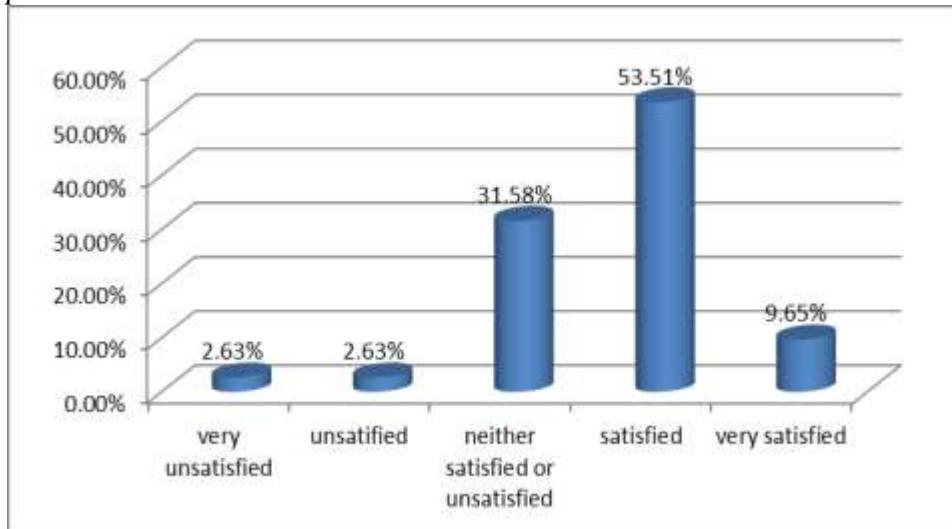
Source: *Survey data*

In Romania there are several types of tourism, of which for this paper we have focused on rural tourism and agrotourism. Rural tourism has a heterogeneous reception structure that is not represented by households but by holiday villages, bungalows or villas, all of which are grouped around common areas for meals, tourist stops, camps for rural activities, creative camps, sports entertainment and finally, leisure.

Agrotourism in Romania represents a chance especially for the locals who, taking into account the crisis in the agricultural sector, are willing to try a new activity using the infrastructure they already have in order to increase the profitability (Marin & Godja, 2017).

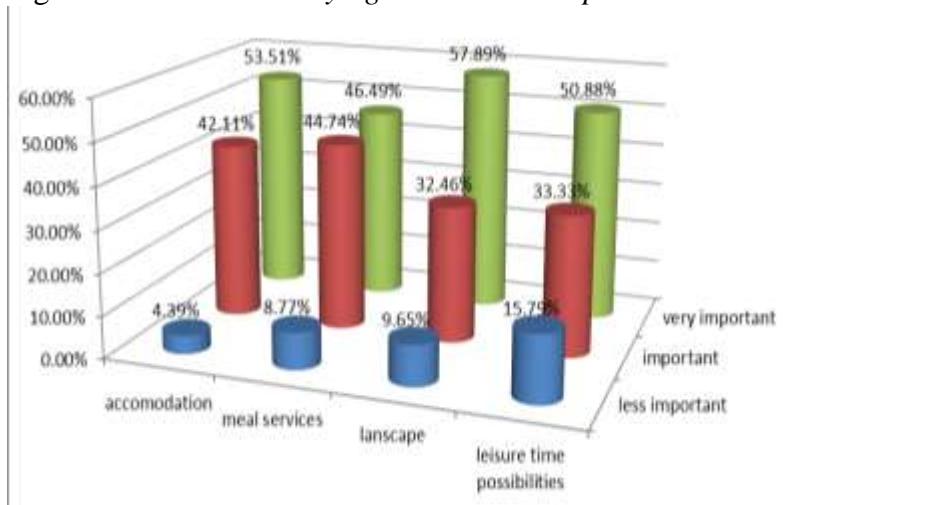
Agrotourism has emerged as a solution to increase the number of Romanian and foreign tourists in recent years. Romania has various accommodation spaces, from those of small size (cottages for 2-3 people) to those that can accommodate over 100 people (hotels).

Figure 6: *Degree of satisfaction with the domestic tourism services purchased*



Source: Survey data

Figure 7: *Criteria underlying the decision to purchase tourism services*

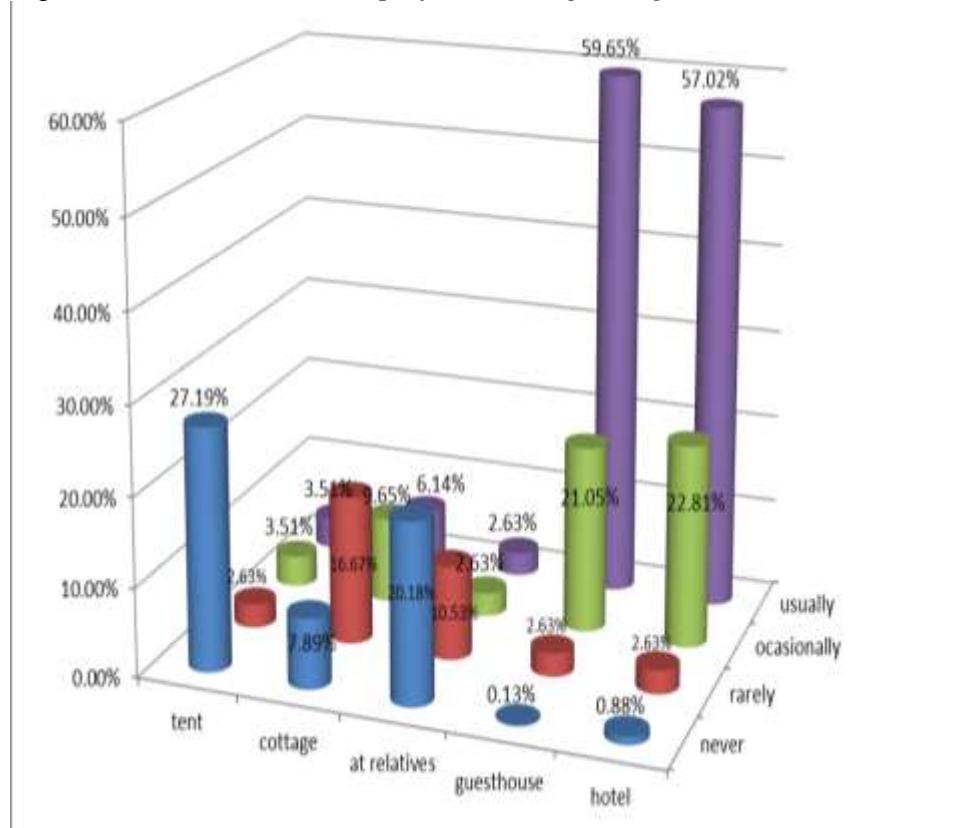


Source: Survey data

Most of these rural tourism units offer a package of services that include accommodation and meals. These include the types of meals such as half board or full board, while others offer a number of additional services such as: washing machine, sports fields, sports equipment rental and others. The degree of satisfaction regarding the purchased domestic tourism services is

over 63%, the consumers having their own selection criteria: accommodation, meal services, landscape, leisure opportunities (Figure 6 and Figure 7).

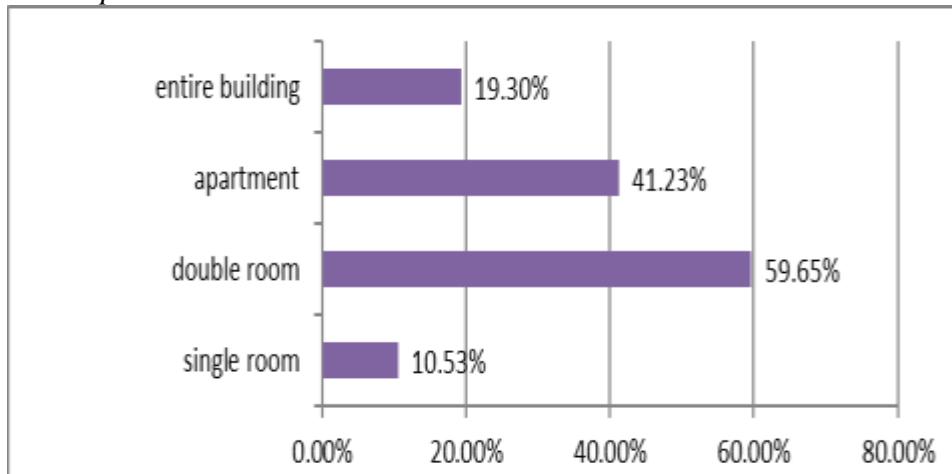
Figure 8: *Tourism consumer preferences regarding accommodation*



Source: *Survey data*

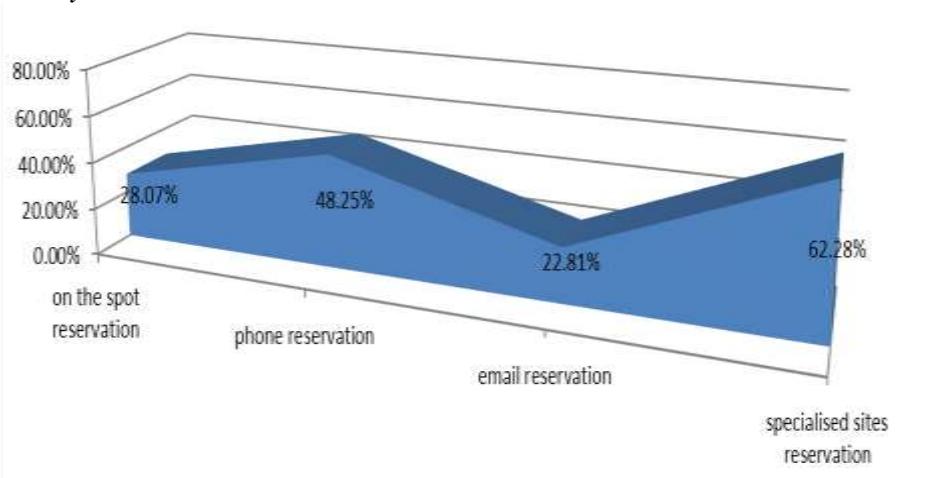
Romanian tourists prefer hotel accommodation in double rooms or apartments. Large families or those traveling in groups prefer accommodation in villas / boarding houses (Figure 9).

Figure 9: *Accommodation preferences of tourism consumers in hotels / villas / pensions*



Source: Survey data

Figure 10: *Tourism consumers' preferences regarding how to book a holiday*

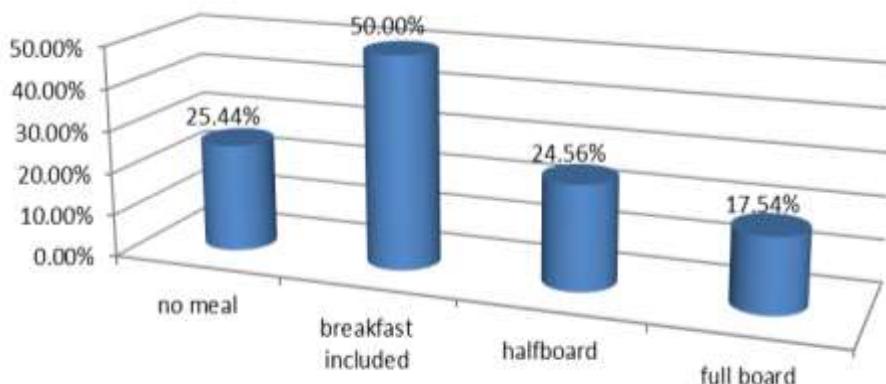


Source: Survey data

Even before the COVID-19 health crisis, Romanian tourists preferred to purchase tourism services by phone / e-mail reservation or specialized sites. Few (28%) are those who stay / go on vacations without prior reservation, preferring to make on-the-spot reservations. A number of 693 people among those surveyed (86.84%) considering that the purchase of tourism services by reservation with the prior selection of conditions would be their

option in the future because they would not have unpleasant surprises at the destination (Figure 10).

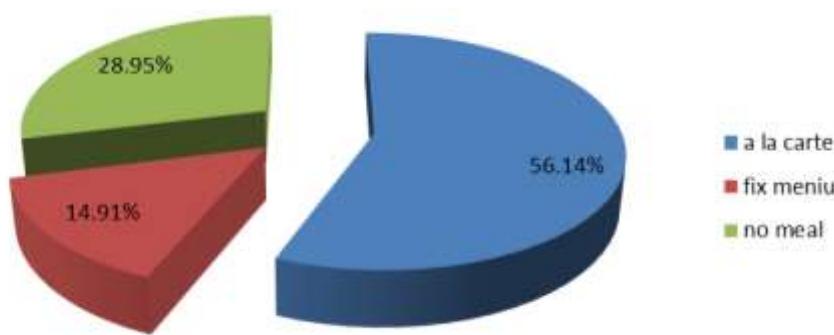
Figure 11: *Consumers preferences regarding meals services*



Source: Survey data

Given that most Romanian tourists stay / go on vacations to have as good time as possible and to relax, most of those interviewed prefer accommodation services only with breakfast included. Families with young children or the elderly prefer accommodation with half board or full board (Figure 11).

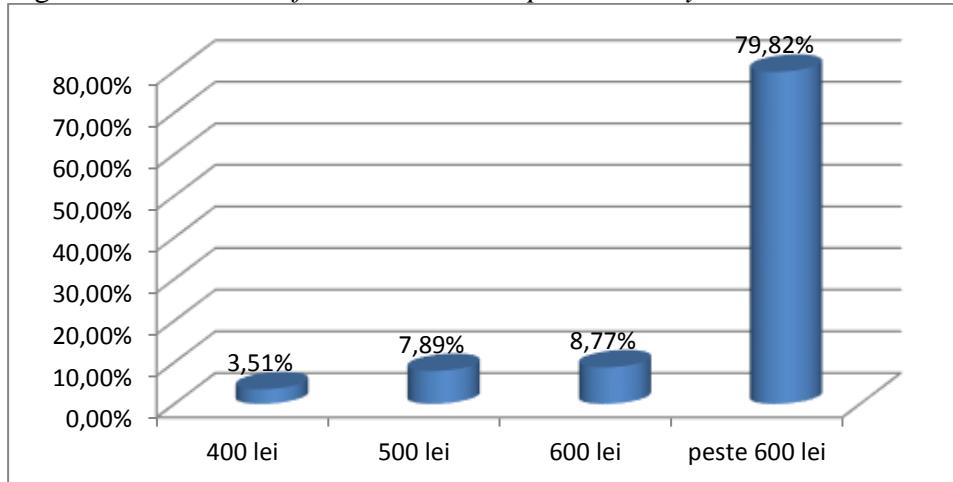
Figure 12: *Tourism consumer preferences regarding the selection of meal services*



Source: Survey data

A number of 448 people (56.14%) prefer a la carte dining services, 119 people (14.91%) prefer a fixed menu, the remaining 231 people (28.95%) purchasing accommodation services without meals in order to be able to make trips and hikes (Figure 12).

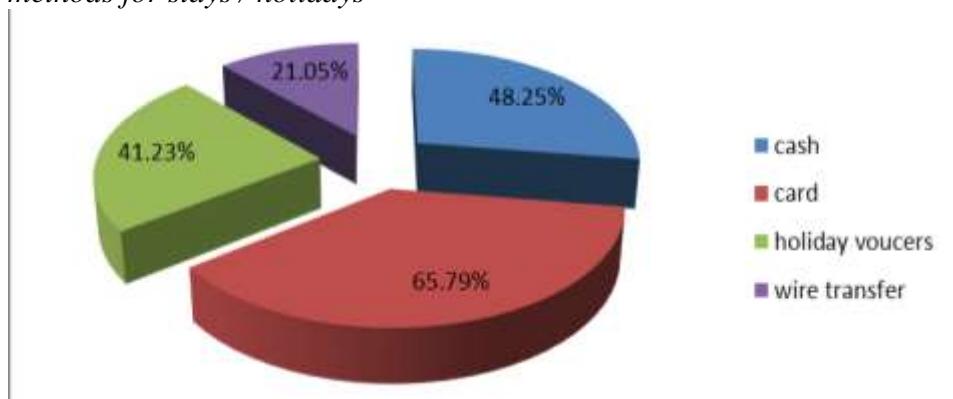
Figure 13: *The value of tourism services purchased by tourists in Romania*



Source: Survey data

Taking into account the length of stays, the selected conditions and the prices for accommodation and meals, the interviewees estimated that the amounts paid were over 600 lei / stay / vacation (for 80% of them), while for 3.51% the amounts paid were only 400 lei (Figure 13).

Figure 14: *Tourism consumers' preferences regarding the payment methods for stays / holidays*



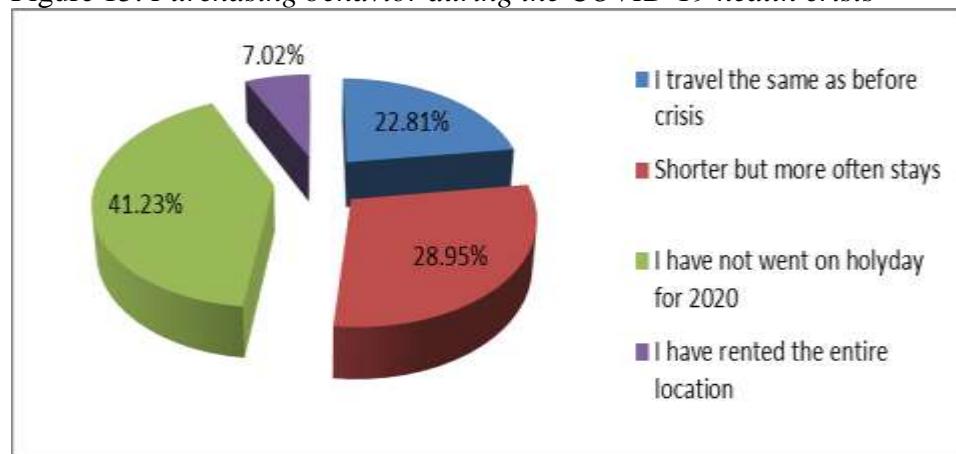
Source: Survey data

Less than half (48%) of the respondents use cash to pay for accommodation and meals purchased in Romania, the rest using electronic means of payment. The explanation is given by the fact that many people over 65 do not have a bank card or do not trust that banks pay for these services on time (Figure 14).

A number of 329 people (41.23%) of those surveyed did not go anywhere in 2020, 231 people (28.95%) had shorter but more frequent stays, they prefer round trips on the same day or with a maximum of 1 night's accommodation (Figure 15).

There are also people who left after the state of emergency with the same frequency as before the onset of the health crisis (182 people representing 22.81%). In addition to these, a niche business has emerged that addresses those leaving with extended family or a group of friends and acres have refocused by renting the entire location for a longer period of time (Figure 15).

Figure 15: Purchasing behavior during the COVID-19 health crisis

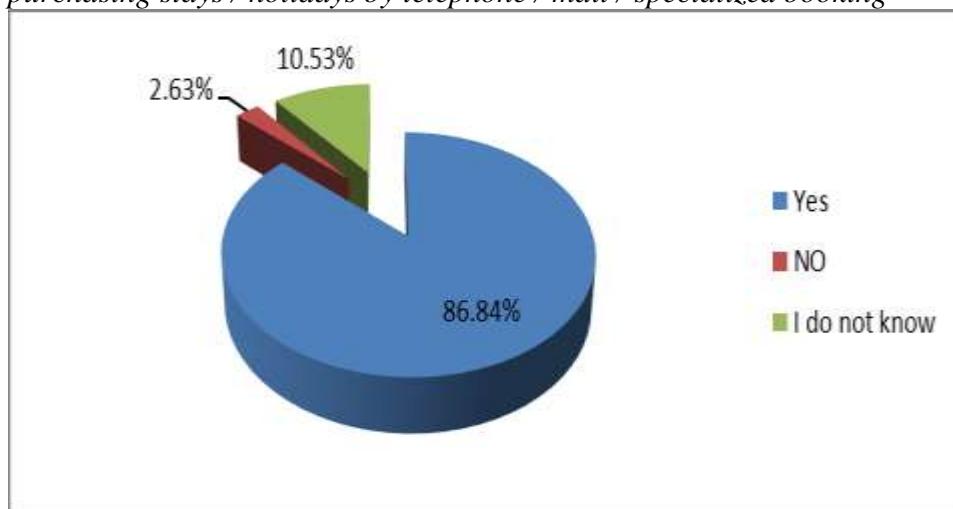


Source: Survey data

The health crisis has brought or extended certain habits or preferences of Romanian tourism consumers. These include the ways of purchasing tourism services. If until 25-30 years ago people went on vacation / stayed without too much information about the location where they arrived, nowadays, the development of the internet has led to an explosion of information about accommodation conditions, dining conditions, recreation possibilities, so that decisions to leave for a particular destination

are made in an informed manner. Reservations made by electronic means offer tourists the certainty of accommodation obtained, in the conditions selected by them and at the prices desired by them, and the certainty of occupancy of the rooms to hoteliers or owners of tourist / agritourism pensions. As shown in Figure 16, the vast majority of respondents (86.86%) will continue to purchase domestic tourism services via email / Facebook / specialized platforms, which are more convenient, even after the end of the health crisis.

Figure 16: *Purchasing behavior during the COVID-19 health crisis Tourism consumers' preferences regarding the continuation of the ways of purchasing stays / holidays by telephone / mail / specialized booking*



Source: Survey data

Of course, this could take any form of tourism, such as leisure, cultural, professional, or rural tourism. Rural tourism embraces all tourist activities carried out in rural areas, with the aim of capitalizing on the natural and human potential of villages (Marin & Rodino, 2020).

Conclusions

The tourism consumers who answered this survey are generally women, aged between 36-49 years, employed, with a family income of over 4,500 lei (almost 1000 Eur) / month, with families with 1-2 children. Out of the total number of interviewees, most of them frequently consume tourism services, all year round, whenever they have the opportunity to leave,

regardless of whether their stay / vacation is at the seaside / in the mountains or in areas with interesting landscapes or tourist objectives.

Romanians are satisfied with local tourism services, the average duration of departures varying between 5-20 days a year. Accommodation and meals are very important, especially for families with children and people over 65. Consumer preference is directed to accommodation at the hotel / tourist or agrotourism pension with breakfast or half board included. About three quarters of those surveyed make reservations online and pay using electronic means of payment.

The category of opportunities arising from the health crisis also includes the rapid relocation of many activities online, including the sale of tourism services, which in the long run create a niche sector for those who have identified change in time.

The pandemic situation, through its limitations, whether they are sanitary, geographical or economic, rewrites the way business is done globally, all those involved in the tourism business being severely affected.

Tourism is an essential sector that needs to be protected during this crisis. It can provide potential for development of rural economy and the much-needed recreation for people. It is a concern and also a requirement of most HoReCa organizations in Europe, not just Romanian ones. In fact, the European Commission is working to create a framework through which they can access aid from European funds, in order to overcome this crisis.

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COVID-19 EFFECTS ON TOURISM SECTOR AND IMPLICATIONS FOR TOUR GUIDES PROFESSION IN SERBIA

Andrea Žerajić¹

Abstract

The tourism industry is one of the sectors that have been hit the hardest by the Corona crisis worldwide. The pandemic has crippled domestic and international travel for the most part, resulting in significant revenue losses and liquidity problems for all tourism businesses. In the aftermath of the crisis, the industry will have to contend with people's increased need for security and trust. Tourism and hospitality industry are the most endangered industries across the globe. Tour guides represent the profession that may have been affected the most, precisely because of the seasonal nature of their work, as well as because of the way they are engaged. This paper aims to point out the problems faced by tour guides during the pandemic as well as to present, through interviews with tour guides in Serbia, the position and efforts of the professional association of tour guides of Serbia and their attempts to improve their status during this period.

Key Words: *tourism and hospitality industry, tour guides, Covid-19, endangered industries*

JEL classification: Z32

Introduction

Tourism is one of the most dynamic economic sectors in the world. It is also the fastest growing one. It can be said that it promotes job creation and local economic development, culture and products. The above is reflected in several of the Sustainable Development Goals (Sandvik, 2020). The COVID-19 pandemic has severely affected the tourism industry (Gössling et al., 2020; Hall et al., 2020). However, Mayer, Bichler & Peters (2020)

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point out that crises and catastrophes are nothing new when global tourism is in question. They listed a number of such crises (e.g. 9-11, tsunami in the Indian Ocean, SARS, global financial and economic crisis, etc.). Haggett (2000) emphasizes that disasters can be understood as unexpected, unavoidable events that produce effects on several levels, cause physical damage, social or long-term ecological changes. They have global effects over great distances and longer periods of time. However, crises "disrupt the proper functioning of the tourism industry" (Laws & Prideaux, 2005, p. 2).

Tourism contributes both directly and indirectly to job creation. In 2019, this industry accounted (directly and indirectly) for approximately 330 million jobs worldwide, or 10.3% of total global employment, or equivalent to one in ten jobs worldwide (World Travel & Tourism Council, 2019). For every job created directly in tourism, nearly one and a half additional jobs are created through indirect or induced effects. The labor-intensive accommodation and catering subsectors alone provide about 30% of all workers employed in establishments with 2 out of 9 employees.

Disastrous effects on the accommodation and food services sector can be seen throughout the world. They affected 144 million workers. This sector has suffered from the full closure in some countries to a steep decline in demand in these rare cases where operations can continue (International Labor Organization - ILO, 2020). If we take into account that most of these businesses are micro, small and medium-sized enterprises (MSMEs) with fewer than 50 employees (ILO, 2020), it is no wonder that the number given above includes around 44 million self-employed workers and 7 million employers.

This paper is specially dedicated to the profession of tour guides and their position during pandemic. Tour guides can be seen as extremely important for the industry. They possess the knowledge of a certain area, its potentials and challenges. They are in touch with the people. When developing a sustainable tour, social and ecological standards are not the only ones that matter. There are also needs of the local population. The tourism industry is extremely important for job creation, therefore the paper will encompass not only to the negative effects of COVID-19 on the employment, but also its impact on the travel and tourism sector in general and on the tour guide profession in Serbia in particular.

The impact of COVID-19 and containment measures on the travel and tourism sector

The impact of COVID-19 on the tourism sector should be mitigated through early, broad and coordinated policy efforts and the establishment of appropriate mechanisms. Short, medium, and long-term policy solutions should be developed according to the International Labor Organization (ILO, 2020)'s Framework for Managing the COVID-19 Pandemic, based on the four interlinked pillars mentioned above:

- Business and employment incentives;
- Support for businesses, jobs and income;
- Protection of workers in the workplace;
- Finding solutions through social dialogue.

The tourism sector will not emerge from the COVID-19 crisis without an aftermath. However, it is known for its resilience to economic downturns and crises and could recover quickly. Therefore, once the crisis is over, it can play a central role in reviving the world economy. Improved "Build Back Better" in the post-pandemic era could bring the tourism industry closer to the Sustainable Development Goals and become a greener, more inclusive and resilient industry that provides decent work to all involved in tourism. The tourism industry, as a cross-sector industry, is being hit extremely hard by the current crisis in 2020 with the restrictions on travel and movement and the decline or lack of demand. In the meantime, the Corona regulations have been relaxed several times and the vitalization of tourism has fortunately started again in summer – nevertheless, there are still restrictions.

The European Commission (2020) has released the data about the Member States most dependent on tourism (% of GDP): Croatia (25%), Cyprus (22%), Greece (21%), Portugal (19%), Austria, Estonia, Spain (15%), Italy (13%), Slovenia, Bulgaria (12%), Malta (11%), France (10%), and Germany (9%).

The tourism industry is facing a challenge that has never been seen before in many countries. Measures have been taken to retain customers and encourage future bookings. Some companies belonging to the tourism industry have adjusted their rules for canceling flights and hotel stays, but also for package tours. TUI has ceased all business operations. Customers can choose whether they want to cancel a booked trip and get the money back or book a new trip. Airlines have also relaxed their terms and

conditions – Lufthansa reimburses the customer for the money, Ryanair has temporarily ceased operations, EasyJet is less accommodating and, despite global travel warnings, invokes the terms and conditions, which do not allow short-term cancellations. Customers can rebook their flight for a later date.

A number of measures have been taken to contain the virus which greatly affected travel and tourism sector, including travel restrictions and reduced opening times for restaurants.

Travel restrictions. - Many countries have issued entry bans. The Corona crisis in tourism has thus reached its peak. Travel will not be possible for the foreseeable future. Travel for tourist purposes is also prohibited within Germany and so are bookings of hotels and holiday apartments.

Reduced opening times for restaurants. - In many federal states, restaurants are only allowed to open until 6 p.m. This leads to considerable losses for the restaurant operator.

The gastronomy is also affected. Restaurants may only be open for a limited time. There are other rules as well: the tables must be set up at a distance of 1.5-2 meters from each other. This automatically limits the number of guests. In addition, more and more people adhere to the requirements. They avoid the public and only go out for necessary errands or to the doctor. The large population group of the elderly is required not to leave their home at all. These many restrictions are spurring the Corona crisis in tourism and the hotel industry. As a result, the income in many hotels and restaurants has collapsed completely.

But there is also a lack of income for other industries. Owners of holiday apartments, campsites and holiday complexes often used for accommodating students are also affected because of the lack of school trips. Due to the nationwide area-wide restrictions and the absence of foreign guests, it can be assumed that the forecast of sales losses will increase. Consequently, loss of income leads to staff being laid off in order to reduce costs.

The impact of COVID-19 on employment in tourism

The COVID-19 outbreak has had a devastating impact on the global economy and employment. Accommodation and food services have been

identified by ILO (International Labor Organization) as a subsector of the economy that is extremely likely to witness a drastic fall in economic output because of the COVID-19 crisis. The sector is labor intensive and employs millions of poorly paid and low-skilled workers, the majority of whom are women. In many countries, those workers now face drastic and devastating reductions in their working hours, significant pay cuts and the potential loss of their employment. Almost all businesses in the accommodation and food services subsector, regardless of their size, are likely to struggle to stay afloat.

The tourism industry has been hit hard by the measures needed to contain the pandemic and it is unpredictable when the situation will be normalized. Even after the containment measures are gradually eased, surviving businesses will continue to face the challenges that are associated with what is likely to be a slow recovery. The ILO (2020) estimates that 305 million full-time equivalent jobs could be lost due to the pandemic, many of which in the tourism industry.

Because of the global efforts to contain the pandemic, the international tourism industry could shrink by 45 to 70%. Currently this has affected the domestic tourism industry as well, as about half of the world's population is subject to restrictions associated with containment measures (Organization for Economic Co-operation and Development – OECD, 2020). According to the latest data from the World Tourism Organization, international tourism fell by 22% in the first quarter of 2020 and there was a decline of between 60% and 80% in 2020 compared to 2019. By March 2020 there were fewer tourists (67 million) compared to the previous year, which led to the loss of 80 billion USD (World Tourism Organization – UNWTO, 2020). The decrease in international tourism could reach 70% if there is no recovery by September 2020, according to preliminary estimates by the Organization for Economic Co-operation and Development (OECD, 2020) on the impact of COVID-19 on tourism. In addition, domestic tourism has also been hit hard by measures to prevent the spread of the virus. However, a faster recovery is expected compared to international tourism, with the growing role of this branch of tourism during the recovery phase. Tourism represents a significant part of many national economies and directly accounts for an average of 4.4% of GDP and 6.9% of employment in OECD countries. These data are provided in the latest OECD Study on Tourism Policies.

Hotels, restaurants, tour operators, airlines and cruise ships have suspended operations indefinitely. In the accommodation and food service sub-sectors, 51 million businesses must operate in an exceptionally difficult business environment, which has a significant impact on employment opportunities (ILO, 2020). In the face of the drastic economic downturn, workers in the labor-intensive tourism industry are now facing growing decent work challenges (ILO, 2020).

Another challenge for tourism is the high proportion of informal employment. This is because of the seasonality of the industry and inadequate regulation, enforcement and unionization (ILO, 2017.). The informal economy is strongly marked by deficits in decent work, such as excessive working hours, low wages, lack of social protection and gender discrimination. Informal or casual employment is more frequent among migrant workers, women, and the young.

According to the Statistical Office of the Republic of Serbia (2020), for example, in the fourth quarter of 2020, the number of the unemployed was 321,000. The employment rate for the given period was 49.7%. According to the Labor Force Survey for the fourth quarter of 2020, the employment rate remained unchanged, while the unemployment rate increased slightly, by 0.2% points (p.p.), compared to the fourth quarter of 2019. The year-on-year decrease in the number of employed amounts to 17,400, while the year-on-year increase in the number of unemployed amounts to 6,900. At the same time, the number of residents aged 15 and over decreased by 30,200, and the inactive population decreased by 19,800. According to the Labor Force Survey for the fourth quarter of 2020 and compared to the third quarter of the same year, the population aged 15 and over decreased in employment (-15,700) and inactivity (-20,900), while unemployment increased (+29,000). At the inter-quarter level, employment and inactivity rates decreased by 0.2 p.p. and 0.3 p.p. respectively and reached the level of 49.7% and 44.9% in the fourth quarter of 2020. At the same time, the unemployment rate rose by 0.9 p.p. and reached a level of 9.9%.

Additional indicators, recommended by the European Statistical Organization – Eurostat, can better monitor trends in the labor market affected by the coronavirus pandemic. Additional indicators refer to total labor market slack, absence from work, work from home and hours worked.

The stagnation in the labor market in the fourth quarter of 2020 amounted to 19.0%. It is 0.6 p.p. lower if compared to the same period in 2019, while

compared to the third quarter of 2020 it is higher by 0.3 p.p. It suggests there was an unsatisfied need for employment less than a year ago, i.e. before the crisis caused by the pandemic.

According to Falk & Hagsten (2020), tourist destinations and companies are also affected at the regional and local level. On the one hand, the actual economic losses have arisen due to the absence of guests, with consequences for the economic structure or the financial situation of the tourist. Companies and possible government support measures have different individual consequences for companies and actors. On the other hand, there are certain negative image effects at the local/regional (possibly even national) level due to the increased spread of the COVID-19 virus through some tourist "superspreader" locations.

Role of tour guides during Covid-19 pandemic

Tourism is at the heart of a vast ecosystem of businesses that make a significant contribution to prosperity and employment in all states. At the same time, the tourism industry is the one that was hit the most last year by the Corona crisis worldwide, especially Europe as the most important tourist destination in the world. As a result of the COVID-19 pandemic, the tourism industry in the world is under unprecedented pressure. The pandemic has crippled domestic and international travel for the most part, resulting in significant revenue losses and liquidity problems for all tourism businesses.

In contrast to other industries, tourism is not only bearing the consequences of the COVID-19 pandemic but has also made a significant contribution to its rapid global spread. The effects of the extensive lock-down to contain the pandemic on tourism are massive on various scales. On a global level, intercontinental travel has largely come to a standstill with almost all countries in the world (96%) issuing far-reaching entry restrictions. In contrast to previous crises in the last two decades (e.g. 9-11, SARS epidemic, global financial and economic crisis), COVID-19 has led to a break in the uninterrupted growth trend in global tourism since the end of the Second World War. At the national level, travel restrictions in the wake of the COVID-19 pandemic are particularly affecting economies that are heavily dependent on tourism.

The challenges facing tourism were already enormous in the run-up to the Corona crisis. The travel industry suffered from a loss of confidence and

image that began with insolvencies and was further fed by geopolitical uncertainties. In addition, the debate about climate impacts and overtourism had significantly changed individual travel behavior. Due to the increasing merging of "work" and "life" and trend phenomena such as "workation", business travel was also undergoing major changes. For some time now, the tourism industry has fluctuated between seemingly unchecked growth and a plethora of fundamental challenges that make a profound rethinking and reorientation indispensable in the long term.

COVID-19 causes also many problems in the labor market. Jobs, including the catering, event and travel industries, are under pressure, and companies are reluctant to recruit new employees. Understandable, but unfortunately this also means that it is often more difficult for (beginner) job seekers to find a job.

Again and again we read that many people are afraid of losing their job due to the Corona crisis. This is because older workers often have permanent contracts, and this makes it easier for companies to terminate young workers' contracts. However, COVID-19 is also an obstacle for job seekers. While companies often made too high demands in the past, the number of jobs has also decreased significantly in recent times. It is a difficult time for ambitious beginners who want to put their knowledge into practice.

With the appearance and spread of the Corona virus in the world, tourist trips were canceled, which drastically affected the work of tourist guides. At this moment, it is clear that the tourism sector in Serbia is experiencing a complete catastrophe and that the recovery of this sector is extremely uncertain.

The travel year 2020 was a catastrophic one. There was the decline of 74% in global tourism worldwide. According to the latest survey by the UN tourism organization UNWTO, the situation is linked to over a hundred million jobs. In view of the travel restrictions, the forecasts for 2021 remain cautious. A trend is emerging on vacation at home, nature vacation and more interest in sustainable travel.

In her empirical research, Breede (2008) states that tourism and the intercultural encounters that go with it promote mutual understanding and the reduction of prejudices and xenophobia. According to Breede (2008), the tour guides make an important contribution to mediation in this context. They have an enormous amount of experience with regard to intercultural

encounters, which results from their everyday work. Tour guides have the opportunity to establish contacts between the local population and the travelers (p. 310). In her remarks, Breede (2008) puts the function of tour guides for travelers in the foreground. Knowledge and experience of the tour guides can also be very interesting and useful for the society. Intercultural encounters in tourism can actually have positive socio-cultural effects on the society of the destination country. The experience of the tour guides can be stored and accessed by the future travelers. According to Žerajić (2019) tour guides can mediate between groups and people from different cultural systems and are thus able to reduce prejudices, reduce conflicts and initiate a change in thinking. They are also involved in intercultural encounters, for example in restaurants, in accommodation, shopping or on the road, in public transport. They can organize arranged meetings as part of sightseeing or directly in the form of an exchange dinner.

According to Žerajić (2020), the knowledge about the origin and development of traveling in its historical dimension qualifies a tour guide to assess the importance of this aspect of quality of life correctly, which has become immensely important in our society.

For intercultural communication, according to Cohen (1985) tour guides in particular play an important role in their function as interpreter tour guides. They take on an important role as an intermediary between travelers and locals. Most of the tour guides speak the language of the destination country as well as that of the source country of the tourists. They act as relationship catalysts between visitors and locals. According to Nettekoven (1979), they enable communication, understanding and interaction between people who speak different languages and belong to different cultures. In this context, however, their value surpasses that of the mere translator. As Wyatt points out (1978/79), they in fact communicate much more effectively and transfer knowledge and skills from one culture to another (Wyatt, 1978/79). According to Gentemann & Whitehead (1983), they take the values, codes and symbols of one culture and transfer them to the other culture. In addition, tour guides can specifically promote communication between travelers and visitors by promoting and organizing encounters and communication.

It turns out that the negative consequences for the economy can be enormous. The Corona crisis hits tourism and the hotel industry particularly hard. People are urged to stay home and refrain from traveling. The extent

of the consequences of this crisis cannot be foreseen today and one of the most affected professions is definitely the tour guide.

In order to get first-hand information about all the activities of the Association of Tourist Guides of Serbia as the oldest professional association that brings together licensed tourist guides since 1966, interviews were conducted with their members of the board². Thus, the next steps were taken during the pandemic period, with the aim of ensuring the minimum wage to its members. Considering that the activity of tourist guides is very specific, an appeal was sent to the highest state institutions for help to the tourism industry and public transport in road traffic. Serbian tour guides have sent an open letter to the Government and warned that during the Corona virus pandemic they were neglected and completely without income. Those engaged in temporary and occasional jobs or by work or copyright contracts, are deprived from receiving state aid. On that occasion, the guides pointed out that for a number of years they had contributed to making the stays of statesmen, delegations, businessmen, experts and other high-ranking guests in the Republic of Serbia as pleasant as possible and that they are now facing a complete catastrophe in Serbia. The recovery of this sector is extremely uncertain. In 2020 the pandemic occurred at the beginning of the tourist season and thus left them without any income at a time when they were already running out of funds, eagerly awaiting the start of the new season.

Unlike caterers, hoteliers and carriers, they actually work only during the tourist season. As the law on tourism allows more ways of hiring tourist guides, it further complicates their situation.

The tour guides were left without markets, guests and business opportunities at the very beginning of the season last year. Therefore, most of them have unfortunately come to a situation where they cannot meet their obligations to the state in terms of pension and health insurance. Their daily existence is also endangered. Thus, tourist guides, who contribute to a positive image of our country in the world with their work and commitment, were forced to seek help in all instances of the state in the previous months. They turned to the whole sector for help and asked for:

1. Payment of gross minimum for a period of 6 months;
2. Write-off of tax liabilities and for the first three months of general economic assistance;

² All the information is obtained from this body directly.

3. Moratorium on liabilities to financial institutions for the next 9 months;
4. Additional funds for the tourism and transport sector in the Development Fund of the Republic of Serbia with an accelerated procedure for approving and disbursing loans;
5. Postponement of obligations to pay property tax and profit tax for the duration of extraordinary circumstances.

Despite all the difficulties in the previous period and at present, the association of tourist guides of Serbia is trying to resist everything that the profession is facing and continuously working on training in the form of organizing online annual professional seminars in the country and abroad. In addition, the motivation of the guides during the pandemic was shown in the fact that they did not give up on regular activities such as marking the World Tourist Day in the form of walking tours in Belgrade. Each type of professional training implied the voluntary appearance of members of the association who, although left without income and engagement for months, gladly responded to the invitation to give a lecture to other colleagues or bring interested people on walking tours.

In cooperation and under the auspices of Tourist Association of Serbia, The Association of Tour Guides of Serbia organized at the beginning of this year an online conference on the actual and very popular topic *Tourism after Covid 19 - Tourist guide in the period after the pandemic, what to expect and how to prepare* on the following topics:

1. Work with domestic individual tourists
2. Work with foreign individual tourists
3. Work with VIP clients
4. Tourists with special needs
5. Work with groups in the country and abroad:
 - 5.1. Domestic
 - a) children
 - b) pupils and students
 - c) adults
 - 5.2. Foreign (bus circular tours, air, cruises, cycling, mountaineering,...)
6. Activities:
 - 6.1. Outdoors
 - a) in the city during a walking tour
 - b) at archeological sites and open-air museums
 - c) in nature parks
 - 6.2 Indoors
 - a) in transport

- b) in museums and galleries
 - c) in hotel and catering facilities
 - d) in halls (during the program - congress ceremonies... etc.)
7. Insurance (types and methods of policy activation)
8. Health services

In July 2020, the Protocol on Cooperation between UTVS and the Association of Tourist Guides of Novi Sad and the Association of Tourist Guides of Niš was concluded, signed and certified. This has enabled the Association to represent the interests of the associations in Novi Sad and Niš before state bodies in order to provide assistance and support. Based on the Rulebook for employers and employees with preventive measures to prevent the spread of the coronavirus epidemic (Official Gazette of RS, 94/2020), adopted by the Ministry of Labor in July 2020, the Association adopted a plan for implementing measures in accordance with the rulebook and posted all necessary information at the entrance to the Association of Tour Guides of Serbia.

At the invitation of YUTA, the Association took part in a joint appeal for help for the entire tourism sector.

Towards the end of 2020, the Association became a member of the European Federation of Tourist Guides Associations (EFTGA) and participated in a survey on the impact of Covid-19 on tourist guides, which all EFTGA tour guide associations should forward to its members. Based on the results of the survey, the EFTGA will make a report for all EFTGA member countries, which will be useful for us in future activities. They designed and organized an open-air press conference, called it the Public Hour, and after the first time it was clear that it would be a platform for increasing media visibility, presentation of activities and tasks of guides, and above all an opportunity for guides to acquaint the public with an extremely difficult situation.

During the Public Hour, they showed how they train young colleagues, pointed out the importance of the correct presentation of history, the destiny of a nation and its country, and took a look "behind the scenes" – at how safe transport of guests in Belgrade takes place and is organized. Public lessons were used as an opportunity to point out the plight of guides who lost their jobs due to the global pandemic caused by the Covid-19 virus. The media were present during public lessons. Print and digital media as well as the television broadcast interviews, statements and articles.

Conclusion

As a result of the COVID 19 pandemic, the tourism industry is under unprecedented pressure. The pandemic has crippled domestic and international travel for the most part, resulting in significant revenue losses and liquidity problems for all tourism businesses. At the moment, both travelers and businesses are facing great uncertainty. In the aftermath of the crisis, the industry will have to contend with people's increased need for security and trust. It does not matter whether it is a vacation or a business trip: The future of tourism is becoming a question of quality, and the parameters will be different.

The reset brought about by the Corona crisis forced this rethinking at a stroke – and at the same time paved the way for a new reception of tourism. As painful as the pandemic is for the industry economically, it can – and must – be seen as the beginning of a new, more sustainable era for tourism, both globally and locally.

For the tourism industry, this presents an opportunity – and at the same time a challenge – to restore the relationship of trust with travelers. Because in the future, the choice of destinations and means of transport will increasingly depend on the guarantees and securities that tourism providers can provide. Guests crowded in hotels, deaths on cruise ships and guests stranded abroad have left their mark not only on those directly affected. Against this background, regional tourism will initially gain in attractiveness: short distances and local recreation convey a sense of security – just as familiar cultural circles promise emotional security. But supraregional destinations can also benefit if they can guarantee high standards, such as reliable conditions in terms of healthcare and transportation.

The theses on resonance and transformation tourism put forward by the Zukunftsinstitut in its trend study "Resonance Tourism" published at the end of 2019, will become a broadly effective reality after the crisis, transforming the tourism markets. The fundamental principle of resonance, the desire for sustainable relational experiences, will gain enormous momentum and strength from the experiences that each individual had in the context of the crisis. Post-Corona tourism will be a relationship and development tourism.

According to the requests of the tour guides in Serbia, it can be concluded that few steps have been made. At the session of the Government of the Republic of Serbia in February 2021, the third package of economic measures to help citizens and the economy, worth 249 billion dinars, was adopted. The new set of measures will include direct assistance to entrepreneurs, micro, small, medium and large companies, support to the catering sector, hotels, travel agencies, the passenger and road transport sector, as well as one-time financial assistance to citizens and extension of the guarantee scheme to maintain private liquidity. In addition to one and a half minimum wages, support of a minimum wage will be provided to caterers, travel agencies, licensed tourist guides and companions, hotels, resorts and car rental agencies. The sector of passenger and road transport and bus stations will also receive the direct support.

Due to the global corona pandemic, travel is restricted in many countries. Even when tourism supply chains start functioning again, the recovery on the demand side will take some time, given the interconnectedness of the consequences of the economic and health crisis and the progressive lifting of travel restrictions. This will have major consequences for many national economies, particularly because of the significant share of tourism in many of them. This crisis will not last forever and we are optimistic that it will be possible to discover the world again in 2021.

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THE IMPACT OF COVID-19 ON WORLD TOURISM

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Abstract

The article presents the effects of Covid-19 world tourism in 2020. The goal of the paper is to research the consequences of the pandemic on the tourism sector. The paper presents and reviews the available information on how tourism was affected by the pandemic, endangered jobs, and ways in which countries are dealing with the consequences. The paper discusses possible measures and scenarios of the countries to mitigate the effects of the crisis and accelerate the recovery of tourism and the economy. Summarizing the findings, authors will conclude that the disruption in tourism from the pandemic had a huge impact on the wider economy, and countries' governments reacted quickly. The scope of imposed measures expanded continuously during the crisis. At the end, recommendations are given for the priorities for renewal of tourism and protection of jobs, as recommendations for solidarity and promotion of mutual cooperation.

Key Words: *tourism, travel, countries, pandemic, policy, recovery*

JEL classification: Z32, L83, I15

Introduction

The coronavirus showed the power to paralyze the societies and their economies on a global level. This pandemic hit world tourism hard and left deep consequences as well. As UNCTAD points out, the world economy was strongly hurt with serious damages that throw a shadow on all individuals and communities worldwide. The weak and defenseless countries were the ones that were hit the most as a result of the quick spread

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of the virus across the countries and the world's economy that has led to an enormous crisis worldwide. (UNCTAD, 2020).

The Secretary-General of UNCTAD Mukhisa Kituyi - shared the hope that this "better healing" could sow the seeds of a wholesome, equitable and greener globalization that can be nurtured by a stronger approach to multilateralism. By and large, the most common measures adopted by the states are packages to stimulate the economy as a whole, mostly aimed at the most affected sectors (UNCTAD, 2020). Undoubtedly, tourism is one of the most directly affected. "Fiscal stimulus packages mostly refer to VAT exemptions or delays as well as profit tax, emergency economic funds and economic assistance especially SMEs, the self-employed and investment programs aimed at mitigating the effects of the pandemic" (UNWTO, 2020a).

According to UNWTO Policy Brief from June 2020, there is a strong and widespread political response to the action caused by the Covid-19 pandemic in the regions. From 220 countries and territories analyzed in 2020, a total of 167 countries have reported on specific measures aimed at reducing the crisis effect and accelerating the recovery process. More than 144 countries among them, have adopted fiscal and monetary policy, along with policies to support jobs and training that have been conducted by 100 countries (UNWTO, 2020a). We must say that fiscal and monetary policy is one of the most widespread in the regions.

The disruption that occurred in tourism has a cause-and-effect impact on the economy as a whole, given the interconnectedness of the sector. The OECD estimates that more than a third of all domestic tourism value added comes from indirect impacts, which reflect the magnitude of links between tourism and other sectors (e.g. food production, agriculture, transport, business services). One of the most affected sectors of the Covid-19 pandemic is undoubtedly tourism, and it affects economies, livelihoods, public services, and so on. Maintaining a sector-dependent livelihood must be a priority, but the renewal of tourism is "also an opportunity for change with a focus on supporting its impact on tourist destinations and building stronger communities and businesses through innovation, sustainability, digitalization and partnerships" (UN, 2020).

According to United Nations, the number of international tourists has decreased significantly due to travel restrictions as well as falling consumer demand. All this has led to economic deficits and job losses. The greatest

risk of losing jobs in tourism such as closing businesses due to the pandemic undoubtedly exists among women, young people and everyone working in the informal economy (UN, 2020a). In addition, the hardest hit will be destinations and jobs that are directly related to tourism. Hence, the purpose of this paper is to research how the Covid-19 pandemic affected world tourism and how tourism disruption affected the economies of countries, tourism sector and the jobs, as well as how the governments of the countries dealt with pandemic and the effects on the tourism. This paper will also develop a discussion of possible future measures and scenarios for assistance and healing of tourism and the economy worldwide. The paper suggests that a dialogue between the tourism sector and the governments could be beneficial in order to share knowledge and define consequences affecting the tourism industry, as well as to find the best applicable measures in the future.

Literature review

Tourism is an important source of employment for many developing countries, it also represents a good way for country promotion (Stojanovska-Stefanova & Atanasoski, 2017). The pandemic caused by Covid-19 will directly affect tourism and the road sector (Strielkowski, 2020). The vulnerability of the tourism and hospitality industries has come to the fore due to travel restrictions and advice. (De Sausmarez, 2004; Kaushal & Srivastava, 2020; Zhang et al., 2020). The virus affected virtually all parts of the world as well as every segment of tourism industry. The travel measures as well as social distance recommendations make an impact on accommodations, the events were cancelled worldwide and the restaurants had to close. In some countries, "a modification of the restaurants to take-away delivery sales allowed some to continue operations" (Gössling et al., 2021).

The unprecedented effect of the coronavirus pandemic was felt in the hotel industry and that has confronted social and economic risks, cancelled arrangements and events (Mehta et al., 2021). Coronavirus disease has rapidly affected our day-to-day life and the global economy too. The damage of "such event re-emphasizes the vulnerability of tourism industry" (Jiang & Ritchie, 2017). Therefore, "the health care quality innovation will have an important role in fighting this pandemic crisis" (Zsifkovits et al., 2016).

Some authors explore "the relationships between tourism and sustainable development through the lens of the Covid-19 crisis" (Leal-Filho, 2020; Jones & Comfort, 2020; Daphne, 2020). Other researches (Mistilis & Sheldon, 2006) "focus on the need for the destinations to create a knowledge-based system to assist with crisis and disaster management". Also, some authors emphasize "the vulnerability of tourism in the face of disasters and the challenges of establishing recovery" (Yeh, 2020). The rapid changes in the environment impose the need to apply innovative tools in all segments of the business. Innovative enterprises are characterized by the ability to make the most of new job opportunities, innovations, scientific breakthroughs, the use of modern technology in work and new approaches to employees, (Magdinceva Sopova, et al, 2018). Effective enterprise management means formulating a proper business strategy, therefore human resource planning is a necessary management activity in any enterprise (Magdinceva Sopova et al, 2017).

There is no doubt, that the "impact of Covid-19 on the travel tourism industry will be incomparable to the consequence of the previous pandemic episodes" (Škare et al., 2021). For very short period, "the global tourism system moved from over-tourism" (Dodds & Butler, 2019; Seraphin et al., 2018) "to non-tourism, vividly illustrated by 'before' and 'after' photographs in social media news" (Condé Nast Traveller, 2020). "Demographic patterns in Europe and the rest of the world make population more vulnerable to future epidemic outbreaks" (Skirbekk et al., 2015). "The impact of pandemic is significant and requires an interdisciplinary research tackle" (Wen et al., 2020). "Government plays a major role in the fight against the Covid-19 on many levels, such as the recovery of the economy, which includes tourism industry" (Shih-Shuo, 2020).

Methodology

The main hypothesis of the authors for writing this paper is that "the Covid-19 pandemic hit world tourism hard and left deep consequences." Auxiliary hypotheses are that "the Covid-19 pandemic has endangered the jobs of tourism industry employees", "the Covid-19 pandemic has profound economic effects on the countries" and "flexible policy solutions are needed to build more sustainable and resilient tourism economy in the future". The authors will try to prove the basic and auxiliary hypothesis through a process of analysis and synthesis, generalization and specialization, induction and deduction, abstraction and concretization, as well as through all concepts and forms of thinking.

The hypotheses are tested and discussed by the authors through the available data, analysis of the knowledge of international organizations (particularly the OECD, the United Nations and its specialized agencies) where the countries as member states are most called to deal with the pandemic. The hypotheses are tested and discussed by the authors through available scientific sources that deal with the topic and large numbers of academic papers published in prestigious journals, as well as through the method of direct monitoring of the demonstrated behavior of the states in dealing with the pandemic and creating measures for dealing with the economic and health crisis.

Countries' losses due to Covid-19 crisis and proposed measures for tourism recovery

International tourist arrivals reached 1.5 billion in 2019, which is a growth of 4 percent compared to 2018, which strengthened the ten-year record where tourism had faster growth than the world economy as a whole. New 8.8 billion tourist arrivals were added by domestic tourism. The sector earned \$ 1.5 trillion from exports and directly or indirectly employed one in ten people (UNWTO, 2020a).

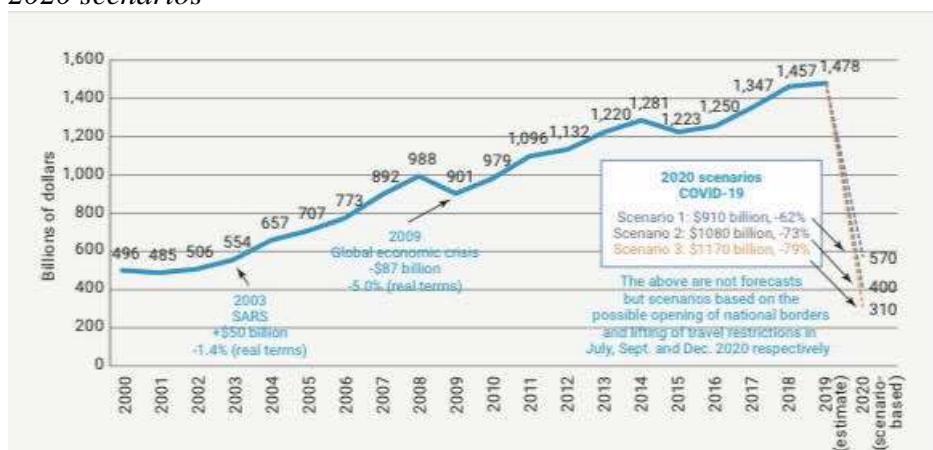
In mid-March 2020, tourism came to a halt. The first months of this year compared to last year show that international tourist arrivals decreased by 56 percent with data for May which decreased by 98 percent. All of this is an export loss of almost \$ 320 billion, which is actually three times more than the losses during the global economic crisis in 2009.

Advanced scenarios suggest that there may be reductions in arrivals and revenues from tourism internationally, i.e. 58 percent to 78 percent for the whole year, depending on how long the pandemic lasts, travel restrictions and the opening of borders that have just begun, but all this remains uncertain. This huge shock could translate into numbers or a drop in tourism from 850 million to 1.1 billion and a loss of tourism export revenue of \$ 910 billion to \$ 1.2 trillion that could put 100 to 120 million tourism jobs at risk.

In some parts of the world, travel is starting again, and with it, the limited connectivity, as well as the weak consumer confidence but also the unknown development of the pandemic and the impact of the economic downturn, are new challenges for the tourism sector. Key to accelerating the recovery of the economy is of course supporting households that are

dependent on "a sector affected by months of inactivity, and building a sustainable and responsible travel experience that is safe for communities, workers and travelers" (UN, 2020). Tourism is right in front of the crossroads and all the measures that will be adopted today will form what tourism will be tomorrow. The long-term effects of the crisis need to be taken into account by governments as well as benefiting from "digitalization and supporting the low carbon transition and supporting the structural transformation needed to build a stronger, more sustainable and stronger tourism economy" (OECD, 2020).

Figure 1: *Receipts from international tourism (exports) 2000-2019 and 2020 scenarios*



Source: *United Nations, 2020*

According to UNWTO (2020b) some countries have already approved financial support for their state-owned airlines, including Finland, Italy and New Zealand, while Brazil, Costa Rica and Norway have announced air travel and other aviation tax delays. In the Russian Federation, travel companies and airlines will have the right to defer their tax payments. Guatemala has approved a deferral of taxes on accommodation and airline tickets. Singapore has also reduced airport fares.

The same report states that Bulgaria's government will assist businesses (catering, travel agencies and tour operators, restaurants and fast-food establishments), and will cover insurance payments owed by employers. Serbia, Slovenia and Slovakia have announced they will make direct payments to companies (or a percentage of salaries) that have been forced to close due to the pandemic.

In North Macedonia the Government also adopted five set economic measures packages aimed at reducing the impact of the coronavirus outbreak by supporting both citizens and the economy. These measures are in order to provide help for the sectors which are most affected by the coronavirus outbreak such as companies operating in tourism, transport and hospitality. The measures foresee subsidizing up to 50% of the social contributions due for North Macedonia's average salary in 2019, interest-free loans, as direct assistance to micro, small and medium-sized enterprises, distribution of vouchers for summer holidays in tourist regions in the country for the citizens with low income etc. (WHO, 2021). Montenegro aimed salary grants for May and April 2020 for the tourism sector. The government in Spain provide measures to support the extension of workers' periods of "permanent employment in the tourism and trade and hospitality-related sectors of the tourism sector" (UNWTO, 2020).

Moreover, "Sweden eased short-term layoffs: employers' wage costs can be halved with the central government covering a larger share of the costs" (UNWTO, 2020). According to UNWTO (2020), workers whose employment contracts have been temporarily canceled will receive compensation and the state will cover the costs of social and health insurance in Greece. Similar relief or assistance from countries in terms of social security contributions has been observed in other countries and territories, ie in Argentina, Kuwait, Morocco, Mongolia, New Caledonia, Samoa and Hungary where the payment of contributions by employers has been stopped in and the state will take over 70% of the lost wages in three months in support of part-time workers. Similar measures have been adopted by the following countries: Brunei, China, Fiji, Malaysia, New Zealand, Papua New Guinea, Senegal, Singapore and Vanuatu. The Federal Government Center of Excellence for Tourism in Germany established a corona-navigator website that is used to keep up to date with the latest news, facts and recommendations and to provide guidance to all shareholders (UNWTO, 2020).

The OECD Policy Responses to Coronavirus (Covid-19): "Rebuilding tourism for the future: Covid-19 policy responses and recovery" provides analyses for the tourism in 2020 in Canada, Croatia, German, Switzerland, and United Kingdom. Domestic tourism is expected to recover to the levels in 2019 only in the summer of 2021, with forecasts for international tourism to recover sometime in April 2023 (ie two years longer). Annual turnover is expected to decrease compared to 2019 by: "42% in domestic and 57%

in international tourism in 2020, 14% in domestic and 52% in international tourism in 2021 and 30% in international tourism in 2022" (OECD, 2021).

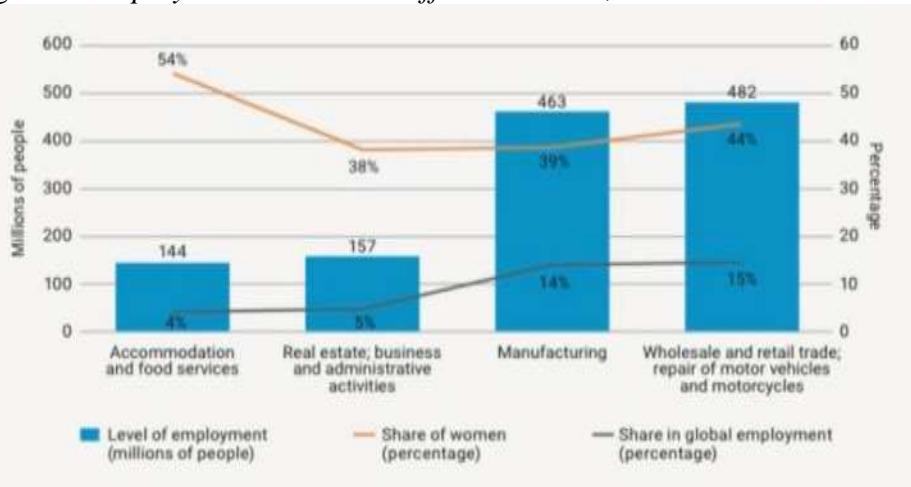
According to the Swiss Institute of Economics (COF), the number of overnight stays in Switzerland is projected to fall by 34% in 2020, the OECD said. The decline in domestic demand is projected to be relatively small (decline of 14%), and the loss in international business is significant (decline of 55%). "Domestic and European demand is expected to recover steadily, but demand from overseas markets is not expected to recover until 2023" (OECD, 2021).

Also, as a result of the tourism crisis, UNCTAD, estimates that global GDP losses could amount to 2.8% of world GDP (\$ 1.2 trillion) if international tourist arrivals fall by 66%, with the most significant consequences for countries such as Croatia (potential GDP decline of 8%), Portugal (6%), Morocco (4%), Greece (4%), Ireland (3%) and Spain (3%). This could rise to a 4.2% drop in world GDP (\$ 3.3 trillion) if international tourism flows are dormant for 12 months (UNCTAD, 2020).

According to the conclusion of the United Nations (2020d), the roadmap for tourism transformation should include five priority areas that will manage the crisis but also reduce socio-economic impacts with special emphasis on employment and women's economic security, further to increase market competitiveness as well as to promote the innovation of the entire tourism ecosystem, foster sustainability as well as a partnership to change tourism and achieve SDG's.

Government support needs to be directed towards building a more sustainable and resilient tourism economy. When the recovery from the pandemic begins, tourism should be ready to provide services in order to meet demand. It will be necessary to work with tourism businesses to continue to be sustainable after the end of support and to address the long-term consequences of the crisis. Millions of tourism jobs are at risk due to the crisis and pandemic. Tourism provides a number of jobs for low-skilled workers, along with higher-skilled jobs.

The most vulnerable as a result of the impact on tourism from Covid-19 are women and they cover 54% of the total workforce in the tourism sector, 32% are young, migrants who have limited or no access to social protection according to the International Labor Organization (ILO, 2020a).

Figure 2: *Employment in the most affected sectors, 2018*

Source: UNWTO (2020d)

The OECD in 2020 announced that the governments have taken impressive action to "cushion the blow to tourism", to minimize consequences as the employment losses and to build recovery in 2021. Since the pandemic is easily "passing the borders" multilateral approaches of finding policy solutions are necessity for the future. Among the priorities of the countries, according to OECD (2020) are to restore and strengthen the cooperation within and between countries, to improve traveler confidence and to support tourism sector, so it may adapt and survive. Also, key priorities are to promote domestic tourism and to support safe return of international tourism and to build more resilient and sustainable tourism.

The main challenge: How to recover tourism after the Covid-19 pandemic?

In order for the tourism economy to keep pace with the virus in the short and long term, adaptable solutions are needed. It is very important to learn from the whole crisis, especially as there have been gaps in government and industrial capacity in terms of power to cope and respond appropriately to the crisis. Covid-19 threatens the long-term well-being of millions of people in addition to the threat to health and socio-economic disruption (ILO, 2020c). Worldwide, 144 million workers are employed in housing and food service jobs. This includes approximately 44 million self-employed workers and 7 million employers (UNWTO, 2020d; ILO, 2020b). Women's incomes are particularly affected by measures to close

markets for handicrafts, products and other goods. The goal of recovery and response to the Covid-19 pandemic must be to ensure the involvement of 476 million people worldwide, said UN Secretary-General António Guterres has underscored (UNWTO, 2020c).

The Covid-19 pandemic is a kind of opportunity to analyze the tourism sector and its contribution to SDGs as well as the Paris Agreement on climate change. The whole crisis is an opportunity to work towards a more sustainable, inclusive and sustainable. Tourism has the potential to contribute, directly or indirectly, to all of the SDGs. "In particular, it has been included as targets in SD Goals 8, 12 and 14 on inclusive and sustainable economic growth, sustainable consumption and production (SCP) and the sustainable use of oceans and marine resources, respectively" (Stojanovska-Stefanova et al., 2019).

In the 2030 Agenda, sustainable tourism is positioned very firmly. "Only through collective action and international cooperation will we be able to transform tourism, advance its contribution to the 2030 Agenda and its shift towards an inclusive and carbon neutral sector that harnesses innovation and digitalization, embraces local values and communities and creates decent job opportunities for all, leaving no one behind" (UNWTO, 2020d).

Looking for new opportunities in the recovery phase UNWTO and Google have strengthened their partnership to promote digital skills. The UNWTO (2020d) underlines that in response to the crisis, the governments need to focus on the impact of the tourism sector on its domestic conditions as well as employment worldwide. In addition, care must be taken to protect employees and to make the necessary efforts to activate the positions they hold. All these solutions and responsibilities should be faced with a gradual and highly practical way to protect the revenues and the companies themselves. Furthermore, it is also very possible to build trust in all tourism activities through all the protocols necessary for health safety. Because of the solutions that are needed, competitiveness should be linked and strengthened to build resilience. It is also necessary to help the innovations and the overall digitalization of the tourist ecosystem. Sustainable and inclusive green growth as well as strengthening coordination and partnerships are needed to change tourism and achieve UN SDGs. This crisis is possible so that it (tourism) can be transformed and sustained due to the impact of Covid-19 on tourism and to protect millions of livelihoods. The OECD (2020) underlined that "crisis is a great opportunity to move

toward reasonable, more sustainable and resilient models of tourism development".

Conclusion

The Covid-19 crisis hit hard and left a mark on one of the most dynamic and intense sectors today. Tourism is the reason for the livelihoods of millions of people around the world and a reason too for billions of people to appreciate and respect both their own and different cultures and the natural world too.

Tourism in some countries represents even over 20% of total GDP and in general, and tourism is the third largest export sector of the world economy. Travel and tourism are among the most affected sectors, as the world is facing tremendous Covid-19 pandemic.

Data from the UN World Tourism Organization (UNWTO) shows that 100 to 120 million direct tourism jobs are at risk. The UN Conference on Trade and Development (UNCTAD) forecasts a loss of 1.5 to 2.8 per cent of global GDP (UN, 2020c). Therefore, tourism was in the main focus of the governments, international organizations as well as scholars in this field.

According to the available data from the international organizations, the most of the measures adopted by the states aim to provide financial support to SMEs, as well as to self-employed workers and to promote the job retention and secure employment.

The countries around the world have implemented travel restrictions to prevent the spread of the virus. We may conclude that the disruption in tourism from the pandemic had a huge impact on the wider economy, and countries' governments reacted quickly and strongly to provide best possible relief. Most of the countries have implemented stimulus packages and support measures for the employees. The scope of imposed measures expanded continuously during the crisis.

Tourism is one of the hardest hit sectors with a wide range of consequences, therefore it is at the center of such policies. The states have implemented special measures that are aimed directly on tourism, especially in those countries where tourism sector contributes greatly to the national economy. Therefore, the authors have confirmed the hypothesis frame set at the beginning of the paper that the Covid-19 pandemic hit world tourism hard

and left deep consequences. The Covid-19 pandemic has endangered the jobs of tourism industry employees, and the pandemic has profound economic effects on the countries, therefore new flexible policy solutions are needed in order to build a more sustainable and resilient tourism industry in the future.

Many countries are also now developing measures to build a more resilient tourism economy post COVID-19. These include preparing plans to support the sustainable recovery of tourism, promoting the digital transition and move to a greener tourism system, and rethinking tourism for the future (OECD,2020).

Among the measures recommended by United Nations (2020b, 2020c) and OECD (2020) are that the countries have to protect jobs, as well as to implement new technologies. To mitigate the effects of the crisis and accelerate the recovery of tourism and the economy, the international organizations generally recommend the states to open their borders with responsibility, to implement safety and security protocols, to improve travelers' confidence and to focus on innovation and sustainability as the new normal in the near future.

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ADAPTIVE NEURO FUZZY ESTIMATION OF THE OPTIMAL COVID-19 PREDICTORS FOR GLOBAL TOURISM

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Abstract

COVID-19 is a pandemic that has emerged as a result of 2019-novel coronavirus droplet infection (2019-nCoV). Recognition of its risk and prognostic factor is critical due to its rapid dissemination and high case-fatality rate. Tourism industry as one of the greatest industries has suffered a lot in the pandemic situation. The main aim of the study was to present travelers' reaction during the pandemic by data mining methodology. The effect of eleven predictors for COVID-19 was also analyzed. The used predictors are: population density, urban population percentage, number of hospital beds, female and male lung size, median age, crime index, population number, smoking index and percentage of females. As the output factors, infection rate, death rate and recovery rate were used. The analyzing procedure was performed by adaptive neuro fuzzy inference system (ANFIS). The results revealed that the frequency of the used words in the pandemic show the highest impact on the travelers' reactions. Number of hospital beds and population number is the optimal combination for the best prediction of infection rate of COVID-19.

Key Words: *COVID-19, Tourism industry, Predictive analytics, Hybrid model, predictors*

JEL classification: *R58, R59*

Introduction

Since December 2019, a novel coronavirus (SARS-CoV-2)-infected pneumonia (COVID-19) has been circulating in Wuhan and has quickly

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spread throughout China. Predicting the Coronavirus outbreak, which has spread to over 200 countries and has already been declared a pandemic by the World Health Organization, is a difficult challenge. Situational demand is an effective predictor of the unpredictable gruesomeness to ensure better healthcare service management. Demonstrating and forecasting COVID-19 in orders with minimal knowledge structures becomes a difficult task.

In the Wang et al. study, (2020b) it has been suggested that NCD4LR is a potential and useful biomarker for predicting the virus negative conversion time in COVID-19 patients. A hybrid model that incorporates ensemble empirical mode decomposition (EEMD) and artificial neural network (ANN) for predicting the COVID-19 epidemic has been proposed in an article by Hasan (2020) where the result of this investigation showed that the proposed model outperforms compared with traditional statistical analysis. Many laboratory indicators, such as neutrophils, AST, GT, ALP, LDH, NT-proBNP, Hs-cTnT, PT, APTT, D-dimer, IL-2R, IL-6, IL-8, IL-10, TNF, CRP, ferritin and procalcitonin, were all significantly increased in deceased patients compared with recovered patients on admission (Wang et al., 2021a).

In a large cohort of COVID-19 patients of European origin, main risk factors for mortality were older age, comorbidities, low lymphocyte count and high Radiographic Assessment of Lung Edema (RALE) (Fabio et al., 2020). The aim of the research conducted by Xie et al., (2020) was to develop a quantitative method for clinicians to predict the probability of improved prognosis in patients with coronavirus disease 2019 (COVID-19). The impact of obesity on the prognosis and disease severity of COVID-19 has been explored in an article by Tamara & Tahapary (2020) where it was found that obesity is an independent risk and prognostic factor for the disease severity and the requirement of advanced medical care in COVID-19.

Elevated Lactate dehydrogenase (LDH) levels were associated with a ~6-fold increase with regards to developing severe disease and a ~16-fold increase with regards to mortality in patients with COVID-19 (Henry et al., 2020). Totally, 36 clinical indicators significantly associated with severe/critical symptom for COVID-19 were identified (Sun et al., 2020b). Lymphopenia and eosinopenia may serve as predictors of disease severity and disease progression in the COVID-19 patients, and enhancing the cellular immunity may contribute to COVID-19 treatment (Sun et al., 2020a). In a paper by Zhang et al., (2020) a segmented Poisson model was

employed to analyze the available daily new cases data of the COVID-19 outbreaks and the analysis allowed to make a statistical prediction on the turning point, the duration and the attack rate.

There are currently no reliable methods for predicting COVID-19's outcome. The main aim of the study was to present travelers' reaction during the pandemic by data mining methodology. It has also established a model for predicting the prognosis of the disease based on the selection of the most impactful predictors. One of the most widely used approaches for modeling and simulation of various structures and processes is artificial neural networks. Since artificial neural networks have parallel architectures for solving complex and highly nonlinear problems, this is the case. Therefore, the main aim of the study is to apply artificial neural network merged with fuzzy logic for analyzing of COVID-19 predictors. The used predictors are: population density, urban population percentage, number of hospital beds, female and male lung size, median age, crime index, population number, smoking index and percentage of females. As the output factors infection rate, death rate and recovery rate were used. Adaptive neuro fuzzy inference system (ANFIS) (Jang, 1993; Laković et al., 2021; Milić et., 2021; Petković et al., 2021a, 2021b, 2021c;) is used as a type of artificial neural network which is suitable for nonlinear data samples.

Methodology

COVID-19 predictors

In order to enable precise and reliable application of the ANFIS methodology there is a need to establish a database with good quality and acceptable size. The data size depends on the data quality. In other words, if the data quality is good then there is no need to increase size of the database. Therefore, the literature review in this study was chosen in order to establish a reliable database.

The TF-IDF is a statistical measure that assesses the relevance of a word to a document in a set of documents. This is accomplished by multiplying two metrics: the number of times a word appears in a document and the word's reciprocal document frequency across a set of documents. The main point is to create a large image of frequently used words. Since the word frequency analysis requires data on individual tokens, even though words have a high frequency, they cannot produce a meaningful big picture. The

most commonly repeated words in this study are simple words that also reveal the dataset's thematic structure. When you look at the figure, you'll notice that, PEOPLE, TRAVEL, VIRUS, DAY, CASE, TIME, CANCEL, and TRIP stand out. Any of these terms occur more than 3000 times a year. As a result, even this small number of tokens could mean that the majority of users tend to cancel their trips. The expressions FLIGHT, WEEK, CORONAVIRUS, CHINA, POST, COUNTRY, and GOOD were repeated in the frequency range of 2000–3000.

Table 1 shows input parameters used in the study for covid-19 predictors while Table 2 shows output parameters which are paired with the input data. The used input predictors are: population density (World Population Review, 2021a), urban population percentage (World Population Review, 2021a), number of hospital beds, female and male lung size, median age (World Population Review, 2021b), crime index, population number (Uğur & Akbıyık, 2020), smoking index (Ritchie & Roser, 2013) and percentage of females (The World Bank Group, 2021). As the output factors infection rate, death rate and recovery rate were used (Kaggle, 2020).

Table 1: *COVID-19 predictors*

Country	Density	Urban Population	Hospital Bed	Lung	Female Lung	Male Lung
Albania	105	63	2.9	11.67	7.02	17.04
Algeria	18	73	1.9	8.77	5.03	12.81
Argentina	17	93	5	29.27	20.16	42.59
Armenia	104	63	4.2	23.86	16.17	35.99
Australia	3	86	3.8	18.79	15.9	22.16
Austria	109	57	7.6	17.02	13.02	22.14
Azerbaijan	123	56	4.7	20.61	14.07	29.32
Bahrain	2239	89	6.8	18.37	13.83	22.39
Bangladesh	1265	39	0.8	69.07	61.7	76.24
Belarus	47	79	11	9.46	2.83	21.51
Belgium	383	98	6.2	27.11	21.2	34.98
Bosnia and Herzegovina	64	52	3.5	18.48	12.88	26.05
Brazil	25	88	2.2	26.57	19.71	35.83
Bulgaria	64	76	6.8	19.79	13.98	27.92
Cambodia	95	24	0.8	34.21	30.47	39.66
Canada	4	81	2.7	19.01	16.95	21.55
Chile	26	85	2.2	14.84	12.24	18.58
China	153	61	4.2	63.1	56.35	70.52
Colombia	46	80	1.5	36.3	31.33	42.49

Costa Rica	100	80	1.2	20.42	17.65	23.65
Croatia	73	58	5.6	21.75	14.54	32.7
Cuba	106	78	5.2	23.3	20.53	26.67
Cyprus	131	67	3.4	17.85	11.34	26.04
Czech Republic	139	74	6.5	19.68	13.1	28.54
Denmark	137	88	2.5	31.99	31.31	32.85
Dominican Republic	225	85	1.6	11.43	9.5	13.57
Ecuador	71	63	1.5	24.07	18.85	30.17
Estonia	31	68	5	8.8	3.59	18.36
Ethiopia	115	21	0.3	18.56	13.55	24.28
Finland	18	86	4.4	9.92	5.47	15.97
France	119	82	6.5	13.15	9.64	17.69
Georgia	57	58	2.6	23.26	15.96	34.46
Germany	240	76	8.3	20.01	16.32	24.67
Ghana	137	57	0.9	21.09	17.95	25.11
Greece	81	85	4.3	20.62	18.3	23.49
Honduras	89	57	0.7	21.39	22.03	20.76
Hungary	107	72	7	27.68	19.86	39.93
Iceland	3	94	3.2	19.71	20.44	18.65
India	464	35	0.7	96.92	87.54	106.89
Indonesia	151	56	1.2	36.26	23.54	51.83
Ireland	72	63	2.8	24.92	23.02	27.25
Israel	400	93	3.1	16.1	12.81	20.23
Italy	206	69	3.4	17	12.78	22.78
Jamaica	273	55	1.7	15.74	6.33	26.44
Japan	347	92	13.4	12.17	5.8	20.85
Kazakhstan	7	58	6.7	114.28	79.27	174.88
Kenya	94	28	1.4	19.15	14.92	24.16
South Korea	527	82	11.5	10.48	6.6	16.23
Kuwait	240	92	2	10.99	7.44	13.43
Latvia	30	69	5.8	8.06	2.76	17.68
Lebanon	667	78	2.9	17.28	13.86	20.78
Lithuania	43	71	7.3	11.5	4.13	25.02
Luxembourg	242	88	4.8	20.52	17.2	24.91
Malaysia	99	78	1.9	23.73	12.95	34.24
Maldives	1802	35	4.3	26.7	26.61	26.89
Malta	1380	93	4.7	12.05	6.66	19.15
Mauritius	626	41	3.4	30.56	17.36	48.62
Mexico	66	84	1.5	27.85	23.43	33.14
Moldova	123	43	5.8	17.13	9.21	29.88
Mongolia	2	67	7	13.4	9.3	18.76
Montenegro	47	68	4	17.6	10.7	26.47

Morocco	83	64	1.1	10.39	7.51
Namibia	3	55	2.7	43.86	29.39
Nepal	203	21	0.3	100.75	94.59
Netherlands	508	92	4.7	26	22.74
New Zealand	18	87	2.8	21.88	19.66
Nigeria	226	52	0.3	21.14	19.65
Norway	15	83	3.9	26.13	23.51
Oman	16	87	1.6	10.87	9.06
Pakistan	287	35	0.6	50.61	35.5
Panama	58	68	2.3	24.25	19.96
Peru	26	79	1.6	17.69	14.94
Philippines	368	47	1	44.52	27.04
Poland	124	60	6.5	16.16	9.98
Portugal	111	66	3.4	13.35	9.14
Qatar	248	96	1.2	7.87	5.37
Romania	84	55	6.3	18.8	10.65
Saudi Arabia	16	84	2.7	12.41	9.55
Serbia	100	56	5.7	23.27	15.49
Singapore	8358	99	2.4	8.32	3.17
Slovenia	103	55	4.6	11.89	8.36
South Africa	49	67	2.8	44.3	28.03
Spain	94	80	3	16.37	8.22
Sri Lanka	341	18	3.6	21.58	15.38
Sweden	25	88	2.6	16.17	16.58
Switzerland	219	74	4.7	15.22	11.94
Tanzania	67	37	0.7	18.09	14.24
Thailand	137	51	2.1	25.82	12.91
Tunisia	76	70	2.3	23.54	10.97
Turkey	110	76	2.7	35.63	21.2
United States	36	83	2.9	32.01	30.04
Ukraine	75	69	8.8	11.11	4.73
United Arab Emirates	118	86	1.2	18.37	12.55
United Kingdom	281	83	2.8	23.66	21.11
Uruguay	20	96	2.8	33.57	23.14
Vietnam	314	38	2.6	26.26	16.8
Country	Median Age	Crime Index	Population 2020	Smoking 2016	Females 2018
Albania	32.9	40.02	2877.797	28.7	49.06309
Algeria	28.1	54.41	43851.04	15.6	49.48427
Argentina	31.7	62.96	45195.77	21.8	51.23735
Armenia	35.1	20.78	2963.243	24.1	52.95658
Australia	38.7	42.7	25499.88	14.7	50.19962

Austria	44	23.23	9006.398	29.6	50.82943
Azerbaijan	31.3	32.68	10139.18	20.8	50.11575
Bahrain	32.3	29.18	1701.575	26.4	36.34825
Bangladesh	26.7	64.98	164689.4	23	49.3873
Belarus	40	24.8	9449.323	26.7	53.45605
Belgium	41.4	42.5	11589.62	28.2	50.59332
Bosnia and Herzegovina	42.1	43.57	3280.819	38.9	51.01054
Brazil	32	69.48	212559.4	13.9	50.82992
Bulgaria	42.7	39.31	6948.445	37	51.41409
Cambodia	25.3	51.8	16718.97	17.2	51.19798
Canada	42.2	39.48	37742.15	14.3	50.39153
Chile	34.4	47.12	19116.2	37.8	50.72703
China	37.4	36.7	1439324	25.6	48.67937
Colombia	30	52.54	50882.89	9	50.92577
Costa Rica	31.3	55.77	5094.118	11.9	50.00985
Croatia	43	24.23	4105.267	37	51.85262
Cuba	41.5	27.62	11326.62	35.2	50.33285
Cyprus	36.8	29.62	1207.359	36.4	49.97107
Czech Republic	42.1	25.99	10708.98	34.3	50.80859
Denmark	42.2	24.72	5792.202	19.1	50.2742
Dominican Republic	28.1	60.62	10847.91	13.7	50.0078
Ecuador	27.7	48.91	17643.05	7.1	49.97063
Estonia	42.7	22.17	1326.535	31.3	52.85843
Ethiopia	17.9	47.46	114963.6	4.4	49.97889
Finland	42.5	22.75	5540.72	20.4	50.72076
France	41.4	46.45	65273.51	32.7	51.58424
Georgia	38.1	20.18	3989.167	28.8	52.29124
Germany	47.1	34.6	83783.94	30.6	50.66037
Ghana	21.1	51.57	31072.94	3.9	49.32583
Greece	44.5	39.29	10423.05	43.4	50.9162
Honduras	23	75.84	9904.607	2	50.04934
Hungary	42.3	35.41	9660.351	30.6	52.43243
Iceland	36.5	23.15	341.243	14.7	49.81171
India	27.9	42.38	1380004	11.5	48.02354
Indonesia	30.2	46.26	273523.6	39.4	49.64388
Ireland	36.8	46.18	4937.786	24.3	50.42551
Israel	29.9	30.71	8655.535	25.2	50.29813
Italy	45.5	44.35	60461.83	23.7	51.37667
Jamaica	26	65.26	2961.167	16.8	50.33983
Japan	47.3	15.91	126476.5	22.1	51.15926
Kazakhstan	30.6	64.23	18776.71	24	51.51148

Kenya	19.7	62.38	53771.3	10.7	50.31602
South Korea	41.8	29.24	51269.19	23.3	49.91688
Kuwait	29.3	35.61	4270.571	22.5	39.54817
Latvia	43.6	36.6	1886.198	37	54.01017
Lebanon	30.5	43.38	6825.445	33.8	49.70581
Lithuania	43.7	34.82	2722.289	28.8	53.79196
Luxembourg	39.3	30.17	625.978	23.5	49.53926
Malaysia	28.5	60.66	32366	21.5	48.57852
Maldives	28.2	53.83	540.544	28.3	37.26498
Malta	41.8	37.73	441.543	25.5	49.87331
Mauritius	35.3	47.34	1271.768	21.6	50.57711
Mexico	28.3	52.51	128932.8	14	51.08928
Moldova	36.7	45.7	4033.963	24.2	52.03556
Mongolia	28.3	57.76	3278.29	25.6	50.66954
Montenegro	40.7	39.67	628.066	45.9	50.55901
Morocco	29.3	49.53	36910.56	23.4	50.40385
Namibia	21.2	68.14	2540.905	21.4	51.55369
Nepal	24.1	35.7	29136.81	22.8	54.53534
Netherlands	42.6	28.54	17134.87	25.8	50.22094
New Zealand	37.9	40.89	4822.233	16	50.83777
Nigeria	18.4	64.64	206139.6	5.8	49.33611
Norway	39.2	33.51	5421.241	20.2	49.52463
Oman	25.6	21.55	5106.626	11.1	34.01408
Pakistan	23.8	44.58	220892.3	20.1	48.53807
Panama	29.2	45.47	4314.767	6.1	49.90538
Peru	28	64.58	32971.85	4.8	50.33776
Philippines	23.5	41.09	109581.1	24.3	49.74166
Poland	40.7	29.67	37846.61	28	51.53071
Portugal	42.2	30.11	10196.71	22.7	52.71196
Qatar	33.2	12	2881.053	20.6	24.49529
Romania	41.1	27.84	19237.69	29.7	51.34374
Saudi Arabia	27.5	28.22	34813.87	15.6	42.44585
Serbia	42.6	37.63	8737.371	38.9	51.00252
Singapore	34.6	27.7	5850.342	16.5	47.65813
Slovenia	44.5	22.01	2078.938	22.5	50.24521
South Africa	27.1	77.02	59308.69	20.3	50.69415
Spain	42.7	31.07	46754.78	29.3	50.89664
Sri Lanka	32.8	40.15	21413.25	13	51.96682
Sweden	41.2	47.21	10099.27	18.8	49.94578
Switzerland	42.4	21.18	8654.622	25.7	50.42712
Tanzania	17.7	59.83	59734.22	14.8	50.05101
Thailand	37.7	41.29	69799.98	19.9	51.2687
Tunisia	31.6	40.64	11818.62	32.7	50.43715

Turkey	30.9	39.86	84339.07	27.2	50.67781
United States	38.1	46.73	331002.7	21.8	50.52001
Ukraine	40.6	49.04	43733.76	28.9	53.68775
United Arab Emirates	30.3	15.52	9890.402	28.9	30.63669
United Kingdom	40.5	43.64	67886.01	22.3	50.63527
Uruguay	35	52.33	3473.73	16.8	51.72154
Vietnam	30.5	48.22	97338.58	22.8	50.09641

Source: Kaggle (2020)

Table 2: *Output parameters for COVID-19*

Country	Total Infected	Total Deaths	Total Recovered	Country	Total Infected	Total Deaths	Total Recovered
Albania	949	31	742	Kuwait	16764	121	4681
Algeria	7377	561	3746	Latvia	1012	21	694
Argentina	8809	393	2872	Lebanon	954	26	251
Armenia	5041	64	2164	Lithuania	1562	60	1025
Australia	7072	100	6431	Luxembourg	3958	109	3718
Austria	16321	632	14678	Malaysia	6978	114	5646
Azerbaijan	3518	41	2198	Maldives	1143	4	91
Bahrain	7532	12	2952	Malta	569	6	460
Bangladesh	25121	370	4993	Mauritius	332	10	322
Belarus	31508	175	10620	Mexico	54346	5666	37325
Belgium	55791	9108	14687	Moldova	6340	221	2508
Bosnia and Herzegovina	2321	134	1522	Mongolia	140	0	26
Brazil	271885	17983	106794	Montenegro	324	9	312
Bulgaria	2259	112	646	Morocco	7023	193	3901
Cambodia	122	0	122	Namibia	16	0	13
Canada	80493	6028	40069	Nepal	402	2	37
Chile	49579	509	21507	Netherlands	44449	5734	167
China	84063	4638	79310	New Zealand	1503	21	1447
Colombia	16935	613	4050	Nigeria	6401	192	1734
Costa Rica	882	10	577	Norway	8267	233	32
Croatia	2232	96	1967	Oman	5671	27	1574
Cuba	1887	79	1538	Pakistan	43966	939	12489
Cyprus	918	17	515	Panama	9867	281	6194
Czech Republic	8647	302	5726	Peru	99483	2914	36524
Denmark	11242	551	9614	Philippines	12942	837	2843
Dominican Republic	13223	441	6613	Poland	19268	948	7903
Ecuador	34151	2839	3457	Portugal	29432	1247	6431

Estonia	1791	64	938	Qatar	35606	15	5634
Ethiopia	365	5	120	Romania	17191	1137	10166
Finland	6399	301	5000	Saudi Arabia	59854	329	31634
France	180933	28025	62678	Serbia	10733	234	4904
Georgia	707	12	456	Singapore	28794	22	10365
Germany	177778	8081	155681	Slovenia	1467	104	1338
Ghana	6096	31	1773	South Africa	17200	312	7960
Greece	2840	165	1374	Spain	232037	27778	0
Honduras	2955	147	349	Sri Lanka	1027	9	569
Hungary	3556	467	1412	Sweden	30799	3743	4971
Iceland	1802	10	1789	Switzerland	30618	1891	27700
India	106475	3302	42309	Tanzania	509	21	183
Indonesia	18496	1221	4467	Thailand	3033	56	2857
Ireland	24251	1561	19470	Tunisia	1044	47	826
Israel	16659	278	13435	Turkey	151615	4199	112895
Italy	226699	32169	129401	United States	1528568	91921	289392
Jamaica	520	9	145	Ukraine	18876	548	5632
Japan	16367	768	11564	United Arab Emirates	25063	227	10791
Kazakhstan	6751	35	3598	United Kingdom	250138	35422	1099
Kenya	963	50	358	Uruguay	738	20	579
South Korea	11110	263	10066	Vietnam	324	0	263

Source: *Kaggle* (2020)

ANFIS methodology

ANFIS network is shown in Figure 1 where five layers can be observed. Fuzzy inference system is the main core of the network. The main principle of the network is to include input and output data samples and to train the network.

Figure 1: ANFIS



Source: *Jang* (1993)

Results

The most influential variables for the TF-IDF were chosen using the ANFIS methodology. The selection is crucial, as is the preprocessing of the input parameters to exclude irrelevant inputs. The data collection is organized based on Table 1's data file. Following the commands in MATLAB Software, the dataset is partitioned into a training set (odd-indexed samples) and a checking set (even-indexed samples):

```
[data] = TF-IDF;
trn_data = data(1:2:end,:);
chk_data = data(2:2:end,:);
```

The function "exhsrch" conducts an exhaustive search of the available inputs to identify the collection of inputs that have the greatest effect on the TF-IDF. The function's first parameter determines the number of input combinations that will be tested during the selection process. In essence, "exhsrch" creates an ANFIS model for each combination, trains it for one epoch, and then reports the results. The command line below is used to evaluate the single most important attribute in predicting the outcome:

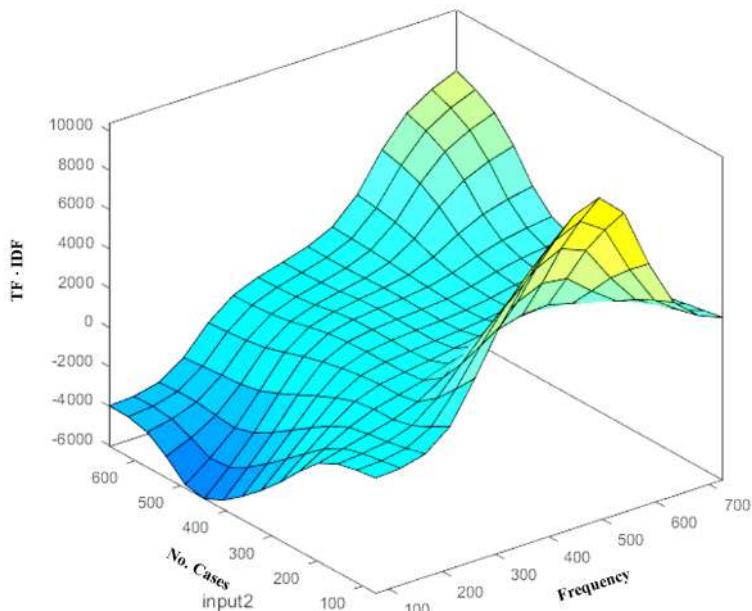
```
exhsrch(1,trn_data,chk_data);
```

The following results are obtained

```
ANFIS model 1: in1 --> trn=4.7729, chk=4.0893
ANFIS model 2: in2 --> trn=20.3109, chk=16.3539
ANFIS model 3: in3 --> trn=20.2467, chk=15.9928
```

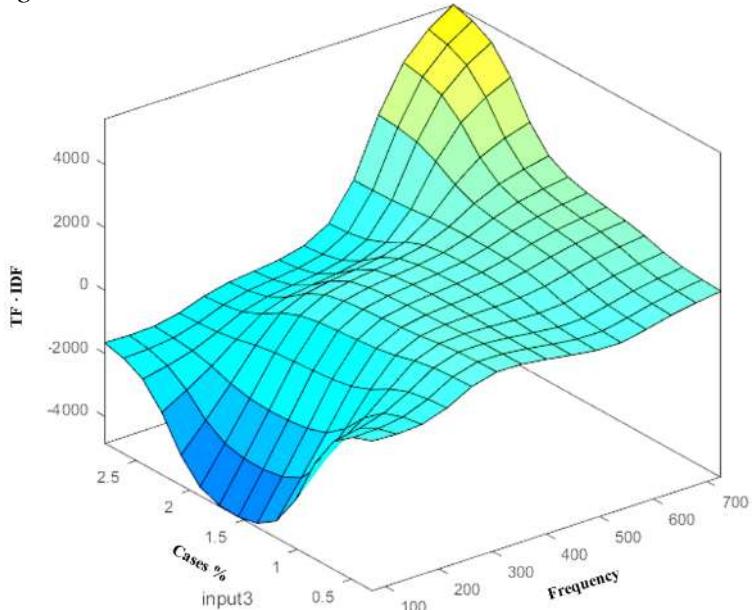
In terms of the output, the input variable 1 has the least error, or in other words, the most significance. The results show that the input attribute "Frequency" has the greatest impact on the TF-IDF. There is no overfitting since the preparation and checking errors are equivalent. The ANFIS decision surfaces for TF-IDF based on the three factors are shown in Figures 2-4.

Figure 2: ANFIS prediction of TF-IDF based on frequency and number of cases



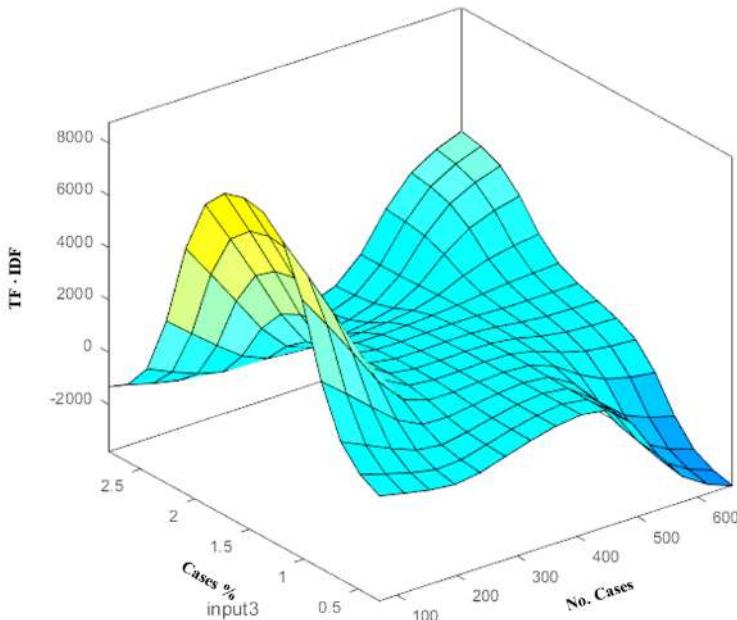
Source: Authors' own work

Figure 3: ANFIS prediction of TF-IDF based on frequency and cases percentage



Source: Authors' own work

Figure 4: ANFIS prediction of TF-IDF based on number of cases and cases percentage



Source: Authors' own work

COVID-19 predictors selection

According to training error (trn) in Table 3 population number in 2020 (bold value) has the strongest impact on infection rate. Checking (chk) error is used for tracking of overfitting between training and checking data. The same observations can be noted in Tables 4 and 5 for death rate and recovery rate prediction. Therefore number of population is the strongest single predictor for COVID-19.

Table 3: COVID-19 predictors' accuracy for infection rate

ANFIS model 1: Density --> trn=221712.2483, chk=173428.0136
ANFIS model 2: Urban Population --> trn=217111.7985, chk=79355.5141
ANFIS model 3: Hospital Bed --> trn=222877.0509, chk=59218.0037
ANFIS model 4: Lung --> trn=219926.4973, chk=71736.6272
ANFIS model 5: Female Lung --> trn=217976.8181, chk=63537.7839
ANFIS model 6: Male Lung --> trn=220320.5213, chk=118569.4758
ANFIS model 7: Median Age --> trn=218230.4643, chk=78625.0855
ANFIS model 8: Crime Index --> trn=220665.8308, chk=60387.4698

ANFIS model 9: Population 2020 --> trn=82662.2518, chk=436987.4859
--

ANFIS model 10: Smoking 2016 --> trn=220159.9990, chk=72984.8979
--

ANFIS model 11: Females 2018 --> trn=222482.2861, chk=65735.7301
--

Source: *Authors' own work*

Table 4: *COVID-19 predictors' accuracy for death rate*

ANFIS model 1: Density --> trn=14616.7168, chk=7129.0294
--

ANFIS model 2: Urban Population --> trn=14098.2589, chk=7508.5184

ANFIS model 3: Hospital Bed --> trn=14625.7927, chk=6237.5719

ANFIS model 4: Lung --> trn=14595.9762, chk=6070.9450

ANFIS model 5: Female Lung --> trn=14539.0685, chk=5715.5738
--

ANFIS model 6: Male Lung --> trn=14546.6911, chk=7819.8976
--

ANFIS model 7: Median Age --> trn=14194.7566, chk=7082.8291

ANFIS model 8: Crime Index --> trn=14476.0085, chk=5897.0950
--

ANFIS model 9: Population 2020 --> trn=8314.3409, chk=25039.1436
--

ANFIS model 10: Smoking 2016 --> trn=14442.2460, chk=6845.0943
--

ANFIS model 11: Females 2018 --> trn=14573.2227, chk=7057.1682
--

Source: *Authors' own work*

Table 5: *COVID-19 predictors' accuracy for recovery rate*

ANFIS model 1: Density --> trn=50722.7634, chk=24905.3444

ANFIS model 2: Urban Population --> trn=48831.7813, chk=26000.0839
--

ANFIS model 3: Hospital Bed --> trn=50058.7364, chk=29588.6144
--

ANFIS model 4: Lung --> trn=50372.4841, chk=27090.3174
--

ANFIS model 5: Female Lung --> trn=50056.1160, chk=23182.5764

ANFIS model 6: Male Lung --> trn=50307.3893, chk=38889.7417

ANFIS model 7: Median Age --> trn=49433.9358, chk=25140.0393
--

ANFIS model 8: Crime Index --> trn=50382.1178, chk=22497.1108

ANFIS model 9: Population 2020 --> trn=31874.6665, chk=74489.6323

ANFIS model 10: Smoking 2016 --> trn=50280.8124, chk=23877.6985

ANFIS model 11: Females 2018 --> trn=50654.2781, chk=24425.0319

Source: *Authors' own work*

Conclusion

The infection of Coronavirus Disease 2019 (COVID-19) has now spread worldwide, affecting over a million people. To reduce morbidity and social

burden, predictors of disease outcomes in these patients must be evaluated as soon as possible.

In this study, the effect of eleven predictors for COVID-19 was analyzed. The main concluding remarks are:

- The combination of number of hospital beds, population number and smoking index is the optimal combination for the best prediction of infection rate of COVID-19.
- The optimal combination of the predictors for the death rate is number of hospital beds, median age and population number.
- The combination of median age, crime index and population number is the most impactful combination for the death rate of COVID-19.

The results revealing the frequency of the used words in the pandemic show the highest impact on the travelers' reactions. The travel industry was already having problems. Many businesses have mastered the complexities of digitization and thrived in a rapidly evolving world. The scale of Covid-19's effects, on the other hand, is not comparable to previous crises. The demand for mobility, consumption, and independence is expected to remain strong in the future, but it will be shaped by local considerations.

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DIGITAL MARKETING OF AGRI-FOOD PRODUCTS IN SUPPORT OF RURAL TOURISM DURING THE COVID PANDEMIC

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Abstract

The paper explores the possibilities of restructuring the activities of rural tourism in Serbia, during the COVID pandemic. Having in mind the shock experienced by the tourism sector, as well as the area of rural tourism, digital marketing of agricultural and food products is imposed as one of the solutions. Namely, through online platforms and modern logistics, producers can consolidate business revenues during a pandemic, when rural tourism is almost impossible. The move can be seen as a short-term business restructuring caused by a pandemic. In that way, with the measures of state support, the area of rural tourism in Serbia can be preserved, in order to be ready for the period after the pandemic. Digitization enables small agricultural producers to survive and strengthen their market position in conditions of intensified global competition. This is achieved through digital cooperation, which can play the role of one large agricultural producer, thus achieving the effects of economies of scale, size and breadth.

Key Words: *digital marketing, agri-food products, online platforms, tourism, rural tourism.*

JEL classification: *M31, L83, O18, R51*

Introduction

International and European tourism have seen constant and almost unprecedented growth over the last decades (Ardeljan et al., 2020, p. 93).

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In 2018, a turning point was reached when international tourism recorded its ninth consecutive year of growth, exceeding even world GDP in terms of growth, according to the United Nations World Tourism Organization (UNWTO).. The beginning of 2020 brought the spread of the global pandemic, and the tourism and travel industry proved to be one of the most sensitive industries (Ardeljan et al., 2020, p. 93). From this point of view, a pandemic is an opportunity to rethink the criteria for ensuring sustainable tourism, while at the same time proving the fragility of the entire tourism sector (Ardeljan et al., 2020, p. 93).

Rural tourism allows consumers to return to the natural environment and relieve the pressure and stress that arises in urban areas. As an ecological journey to relatively preserved areas, rural tourism is an important element of sustainable tourism, economic and social development of rural areas (Grubor et al., 2019). Rural tourism with its specifics requires a careful approach to tourist demand and its segments, or niches. Consistent application of the marketing concept with adequate investments in market research, creation and marketing of a tourist product is a guarantee of success (Vuković, 2018, p. 81). On the other hand, "it is important to define the possibilities for the development of certain forms of rural tourism on the basis of territorial capital" (Rokvić-Knežić et al., 2020, p. 35).

Successful marketing of rural tourism requires knowledge of consumer behavior. First of all, they have to answer the question which consumer profile corresponds to a certain tourist destination (Tomić et al., 2020). Research indicates a high assessment of the perception of service quality in rural tourism in the Republic of Serbia (Perić et al., 2020, p. 1). At the same time, special attention should be paid to the presentation of local resources that are suitable for the development of food tourism (Vuković et al., 2020, p. 77). Food is certainly one of the very important elements on any trip. Most tourists on the trip want to try something new and unusual. Authentic food is in part a representation of a nation as well as a region (Janković et al., 2020, p. 81). Namely, he considers the hedonistic culinary experience to be an unmistakable element of authentic travel experiences (91.4%), and that adequate marketing of very tasty food contributes the most to the development of tourist destinations (Vujko et al., 2020, p. 1). Food tourism is a topic of increasing interest in relation to its potential contribution to regional development (Mihailović et al., 2020, p. 2).

Impact of COVID-19 on the tourism sector

Given the specificity of the new situation, at the moment, the epidemic phase varies greatly from country to country, and the policies adopted by decision makers are very specific, reflecting the economic and health context in which each country finds itself. "While the medium- and long-term impacts of COVID-19 remain uncertain and will vary from country to country and industry segment, governments often take aggressive and coordinated action locally, nationally, and internationally to reduce business losses and closures. but also in the long run" (Research Center of the Parliament of Montenegro, p. 6).

The economic impact varies in the branches of the tourism industry depending on a number of factors, including the nature of the tourist offer, the impact of travel restrictions on the flow of visitors, the volume and complexity of business, the size of the domestic tourism market and exposure to international markets, has an obvious connection with small and medium enterprises, as most enterprises in the tourism sector are small-scale (Research Center of the Parliament of Montenegro, p. 8).

Costs related to the prevention of the spread of viruses and changes in the work process (where this is feasible in the context of tourism), such as the introduction of telework, may be relatively higher for small and medium-sized enterprises (Organisation for Economic Co-operation and Development - OECD, 2020, p. 8).

"With international air traffic interrupted, the closure of major tourist sites and attractions canceling or postponing major festivals and events, and the banning of public gatherings (closed and open) in many countries, the impact of COVID-19 on global tourism is huge and immediate" (OECD, 2020, p. 11). Countries have shut down the economy to slow the spread of the coronavirus. Supermarket shelves remain stocked for now. But a protracted pandemic crisis could quickly put a strain on the food supply chains, a complex web of interactions involving farmers, agricultural inputs, processing plants, shipping, retailers and more (Cullen, 2020, p. 1). An important role in the improvement of rural tourism in Serbia could play a small business (Mihailović & Popović, 2019, pp. 251-266).

The three main categories of potential responses to the crisis in the tourism sector are the following (OECD, 2020):

1. Protection of people - protection of visitors (information, support for returning home, protection of consumers) and tourist workers (such as providing a guaranteed income);
2. Ensuring the survival of the business - along the entire supply chain in the field of tourism;
3. Establish coordination mechanisms - including working groups and measures for better targeted action and recovery of the sector.

Marketing aspects of rural tourism

"Tourism has become an important economic branch of a large number of countries in the world, and in some it has become the leading one" (Cvijanović, Mihailović, 2016, p. 2). This is evidenced by the income they earn from tourism. Having in mind such tendencies, the European Union promoted the multifunctional concept of development in its program of the common agricultural policy, better known under the acronym CAP (Common Agricultural Policy), which envisages tourism as one of the development perspectives. Namely, the common agricultural policy of the European Union must be directed as an integrated policy that contributes to other elements of social policy, primarily in the direction of rural development (Cvijanović et al, 2011, p. 62).

In this context, as the predominant tendencies on the side of tourist demand, especially in Europe, we can single out (Cvijanović, 2014, p. 132):

- refreshment through contrast (tourist trips on the route lowlands-mountains, town-village, mainland-island, etc.),
- striving for experiences related to cultural and historical heritage and preserved nature, "green" movement or tourism, which is also called alternative, responsible, "soft", "good" or "new" tourism - refers to rural tourism, so also in the cities, and on the coast. It means, above all, clean water, clean and safe sea, healthy food and unpolluted air, ie tourism that is not massive but "friendly" directed towards the natural environment,
- "blue" or nautical movement, ie demand, (sea cruise using marina, port and anchorage systems),
- demand for places, events and experiences that have a strong identity, integrity and diversity,
- demand for rural (agritourism) and agritourism - means staying in different types of accommodation (not exclusively in rural households) and engaging in activities (sports, adventure, challenges, art, handicrafts, etc.),

- demand for health, spiritual, mental renewal and renewal of identity - refers to new forms of health or spa tourism: striving for better fitness (recreational activities, sports and exercises, diet, fitness) and the desire for better health through the fight against stress.

The structure of employment and income of the rural population indicates that Serbia is dominated by "distressed" income diversification resulting from the unfavorable economic environment and poverty. At the same time, the largest share in the total income of the rural population of all areas has the salaries of employees, followed by the salaries of agriculture. The economic development of rural areas implies a much wider area than agriculture, and the goals of rural development policy and measures do not refer exclusively to farms and producers.

According to Article 12 of the Law on Agriculture and Rural Development: "rural development measures are a type of incentive that encourages the improvement of competitiveness in agriculture and forestry (investment in agriculture and forestry and the introduction of new standards in production and trade of agricultural products), improvement of environmental protection programs, preservation of biodiversity and programs for diversification of the rural economy and improvement of the quality of life in rural areas" (Law on Agriculture and Rural Development, No. 41/09).

Considering the characteristics of rural regions in Serbia, the dominant causes of their slow development are: unfavorable impact of the pandemic, migration of rural population to urban areas, unfavorable age structure, insufficient investment in rural areas, identification of agriculture with rural development with insufficient engagement in non-agricultural activities (Cvijanović et al., 2012, 7-25).

Through online platforms and modern logistics, producers can consolidate business revenues during a pandemic, when rural tourism is almost impossible. The move can be seen as a short-term business restructuring caused by a pandemic. In that way, with the measures of state support, the area of rural tourism in Serbia can be preserved, in order to be ready for the period after the pandemic.

Digital marketing in agribusiness

"The development of e-commerce of agricultural products has a 40-year history, it experienced the primary e-commerce affairs from twentieth century 70's used telephone as communication tools, conduct e-commerce trade from 90's used computer online and finally used satellite technology, Internet etc since twenty-first century, which is the highest stage of the development of e-commerce" (Yiqing & Lijuan, 2015, p. 561).

It has been indicated that the adoption and development of e-commerce is an innovative way of influencing food systems and market access for smallholders (Zenga et al., 2017, p. 455). "Short supply food chains cover a wide range of direct sale arrangements (on-farm selling, pick your-own, farmers' markets, sale booths, box schemes and direct online selling) as well as indirect relations with one or very few intermediaries (restaurants, neighbouring farm' shops, local supermarkets purchasing food directly from nearby farmers, collective point of sale, etc.)" (Popović & Mihailović, 2020, p. 100).

"Application of computer reservation systems (CRS) and global distribution systems (GDS) completely changes the role that intermediaries (travel agencies/tour operators) have until recently" (Vuković et al., 2016, p. 257). "The research results show that a higher level of quality of internet content has a positive effect on tourists choosing a certain destination of cultural tourism for travel and that internet content in terms of information efficiency, interactivity and practicality has a significant positive impact on tourists' intentions to visit cultural tourism destination" (Dramičanin & Sančanin, 2020, p. 1).

Direct marketing has three essential components: direct propaganda economic propaganda, a developed and efficient data bank, direct building of relationships with consumers to increase sales volume, market share and profit. Unlike mass marketing, which identifies consumers as a group that has common demographic characteristics, direct marketing identifies consumers by name, address, and shopping behavior. Direct marketing in production and sales can be achieved through: 1) maximarketing, 2) database marketing, 3) telemarketing and 4) interactive marketing (Cvijanović et al., 2009).

Maximarketing is the use of a consumer data bank and economic propaganda in the function of creating a targeted message that contributes

to the creation and expansion of permanent relationships with a specific group of consumers. Database marketing includes an extensive list of relevant information for a narrow target group of very promising consumers with an offer of companies of interest to them. Telemarketing, as the name suggests, is selling over the phone. The last form of direct marketing, the so-called. interactive marketing implies a system of media that allows companies and individuals as consumers to participate in two-way communication through computers, television, fax (Cvijanović et al., 2009). The successor of the industrial revolution - the information economy and the virtual Internet space - are successfully penetrating all aspects of everyday life, economy and trade, changing the current practice and norms. The digital revolution and computer technology are fundamentally changing the notion of space, time and matter. Namely, the company no longer has to take up much space, it can be virtual and located anywhere. Businesses can be connected to each other and to customers in a seamless virtual network. Finally, the importance and role of e-commerce ("online" or online trade), in relation to retail channels, is growing.

In the developed countries of the market economy, the Internet has already entered the field of agriculture, and the spectrum of application of the Internet for all marketing is very wide: from online propaganda, through online shopping (or sales), to online services. The company can use the Internet to research the environment and the market, to provide information (creating its own website), participate in discussions, perform direct Internet purchases and sales, exchanges, auctions, etc. Namely, you can always find the latest local weather forecast on the Internet, but you can also buy seeds or fertilizer or sell the final product via a worldwide computer network. The number of farmers running their own websites in the Netherlands (the situation in the Netherlands is a mirror of the general direction throughout the European Union) is increasing rapidly. It is interesting to note that in the world, it is the new generation of farmers - young, educated, and ambitious - who use Net technology to increase productivity and profits.

Farmers see the meaning of using online marketing, ie the Internet in agriculture, in the speed and ease of access to numerous information, as well as in the possibilities to perform business transactions (purchases and sales) without intermediaries and from "their backyard". Young farmers today do not have enough time and want to use all the opportunities available to them and all the tools available to them - software, Internet, satellites, robotics (eg for milking), biotechnology - to do much more in

less time. The ranges of computer technology in agriculture are interesting, although they are used and applied by a small number of farmers and in developed countries. For example, through a transmitter, ie a small device - a radio transmitter (which is tied around the right link on each head of cattle), the farmer can monitor the condition of each cow on the farm on graphs of a computer system, eg fertilization times). Although expensive (about \$ 70,000), this software solution successfully replaces a key person on the farm (Cvijanović et al., 2009). Also, farmers today are able to enjoy the benefits of milking robots, as well as to use remote solar irrigation systems, which they control via central computers (Cvijanović et al., 2009).

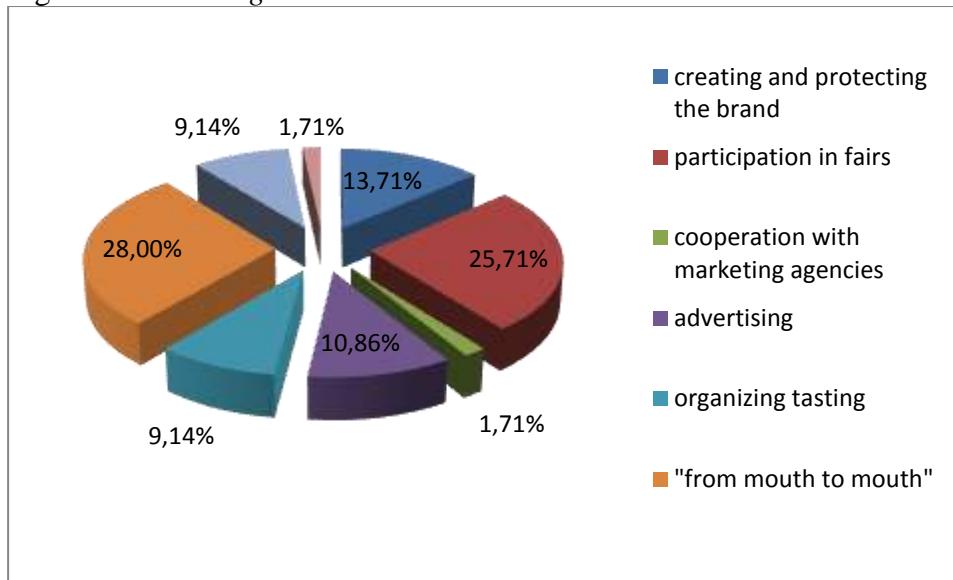
In that sense, Internet exchanges like Farmbid allow farmers to order and sell 24 hours a day and exchange orders in real time, without wasting valuable time from the working day to contacts with local dealers, to purchase input or sell their products. This greatly changes the position of producers, who are almost completely excluded from money transactions related to trade in their products. One of the problems of modern technology is that it allows large farmers to become even bigger, but that same technology increases competition among small producers. One of the sites of the Internet exchange - Farmbid, however, allows small farmers to survive in the market, by being able to unite and create a "virtual cooperation", which will play the role of one large producer. The digital revolution has opened the door for newly started companies, which are implementing a niche strategy, to enter the world market with a small amount of capital. For example, the wine company Clos LaChance started a business as a virtual vineyard. Namely, the owner buys grapes from other vineyards, rents space for production and storage, finds people talented in making wine, labels, bottles and stoppers and sells only over the Internet. As a virtual company, it strives to compete with Mondavi and other, financially well-off and organized, wine producers. Finally, today there are many websites that deal with agribusiness and many companies are trying to become a link between producers, distributors and customers in one place by creating Internet sites.

Digital marketing of agri-food products: development potential of Braničevo Podunavlje (BP) region

Having in mind the shock experienced by the tourism sector, as well as the area of rural tourism, digital marketing of agricultural and food products is imposed as one of the solutions. By producing competitive agri-food products, agriculture in the BP region would ensure sufficient income for

agricultural holdings, focusing its activities on meeting the needs and preferences of consumers and working closely with the food processing industry (Mihailović, Radić-Jean, 2019, 678). "In order to achieve this, certain economic, social and environmental goals must be fulfilled: 1. agriculture must efficiently use natural resources, 2. it must be integrated into the rest of the rural economy and society 3. it must significantly contribute to environmental protection" (Radić-Jean & Mihailović, 2019, 41). Since there is a certain correlation between financial and marketing performance (PIMS model), it is useful to determine which marketing activities are undertaken by the surveyed producers in the BP region. The survey showed (Figure 1) that the most common marketing activities are: mouth-to-mouth promotion (28%) and participation in fairs (25.71%) (Mihailović et al., 2020, 9).

Figure 1: *Marketing activities*



Source: *Regional Development Agency Braničevo-Podunavlje (RDA-BP)*, 2019

At the same time, the construction and protection of the brand is present in 13.71% of the surveyed producers. It is positively surprising that only 1.71% of the surveyed producers do not deal with marketing, which indicates that in the BP region there is a certain affirmative awareness of the importance of marketing activities (Mihailović et al., 2020, 9).

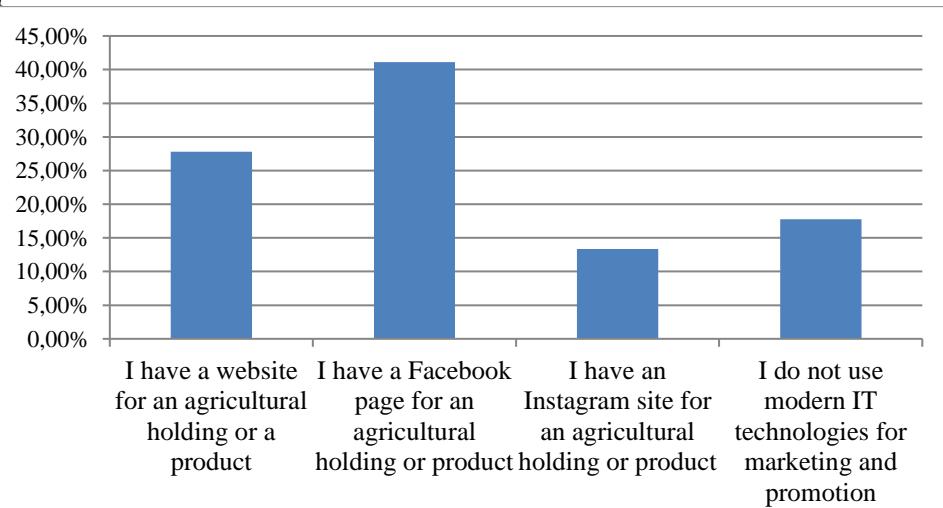
"Information and communications technologies are playing an increasingly important role in keeping farmers and rural entrepreneurs informed about agricultural innovations, weather conditions, input availability, financial services and market prices, and connecting them with buyers" (FAO, 2017, p. 54).

When asked: Are you using modern IT technologies for marketing and promotion of your product, the following answers have been received (Mihailović et al., 2020, 10):

1. I have a website for an agricultural holding or a product: 27.78%;
2. I have a Facebook page for an agricultural holding or a product: 41.11%;
3. I have an Instagram site for an agricultural holding or product: 13.33%;
4. I do not use modern IT technologies for marketing and promotion: 17.78%.

The majority are those producers (47.11%) who have a Facebook page for an agricultural holding or product, which is understandable as it is a free advertising medium (Figure 2) (Mihailović, Radić-Jean, p. 29).

Figure 2: Use of modern IT technology for marketing and promotion of products



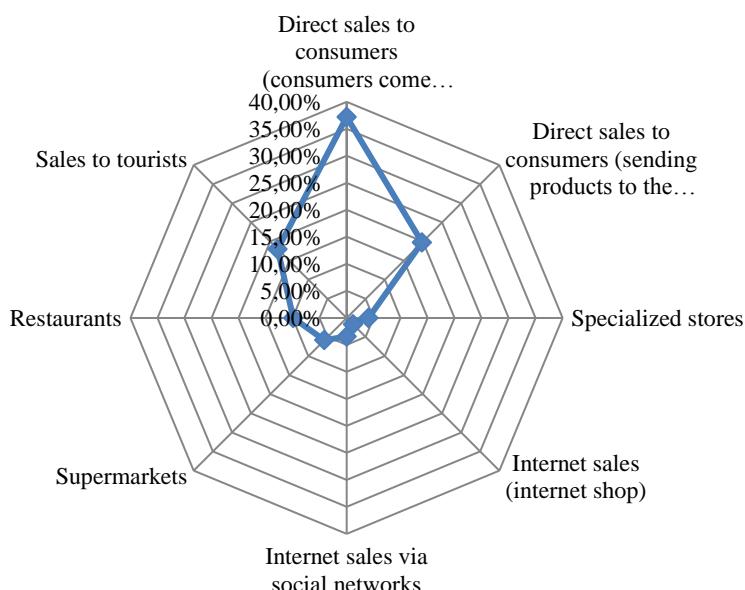
Source: *Regional Development Agency Braničevo-Podunavlje (RDA-BP), 2019*

At the same time, almost 18% of surveyed producers do not use modern IT technologies for marketing and promotion, which increases the need for

training and education of manufacturers in this field (Mihailović, Radić-Jean, p. 29).

Existing products are dominantly oriented to the domestic market (73.1%), and the remaining 26.9% of the producers are selling products on both domestic and foreign markets (Figure 3) (Mihailović et al., 2020, 10). It is interesting that no surveyed producer places products exclusively on foreign markets.

Figure 3: *Sales channel structure*



Source: *Regional Development Agency Braničevo-Podunavlje (RDA-BP), 2019*

Analysis of the sales channel structure indicates that agricultural products in the BP region are mainly sold directly to consumers:

- a) consumers come to the manufacturer (37.21%);
- b) products are sent to the address (19.77%) (Mihailović et al., 2020, 10).

Sales to tourists as a sales channel are used in 18.02% of producers and have a certain significance for the development of the BP region due to linking tourism and agri-food products of this region. There is relatively

little sales channel participation through specialized stores, social networks and online stores (Mihailović et al., 2020).

Digital platform for the sale of agri-food products: Local market

"At present, the developed countries due to the popularity of e-commerce and information technology in agriculture, have rapid development of e-commerce of agricultural products" (Yiqing & Lijuan, 2015, 561). Digitization enables small agricultural producers to survive and strengthen their market position in conditions of intensified global competition. This is achieved through digital cooperation, which can play the role of one large agricultural producer, thus achieving the effects of economies of scale, size and breadth. Local Market (Lokalni za Pazar, 2019) is a regional, multisectoral initiative to support producers of food and beverages and other agricultural products in the Braničevo-Podunavlje region. The aim of the initiative is to encourage the purchase of local products, through free advertising of producers on the Internet portal, or intensive promotional campaigns on the Internet, social networks and local media, which will inform and animate residents to contact producers and reach the desired products (Lokalni za Pazar, 2019). In the environment of the epidemic caused by the spread of coronavirus and the consequent measures that disrupted the daily life of each individual and society as a whole, more than ever we are directed at each other, our family, neighbors, acquaintances. In order to overcome this period together as successfully as possible, it is necessary to turn to other ways of thinking and functioning (Lokalni za Pazar, 2019).

The initiative encourages connecting customers with food and beverage producers in their local communities through a simple service called Local Market, which will allow an easy search of product offerings in the neighborhood, contacting old and new producers of cheese, seedlings or fresh vegetables and agreement on downloading the desired products (Lokalni za Pazar, 2019).

Conclusion

The information economy and digitalization are spreading like "circles in water" to almost all sectors of the economy, as well as aspects of everyday life. The current practice and business rules are changing radically. The IT and digital revolution has significantly changed our understanding of the world around us. Digitization enables small farmers to survive and

strengthen their market position in the conditions of COVID-19. This is achieved through digital cooperation, which can play the role of a large agricultural producer, thus achieving the effects of economies of scale, size and breadth. Also, the decline in income in rural tourism can be compensated, primarily through online sales of agri-food products. Thus, digitalization can be understood as a form of business restructuring, which is the initial capsule for financial restructuring.

Accordingly, "Digital Platforms" for the sale of agri-food products represent a link between producers, distributors and customers in one place, with complete consumer satisfaction being the primary goal. Consequently, due to COVID-19, the importance of online trade has increased compared to traditional retail channels.

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IMPACT OF THE COVID-19 PANDEMIC ON THE TOURIST OFFER AND AGRICULTURAL DEVELOPMENT IN THE MUNICIPALITY OF KUČEVO

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Abstract

The corona virus pandemic has imperilled tourist destinations around the world, completely disrupting all types of traffic and border traffic. The global corona virus pandemic has brought with it major changes in trade, industry, agriculture and transportation. The negative effect of the pandemic on agriculture is reflected in the loss of the market. Tourism and catering are affected first, as arrangements are canceled and people go out to restaurants less. The next important branch that got affected is industry due to supply chain disruption. Economic activity has pretty much stalled in many sectors, and yet agriculture and food production are mentioned as saviors of national economies. The maxim is known as "there is no stable state without a consistent agrarian policy and a developed agricultural sector". Tourism is an important activity that is seriously counted on in the municipality of Kučevo. The festival of original folk art "Homoljski motivi" is organized in the municipality, moreover, at the territory of the municipality we can find the gold-bearing river Pek and the attractive caves Ceremošnja and Ravništarka. They are tourist content by which the municipality of Kučevo has long been recognizable. The absence of tourist activity on the territory of the municipality of Kučevo affected the reduction of the tourist offer, such as the preparation of traditional food using local products, which all has a negative impact on agricultural production, primarily livestock products.

Key Words: *Municipality Kučevo, tourism, Covid-19 Pandemic, agricultural development*

JEL classification: *Q1*

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Introduction

Outbreaks and global pandemics are the greatest threat to the sustainability of human resilience. Mankind has witnessed many pandemics throughout human history that have killed millions of people and devastated the global economy and politics. Unlike previous food-borne zoonotic diseases, Covid-19 has raised global food safety concerns (World Food Program WFP, 2020a; FAO, 2020a; Torero, 2020a).

Since the outbreak of the pandemic, food purchases made in panic have emerged in many countries, and which is even worse, some countries have considered restrictions on food exports (International Institute for Food Policy Research IFPRI, 2020). An extraordinary meeting of G-20 agriculture ministers in April 2020 confirmed the need for collective action to ensure that the market functions well. After March 2020, Covid-19 expanded around the world very quickly. Under the influence of the great lockdown against Covid-19 there was a sudden recession (Torero, 2020b), food systems were at risk as never before, pushing more and more people into poverty, hunger and malnutrition (WFP, 2020b). In addition to the above, the demand for food of animal origin has decreased. During the H1N1 pandemic in 2009, 64% of consumers in China stopped buying pork, bringing \$ 270 million in losses to the American Pig Association in the second quarter of 2009. (Gong et.al.,2020). The Covid-19 epidemic is hitting densely populated areas and larger cities harder than rural areas (Reardon et al., 2020). Covid-19 destroys the agricultural production sector. Even in developed countries like the United States and Canada, excessive stocks of milk, vegetables, livestock and poultry have emerged. (Weersink et.al., 2020, Bellany & Corkery, 2020).

Macroeconomic trends in the global world economy indicate a decline in overall economic activity, which can be compared to the Great Depression of the last century, which lasted from 1929 to 1933. All the existing and realistically observable elements of the current economic situation show that the appearance of the corona virus is going to leave huge consequences on the economy and the world economy as a whole.

The consequence of the corona virus will lead to a drastic decline in the world economy, because all economic branches, including the tertiary sector, will have great losses in 2020, and possibly in the following years as well. Production has been completely stopped in certain areas of the economy, and some sectors produce only what is necessary to preserve the

functioning of the economic system. Also, activities in tourism, transport and other services have been completely suspended, which will cumulatively lead to a drop in the rate of economic growth and development. In the first five months of 2020, the total number of tourist arrivals in Serbia decreased by 52.8% compared to the same period in 2019. In May 2020, the number of tourist arrivals decreased by 87.6% compared to May 2019, and when it comes to foreign tourists, this decrease is 97.8%.

The perception of risk in health crises is often higher in relation to the real danger of infection. Studies show that their impact is smaller on those tourists who have visited a country affected by the health crisis in the past.

In any case, in addition to providing conditions for combating the spread of the disease, it is important to provide as much information as possible. Representatives of the tourism industry often do not provide enough information in their brochures or websites thinking that this will spread fear, while consumers should be aware of the risks and precautions they should take. A good example was shown by the Pacific Asia Tourism Association (PATA) during the crisis caused by SARS, undertaking a number of public information activities in order to restore trust in the region. When it came to the appearance of bird flu, PATA already had a concept prepared. They provided timely information on the dangers of this flu and ways of transmission. The notifications were harmonized with the WHO.

Tourism is an economic activity that is seriously counted on in the municipality of Kučovo. Due to the Covid-19 pandemic, there was no tourist activity in 2020, because there was no tourist activity within the tourist offer. On the territory of the municipality of Kučovo, there are numerous tourist destinations and festivals of original folk art.

The aim of this paper is to point out the perspectives of tourism development and agricultural production in order to increase the tourist offer using tourist potentials and local products.

Impact of Covid-19 on tourism in the Republic of Serbia

There are slightly more than 83,000 people in Serbia who are engaged in hotel management, according to the data of the Republic Bureau of Statistics. A good year for Serbian tourism was 2019, because for the first time the number of foreign tourists exceeded the number of domestic ones,

with more than 10 million overnight stays, according to the data of the Ministry of Trade, Tourism and Telecommunications. The pandemic especially endangered tourist guides and companions. There are no more group trips, especially when it comes to foreigners. In addition to the crucial changes we have encountered, such is a change in the way we work, we have lost the opportunity to provide ourselves with those pleasures that are the bright spots of our days. We began to realize the value of small things, which we considered natural, only when we realized that they could become very inaccessible. Travel is undoubtedly one of such situations, that makes everyday life more beautiful, and which at one point became almost impossible.

Tourism is an area that may have suffered the greatest consequences during the pandemic. At the same time, we realized how much we need this area and how much its unlimited availability affects our quality of life.

Observed statistics show that we did everything to escape from the cities and find peace in the greenery of conifers, calmness of blue waters and mountain slopes.

Potentials of the Municipality of Kučovo from the aspect of tourism development

The municipality of Kučovo is located in the southeastern part of the Braničevo district and covers the extreme slopes of the Homolje Mountains with a gradual transition to the Stiška valley. It covers an area of 721 km². The average altitude of the whole area is 280 m, and the highest peak is Stubej, whose height is 940m. The municipality is well connected with all parts of the republic.

Kučovo - old mining area

Zvizd is an old mining area where the Celts, Romans, Slavs and Serbian kings searched for gold. The area of Zvižd was, thanks to its natural resources, interesting to people even in prehistoric times. Thanks to its mineral wealth, this area was significantly inhabited in both the ancient and medieval periods. On the territory of the municipality of Kučovo, the Romans intensively exploited iron ore, gold and silver from the nearby mines. Numerous cultural and historical monuments and remnants of material culture from this period testify to these events.

The most important cultural monument is "Kraku lu Jordan". "Kraku lu Jordan" is the most important archeological and metallurgical ancient site from the period of the 3rd - 5th century AD in this part of Serbia. It was surrounded by strong fortifications inside when a foundry of iron, lead, gold and silver and other metals functioned. Castings (ingots) of these metals were found. The site is located at the mouth of the river Brodica in Pek, in the village of the same name Brodica. It represents a cultural asset of exceptional importance in the Republic of Serbia. Since the gold coin with the image of Emperor Hadrian was found in Kučajna, it can be claimed with certainty that the Romans were on the territory of the municipality of Kučevò in 128 AD. Gold, silver and iron from the mine were stored in a fortification located near the confluence of the Kučajska River and the Pek River. The name of that fortified city was Guduskum.

The municipality is rich in ores, agricultural and forest land. The municipality of Kučevò is located in the temperate-continental climate zone, and in the higher parts there is a transition to the mountain type. The main features of this climate are long and cold winters and warm summers. The average annual precipitation is about 750 mm. The average annual air temperature is around 11C. The relief of the wider surroundings of Kučevò is complex and diverse with meso and microforms of denudation, fluvial and karst relief. There are two geographical units: plain and hilly-mountainous part, upper and lower Zvižd. This relief, as well as the pedological and hydrographic characteristics of the land, determine the manner of its use.

In the structure, agricultural land occupies 34,532 ha or one half of the total area of the municipality, while, in the other half, 34,820 ha is under forests and the remaining part occupies 2,748 ha of land. Of that, 16,119 ha are arable land, and the remaining part of the agricultural land is pastures and meadows. The river Pek flows through the municipality of Kučevò, which is a right tributary of the Danube and, on the territory of the municipality, it represents the largest river flow that flows along the entire length of the territory. The height difference from the mouth to the source of Pek is 725 m with an average drop of 6.25%. The stream itself is 120.20 km long, and the catchment area is 1326 km². The average flow of the river is about 7.5 m³/s. Significant tributaries for the entire water regime are the Komša and Kučajska rivers on the left and the Ševica and Posuška rivers on the right. The municipality is very rich in mineral raw materials and had a very long tradition of lime and stone production, while the exploitation of quartz is of more recent date. The entire area of the municipality is very rich in ore

and coal, and exploratory exploitation of gold with pit excavation is in progress.

Agriculture

Observed through the time from the end of the last century to the present day, there is a noticeable decline in the number of inhabitants in the municipality of Kučovo and beyond, i.e. in the Braničevo district and in the Podunavlje district, as well as a decline in agricultural and rural population engaged in agricultural production. According to the data of the last census of agriculture in the Republic of Serbia in 2012 in the municipality of Kučovo, the number of agricultural farms is 3,694, with agricultural households using a total of 11,622 hectares of agricultural land.

The main characteristics of agricultural farms on the territory of the municipality are very fragmented farms and a very small total area of cultivated agricultural land per farm: 977 households with a total of 610 ha of agricultural land have up to 1 ha of agricultural land at their disposal, 807 households using 1,165 ha of agricultural land have 1-2 ha of agricultural land, 1245 households using 4,029 ha of agricultural land have 2-5 ha of agricultural land. 5-10ha and more of agricultural land is available to 503 households that use 416ha of agricultural land. There are 26 households that do not have agricultural land. The total area of agricultural land, based on cadastral data, is 34,800 ha, and if we compare these data with the data from the 2012 agricultural census, we will notice that 2/3 of the agricultural land in the municipality is unused.

According to the data from the Statistical Office of the Republic of Serbia, according to the last census of agriculture, the municipality has: 1,634 head of cattle, and accommodation capacity for 9,933 head of cattle in 2,186 buildings, 11,211 pigs, and accommodation capacity per farm for 38,682 in 3,195 buildings, 10,984 sheep, 1,695 goats, 64,584 poultry and 5.389 hives.

Based on the presented data, we can unequivocally conclude that the livestock is very impoverished, regardless of the potentials and the existence of already built facilities for livestock breeding. From all the above, there is a clear need to build facilities for the processing industry, primarily at least one other slaughterhouse and at least one dairy, which would provide agricultural producers with a permanent and safe placement of agricultural products and thus directly encourage the production of large

animals - cattle, pigs, sheep and goats. As for other branches of agricultural production, there is a noticeable trend of growth in the number of hives and agricultural producers engaged in beekeeping.

A special problem that Covid-19 brought was the impact on the labor force in agriculture, especially in labor-intensive productions such as fruit and vegetable growing. Necessary seasonal workers are irreplaceable during the agricultural season and they often work illegally, without health care, and if they get sick, they will be unable to return to their jobs for weeks. The market chain in agriculture is complex, if in some part there is a problem, production stops or slows down on the way to the consumer. Of course, it is difficult to predict the effects of Covid-19 when the virus is still spreading around the planet, but it is clear that its economic consequences will be devastating and long-term. Agriculture recovery measures are primarily fiscal and monetary.

Tourism

Tourism is an economic activity that is seriously counted on in the municipality of Kučevac. The festival of original folk art, "Homoljski motivi", the gold-bearing river Pek and the attractive caves Ceremošnja and Ravništarka, are tourist contents that the municipality of Kučevac has long been recognizable by. However, the region has a much greater tourist potential, which could be activated relatively quickly with adequate investments and strengthen the existing active tourist offer. The most important segments of the tourist offer of the municipality of Kučevac are reflected in the following contents:

Caves: Ravništarka Cave is one of the most beautiful and well-kept caves in Serbia. It is located near the village of Ravnište, 12 km south of Kučevac, in the hills of the Homolje Mountains, on the road to the Ceremošnja Cave. The length of the hiking trail in the cave is 550 m. A protection regime of the 2nd degree has been established in the area of the Natural Monument Pećina Ravništarka, which covers an area of 6 ha.

Ceremošnja Cave is 15 km away from Kučevac. It is located near the village of Ceremošnja, on the slopes of the highest peak of the Homolje Mountains, Veliki Stubej (940 m). The length of the tourist trail is 431 m. Ceremošnja Cave is widely known for its ornamental wealth and attractive cave halls. Like Ravništarka Cave, Ceremošnja Cave is a protected natural asset - a natural monument of III category (cave and surrounding area of 33 ha). The

management of the Natural Monument Ceremošnja Cave is also entrusted to the Tourist Organization of the Municipality of Kučevište. Dubočka Cave is located at the foot of the Zviške Mountains, near the village of Duboka, 12 km north of the main road Kučevište - Majdanpek. It is 20 km away from Kučevište. Dubočka Cave is one of the longest caves in Serbia (2,275 m). This cave, however, is not open for tourists, and it is interesting in terms of speleological-adventure tourism. Particularly attractive is the giant entrance, 25 m wide and 20 m high. By making an access road of about 400 m and a walking path to the entrance to the cave of about 100 m, Dubočka Cave could be an important item in the tourist offer of the municipality of Kučevište.

Ševička Cave is located in the area of the village of Ševica, in the wider vicinity of Dubočka Cave. It is about 17 km away from Kučevište. So far, 450 meters of the interior have been explored, of which light reaches to the first 70-80 m and that distance can be crossed without speleological equipment. The cave is quite far from the main road in the village of Ševica and there is an ordinary field road in that section. However, considering that the Ševička Cave is on the route of the mountain trail Rakova Bara - Malo vrelo - Rakobarski vis - Dubočka pećina, by arranging this mountain trail, the cave would become more accessible, and the hiking trail could become very attractive. By activating this tourist segment, the Dubočka Cave, as the end point of the mentioned hiking trail, would become more visited.

Historical monuments: Kraku lu Jordan is an ancient archaeometallurgical complex from the 3rd century AD. In the center of the military fortification, there was a large foundry of gold and other metals. The remains of this complex are relatively well preserved. Since 1983, Kraku lu Jordan has had the status of a "cultural asset of great importance". Of the ancient archeological sites, only Viminacium has this status in the Braničevo district. Kraku lu Jordan is located at the confluence of the Brodicka River and Pek, in the vicinity of the village of Brodica, near the main road M-24, Kučevište-Majdanpek, 15 km east of Kučevište. The summer house of King Alexander I Karađorđević is located in the village of Neresnica, 6 km east of Kučevište, on the road to Majdanpek. It was built in the 1930s during the reign of King Alexander I Karađorđević. Within the summer house there is a royal villa, a large park and several auxiliary buildings. The history of the summer house is related to the washing of gold from Peka. Namely, the gold-bearing sand was extracted from the Pek by an excavator whose majority owner was King Alexander. The Tourist Organization of the

Municipality of Kučevо still does not organize tourist visits, but provides all the necessary information so that interested individuals and groups can visit both sites.

Mountain trails: Waterfalls "Malo vrelo" - Rakobarski vis (691 m) - Ševička Cave - Dubočka Cave. The length of the trail is about 12 km. Along the trail you can see attractive waterfalls and two interesting caves - Ševička and Dubočka. The pedestrian path can be marked and arranged, and in order to become widely used, it is necessary to prepare an access macadam road for bus transportation in the length of about 1 km - from the village of Rakove Bare to the beginning of the path. Ravništarka Cave - Veliki Štubej (highest peak of the Homoljske Mountains with 940 m) – Ceremošnja Cave. The length of the trail is 14 km. This is, without a doubt, the best way to experience the beauty of the picturesque Homolje Mountains. The source of mineral water Duboka in the village of Neresnica is located 1.5 km downstream from the center of the village of Neresnica, at the mouth of the Bukovska River in Pek.

The mineral water spring Duboka rises is at a great depth (282m), hence the name Duboka (Deep). It is said that water helps with diseases of the digestive organs, urinary tract and skin. It is drinkable, and it is also excellent as a substitute for ordinary water. Revitalization of this artificial reservoir would provide a pleasant oasis for sport fishermen and other nature lovers. Together with the nearby resort Platan, where at least an auto-camping center could be built, this might become a very attractive natural ambient. Potajnice are a specific hydrological phenomenon, a type of karst springs, in which the intervals of water outflow alternate with drying intervals, and hence "potajnice" or intermittent springs in the professional literature. Appearance intervals of the water, i.e. interruption and rest, last from a few minutes to several hours. This type of springs is a great natural rarity in the world and in our country.

Manifestations "Homoljski motivi": one of the oldest festivals of original folk art in Serbia (1968), that Kučevо has long been recognizable by. It is held in the last week of August, with Saturday being the main day of the festival. During the whole week, appropriate programs are carried out: art exhibitions, concerts, cultural tribunes, etc.

The Ethnological Television Film Festival "FESTEF" aims to preserve our ethnological heritage and is held in the second half of October and lasts for 3 days. During the FESTEF, in the accompanying part of the program,

cultural forums, concerts, exhibitions and other special events are organized, which are interwoven with ethno themes - in accordance with the character of the festival itself. The theater festivities "Žanki u čast" is an event dedicated to Živana Žanka Stokić, a famous Serbian actress. The festivities are held in mid-October and last for 4 days. In those days, our most famous theaters are guests in Rabrovo, and in the accompanying program, exhibitions, cultural tribunes and concerts are held. The village of Rabrovo is located on the main road M - 24: Pozarevac - Kučevac, 22 km in front of Kučevac, seen from the direction of Požarevac, or Belgrade.

Gold washing demonstration in the Pek River: the Pek is one of the gold-bearing rivers in Europe. Gold has been sieved here since the ancient times, with the Ancient Romans being especially successful at it. With prior notice, the Tourist Organization of the Municipality of Kučevac organizes a traditional gold washing demonstration for tourist groups in the Pek, performed by experienced sievers from Kučevac and the surrounding area.

Rural tourism is insufficiently developed and, in this regard, everything should be done to make rural hosts more interested in this type of tourism, for which the municipality of Kučevac has excellent predispositions.

We should also mention hunting tourism as there are favourable conditions for its development considering that various game is widespread in the area of the municipality. Hunts are organized, mainly for fox, wild boar and wolf. Other game (roe deer, rabbit, badger, etc.) is also present, and from feathered game pheasant and partridge.

In the municipality of Kučevac, folk fairs have retained the charm of the past and represent folk festivals where you can best feel the liveliness and specificity of this area. The main fair is on August 11 (Kalinic). The second, slightly smaller fair is held on September 21 (Mala Gospojina).

Development and improvement of agricultural production in the function of tourism development

The main characteristic of the decades-long state of agriculture in Serbia is economic devastation and a constant decrease in the income of agricultural producers. This is manifested in varying intensity and modalities through the extraction of surplus value from agriculture, mainly in favor of three sectors: industry, trade and banking. (Mekić & Novaković, 2013).

The basis for the development of agriculture and the food industry in Serbia should have a certain oriented concept. Only long-term planned and well-organized livestock production can contribute to faster development of livestock and thus enable the Republic of Serbia to become competitive on the international market of livestock products (Mekić & Čosić, 2019).

According to the 2012 census of agriculture, 2504 head of cattle, 11211 pigs, 10984 sheep and 68842 poultry are reared on the territory and municipality of Kučovo. There is also a decline in production as well as consumption of meat, milk and eggs. The cause of this situation should be sought, among other things, in the disturbed price parities, the loss of the market, the reduced purchasing power of the population, the disturbed financing system, insufficient funds in the agricultural budget, etc. (Mekić & Čosić, 2020). Intensification of production in livestock and increasing the share of this activity in the structure of total agricultural production can be provided by changing the racial composition of livestock and increasing production per unit of capacity (Mekić & Čosić, 2020). Livestock products have increasing potential for export (Mekić & Novaković, 2018).

Comparative advantages of the municipality of Kučovo for the development of agriculture and tourism

The municipality owns:

- Favorable geographical position,
- Natural resources (mineral-raw material complex, thermo-mineral waters, forests, forest fruits, various plant species),
- Ecologically clean territory (Homolje-Kučovo mountains),
- Tradition of production of autochthonous species and products (Homolje honey, cheese, lamb, brandy),
- Attractive tourist destinations and archeological sites, nurturing of Serbian and Vlah culture, recognizable cultural tourist events, existing tourist capacities,
- Existence of facilities (tourist facilities, cooperatives, purchase stations, production facilities),
- Development of rural sports and hunting tourism,
- Joint tourist offer of the region,
- Tender of supply and demand of organic food, medicinal plants and forest fruits,
- Branding of agricultural products, establishment of agro-business centers,

- Support for the use of alternative energy sources,
- Use of state and other funds.

Tourism and rural development

Ecotourism as a modern form of selective tourism or tourism with special requirements, is becoming an increasingly important segment of the overall tourism development of many countries at the beginning of the XXI century (Milenković & Bošković, 2012). The word tourism comes from the English word "Tour", which in the Oxford Dictionary means: the pleasure of traveling, with staying in various places. A tourist is a person who undertakes such a trip (Pejanović & Vujović, 2008).

Tourist destinations, traditional food, nurturing folk customs and multiculturalism, existence of significant archeological sites, possibility of opening an ethno village with all accompanying facilities, opportunities for the development of rural, hunting, sports and adventure tourism, good geographical position in relation to the main roads, are the comparative advantages of the Municipality development of all forms of tourist offer.

Perspective of development and improvement of tourism and agricultural production

The specific advantages of the Municipality of Kučovo that are highlighted are: rich nature, healthy environment and good geographical position in relation to the main roads and they are the key forces for economic development. Built local and rural roads, close to the main road M-24 - Danube highway, closeness to the national highway, the railway that passes through the municipality in the length of 47.5 km provides good traffic connections to the municipality. Attractive tourist destinations and archeological sites, authentic and specific customs, old crafts, traditional local cuisine and numerous multicultural events are the basic tourist potentials. The existence of producers with a high breeding culture in the production of indigenous species, suitable terrains for the development of livestock and other branches of agriculture, as households engaged in agricultural production are the forces for the revival of agriculture. The area of the municipality of Kučovo is rich in forest fruits (porcini mushrooms, blackberries, wild strawberries) and autochthonous wild herbs, which is a significant, underutilized advantage.

In order to complete the tourist offer, to solve the problem of disorganization, a number of holders of the tourist offer have been determined. It is necessary to increase the accommodation capacities and the overall increase of the tourist promotion of the municipality. All these activities would solve the problem of unfavorable age and economic structure, i.e. would reduce the migration of young people and increase their employment in various fields. The chances of the municipality of Kučovo are in connecting the tourist offer of the region, developing attractive types of tourism, monitoring trends in production, greater use of alternative energy sources (thermal water, wind power, solar energy, etc.)

Priority area

- Improvement of agricultural production and forestry
- Encouraging livestock development and land management plan

For faster development of agricultural production, it is necessary to stimulate the development of animal husbandry as a very important branch of agriculture. This measure would include support for the procurement of breeding animals for the renewal of livestock, as well as for the development of the processing industry, with special emphasis on the construction of a slaughterhouse and dairy in the municipality of Kučovo. This measure also includes the introduction of a land management geoinformation system with an emphasis on agricultural land management and the construction and maintenance of infrastructure facilities in accordance with the land management plan.

Improving beekeeping and bee products

Encouragement of the development of beekeeping with the use of the convenience of production of honey and bee products in the ecologically clean and unpolluted area of the municipality of Kučovo.

Improving the placement of agricultural products

This measure implies connecting agricultural producers into associations and cooperatives, which encourages the production and marketing of products. It includes the construction of new facilities, reconstruction and rehabilitation of existing facilities, as well as equipping them in order to purchase all types of agricultural products and forest fruits, in order to preserve the quality of products until the final placement.

Measures to mitigate the negative effects of the health crisis on tourism

All crises in tourism require radical management action, in response to events beyond the organization's internal control, which requires an urgent response from marketing and operational practices, in order to restore employee or consumer confidence in the sustainability of the tourist destination or business. To overcome crisis situations, it is important that every business entity and all organizations in tourism act in accordance with applicable legislation in order to create a safe destination. The crisis in tourism must be resolved with significant care, because tourism depends on the consumers and their intentions to stay in a tourist destination or to return to it again. The World Tourism Organization has singled out eight categories of basic measures to mitigate the negative effects of the crisis on tourism, namely: fiscal measures, marketing measures, human resources, public-private partnership, regional cooperation, environmental protection measures and travel facilitation. The biggest problems created by health crises in tourism are related to human health and food safety. Epidemics have negative effects on tourism through a reduction in the number of international arrivals and a significant reduction in the number of air travel, cancellations of sports activities, a huge drop in visits and of income for restaurants, clubs and cafes.

In order to overcome the crisis on the economy and tourism in the Republic of Serbia due to the Covid-19 pandemic, it is necessary to apply financial, tax and other measures for the recovery of the economy and tourism. An adequate response to these challenges requires the coordination and cooperation of all political, economic and social effects and the definition of a set of measures to stabilize the economy.

Arrangement of tourist infrastructure and promotion of tourist potentials

Intention behind this measure is to renovate the existing and build new tourist infrastructure (access road, hiking trails, parking lots and tourist signs), with an emphasis on tourist promotion and encouraging the local population to make souvenirs.

Environmental protection is of great importance for the municipality of Kučovo, not only from the aspect of protection and improvement of the quality of life and health of people, but also because the unpolluted

environment is a prerequisite for the development of its economy, agricultural production and rural tourism. In the area of the municipality of Kučovo, a significant number of illegal landfills has been identified, as well as non-compliance with regulations in the waste disposal procedure, so for that purpose it is necessary to educate citizens and expand the number of settlements where waste collection is organized. This measure also includes the rehabilitation and reclamation of the Cerovica landfill in accordance with the adopted project technical documentation, as well as the rehabilitation, reclamation and closure of the existing landfill in Kučovo.

Measures to mitigate the negative effects of the crisis on tourism

Based on the principles and recommendations adopted by the World Tourism Organization, which have been adopted and implemented by some countries, eight categories of basic measures for mitigating the negative effects of the crisis on tourism can be distinguished: fiscal measures, monetary measures, marketing measures, human resources, public-private partnership, regional cooperation, environmental protection measures and travel facilitation (Unković & Sekulović, 2010).

The special importance of crisis management in tourist destinations is given by the fact that the tourist, guided by the basic reasons for staying in the destination, is usually in a state of specific relaxation, ability to anticipate possible risks, perceiving dangers and readiness for self-protection. (Popesku, 2011). The crisis in tourism must be managed with significant care, because tourism depends on the costs of consumers and their intentions to stay in a tourist destination, i.e. to return to it again.

Environmental protection will have a great impact on future tourism development. Measures taken in this regard relate to the development of energy-efficient accommodation facilities, reduction of carbon dioxide emissions within tourism, support for transport using renewable energy sources, organization and promotion of events that do not have negative effects on nature, such as cycling festivals or walking marathons, financing the development of green tourism products and conditions, such as hiking, cycling tours, ecotourism and rural tourism.

Conclusion

Although some crises have a great global impact on the development of tourism, what has always accompanied such phenomena is the fact that

tourism has always shown an exceptional ability to recover. Every crisis requires an adequate and timely response in order to overcome it. Most often, tourist organizations rely on marketing activities and economic measures, through strengthening propaganda by giving certain subsidies to economic entities in tourism, facilitating travel through visa liberalization, reducing tax duties on investment activities, improving the quality of supply in the tourism sector. The municipality of Kučovo has numerous tourist destinations and events, as well as rich natural resources for the development of agricultural production, which all together gives a comparative advantage for the development of tourism and agriculture in the future.

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THE ROLE OF TRAVEL HEALTH INSURANCE IN TOURISM DEVELOPMENT - CHALLENGES AND PERSPECTIVES

Danijela Glušac¹

Abstract

Travel health insurance is insurance for travellers during their travel and stay in a foreign country in case of necessary assistance in connection with the arrangement and provision of necessary treatment, transport to the medical institution or country of residence, due to sudden illness or injury of the insured. The onset of the COVID-19 pandemic mainly affected this area of insurance, and therefore, insurers were presented with challenges. The need for research on travel health insurance can be seen in the complexity of the relationships, types and modalities. The author analyses the essential characteristics of this type of insurance, indicating the legislative framework and contract regulation in general and special conditions of insurers. This paper aims at contributing to research of travel health insurance. This study will significantly contribute to the limited literature on travel health insurance, and it will have an implication on the insurance sector for further diversification of their products.

Key Words: *insurance, tourism, travel health insurance, contract*

JEL classification: *G22, K12*

Introduction

Travel health insurance protects in the case of an emergency illness and injury during a stay abroad. Travel health insurance is a travel insurance for the time of travel and stay abroad in case of necessary assistance in connection with: the arrangement and provision of necessary treatment, transportation to a health facility or country of residence, which is the result of a sudden illness or injury of the insured. As a complex activity, insurance

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provides financial protection of property and persons from risk, i.e. damage, and eliminated or reduced harmful effects (Glušac, 2020). Numerous changes have affected the insurance market of the Republic of Serbia, but it is non-life insurance and thus travel insurance, that recorded an increase from year to year (until 2020). Today's lifestyle and frequent business and private trips have led to the need to contract travel insurance. This form of insurance has characteristics of health insurance and accident insurance. According to the annual reports published by the National Bank of Serbia, the total premium for travel health insurance in 2019 was 390,310,000 RSD, and in 2018 it was 41,813,000 RSD (National Bank of Serbia, 2018, 2019).

Legal aspect of travel health insurance

Travel health insurance is the insurance for travellers during their travel and stay in a foreign country in case of the necessary assistance in connection with: the arrangement and provision of necessary treatment, transport to the medical institution or country of residence, due to sudden illness or injury of the insured. Travel health insurance covers different risks from various hazards. Coverage refers to health insurance, travel assistance and legal assistance. This insurance covers the risks and dangers for persons, physical integrity, physical ability, etc., at a particular time or for a certain period (Vojinović & Glavaš, 2019). The term for this type of insurance which can be found in the terms and conditions of Serbian insurance companies is insurance for travellers during their travel and stay in a foreign country. This type of insurance is not explicitly regulated by law, except for one article in the Law on Health Insurance ("Official Gazette of the Republic of Serbia", No. 25/2019), but these detailed provisions can be found in the terms and conditions of insurance companies. All provisions governing the insurance contract apply to this type of insurance: the Law of Contract and Torts ("Official Gazette of the SFR of Yugoslavia No. 29/1978; Amendments Nos: 39/1985, 45/1989, and 57/1989; final amendments in the Official Gazette of the FR of Yugoslavia, No. 31/1993") and the Insurance Law ("Official Gazette of the Republic of Serbia", No. 139/2014) and other regulations. Travel insurance is a type of voluntary health insurance that contracts for the use of health care of insured persons of voluntary health insurance during their stay abroad if this insurance is provided as the only service in accordance with law (article 174 line 4, Law on Health Insurance). A travel health insurance contract has all the characteristics of an insurance contract. It is a nominate contract, a bipolar contract (it also includes business law and consumer law), an

adhesion contract, an aleatory contract, a bilateral contract and an onerous contract, a formal contract and an intuitu personae contract. Innovations in travel health insurance contracts are significantly less than innovations in life insurance contracts, which for the most part are derivatives of the traditional contract to achieve adaptability to the individual needs of customers of insurance (Ćurak, 2004). Travel insurance is a generic term used to encompass various insurance coverages available to a business and leisure traveller. These include medical expenses and evacuation, cancellation or curtailment of the trip, and loss or theft of personal possessions. Two broad types of insurance sold are trip policies, which are issued for a specific trip or vacation and generally specify a duration in days, and annual policies, which will cover all trips within a year, subject to certain restrictions (Brusky, 2004). Keeping in mind the limited scope of this paper, the travel health insurance contract's most essential legal characteristics will be processed in the article without going into the general provisions of the insurance contract law. This article could be considered a contribution to the research because this form of insurance contract receives insufficient publicity.

A policyholder is any person or entity paying the premium and expressing the interest to enter into the insurance agreement with the insurer (Article 1, line 1, Terms and conditions of travel health insurance of Dunav Insurance Company, applied as of 17 September 2020)². The insured is a person specified in the insurance agreement or schedule to whom the insurance premium has been paid and who is entitled under the insurance agreement to particular services and reimbursement of expenses in case of the occurrence of the insured event (Article 1, line 2, Terms and conditions of travel health insurance of Dunav Insurance Company, applied as of 17 September 2020). Under the terms and conditions of insurance companies in Serbia, the insured may be the person who is a citizen of the Republic of Serbia or a foreign national or a stateless person, provided that such person is a resident, i.e. holds the permission to temporarily or permanently reside in the Republic of Serbia. Under the Terms and Conditions of travel health insurance of Dunav Insurance Company, insured may be the persons of up to 85 years of age (Article 2, line 2, Terms and conditions of travel health insurance of Dunav Insurance Company, applied as of 17 September 2020), in Article 3 line 1 of General conditions of insurance of persons during their travel and stay in a foreign country of Wiener Städtische insurance

² Note: This article mostly analyses the Terms and conditions of the travel health insurance of the Dunav Insurance Company.

company, applied as of 1 February 2020, the insured may be the persons from 3 months up to 83 years of age, and finally according to Article 2 of General conditions of insurance of persons during their travel and stay in a foreign country of Sava insurance company, applied as of 17 October 2019, the insured may be healthy persons regardless of age. A recent case showed that insurance companies refused to issue a travel health insurance policy to a 38-year-old pregnant woman, i.e. a travel insurance policy is also issued to pregnant women over the age of 38, but warned that pregnancy and childbirth costs are excluded, except in the case of serious complications that endanger the life of the mother or child.

If the insurance agreement includes more than one person, any person shall have the capacity of the insured if for such a person insurance premium is paid and if he/she is specified in the insurance agreement or schedule of the insured which is an integral part thereof (Article 2, line, Terms and conditions of travel health insurance of Dunav Insurance Company, applied as of 17 September 2020). In case the insured is a foreign national, such insured cannot exercise rights under the travel health insurance agreement, either on the territory of the Republic of Serbia or the territory of the country of his/her residence and/or in which such insured receives corresponding health care (Article 2, line 6, Terms and conditions of travel health insurance of Dunav Insurance Company, applied as of 17 September 2020).

The insurance may be concluded as individual, group or family insurance. It is essential to point out that an insurance agreement must be concluded before travel to a foreign country. The policyholder is obliged to pay the premium in advance, in full and before the start of the insurance period, unless otherwise agreed.³ The insured or the policyholder shall be liable to pay the increased insurance premium in all cases of special contracting stipulated in the terms and conditions (Article 11, line 3, Terms and conditions of travel health insurance of Dunav Insurance Company, applied

³ High prices of travel health insurance often prevent people with disabilities from travelling because policies are sometimes more expensive than plane tickets.

as of 17 September 2020).⁴ For the agreed insurance cover, the insured event shall mean urgent and medically justified health assistance provided to the insured in a foreign country in order to avoid a life-threatening condition of the insured, i.e. to avoid his/her condition resulting in a permanent and considerable impairment of his/her health due to a sudden illness or injury (emergency), the expenses of which should be settled (Article 4, line 1, Terms and conditions of travel health insurance of Dunav Insurance Company, applied as of 17 September 2020). The authorised doctor must diagnose the illness or injury as a sudden and unexpected illness, infectious disease, organic disorder or injury which has occurred for the first time during the agreed insurance period and for which urgent medical assistance is medically justified. If the illness or injury has occurred prior to the beginning of the insurance agreement⁵ and its treatment continues even after the beginning of the insurance cover, the insurer shall not be liable to bear the incurred expenses unless medical assistance sought abroad includes unforeseen urgent measures taken for saving life or measures taken solely to relieve acute pains (Article 4, line 2, Terms and conditions of travel health insurance of Dunav Insurance Company, applied as of 17 September 2020). At the conclusion of the insurance agreement, the insured or the policyholder shall be obliged to report or specify the purpose of the travel and provide any other

⁴ Travel insurance policies were universally more expensive for people with diabetes; however, we found inconsistencies among insurance companies, with substantially increased premiums for people treated with insulin. Increases for non-insulin treated diabetes mellitus were relatively modest but varied considerably. Compared to those free of the disease, travel insurance costs were generally more expensive for adults diagnosed with type 2 diabetes mellitus (Angelopoulou et al., 2019). There is an urgent need for specialist to work with insurance companies to develop appropriate and realistically priced travel insurance for this patient group based on real-world data (Pickup et al., 2016).

⁵ According to a new study conducted by the brokerage firm Medical Travel Compared, 79 per cent of British passengers misunderstand the information that must be disclosed to the insurer when buying travel medical insurance. Any mistake or a willingness to receive a lower premium may explain not disclosing the exact health condition. As a result, in situations where it is discovered that vital evidence was intentionally concealed, insurance firms limit or refuse to pay compensation. According to insurance company experience, people with complicated health problems would rather speak with a professional about travel insurance than purchase a policy online. The advent of technology has resulted in a plethora of new opportunities. Various providers have devised insurance support platforms houses by providing coverage to people with health conditions due to technological advancements (Insurance Post, 2019).

information⁶ necessary for the insurance premium calculation and conclusion of insurance. Insurance agreement may be concluded with different levels of insurance coverage.

The agreed level of coverage may be either basic or extended coverage (VIP). Basic insurance coverage includes the risks covered under the travel health insurance, as follows:

1. necessary assistance services in connection with the arrangement of insured's medical treatment,
2. measures of urgent medical assistance,
3. transport to the medical institution or country of residence, and
4. services of travel and legal assistance (Article 4, line 5, Terms and conditions of travel health insurance of Dunav Insurance Company, applied as of 17 September 2020).

Extended insurance coverage (VIP) may be stipulated for all types of travel and includes basic cover and additional cover for the organisation and transportation expenses of minor children up to 15 years of age and one adult escort to the place of residence, maximum up to EUR 1,500, only in case when the insured, due to the occurrence of the insured event, is unable to attend to his/her children; the organisation and transportation expenses maximum up to the price of economy class ticket and accommodation expenses of up to EUR 75 per day and maximum for three days, which are necessary for the visit of one person in the event that the insured, due to the occurrence of the insured event, has to be hospitalised at least 10 days before the transport to the country of residence, and solely after the approval of the insured; the organisation and expenses of medications delivery maximum up to EUR 100, solely if the medical treatment of the insured requires the medications which cannot be obtained on the territory where the insured event has occurred, and if these medications are sold in the Republic of Serbia and if their administration is allowed on the territory where the insured event has occurred, and they have been prescribed by the authorised doctor. This is an example of how extended insurance coverage (VIP) is regulated in the Terms and conditions of travel health insurance of Dunav Insurance Company. However, the terms and conditions of other

⁶ The fact that the insured person before departure had heart problems treatment does not automatically lead to the predictability of treatment for a new heart attack during the insured period (Reisekrankenversicherung/Unerwartet schwere Erkrankung/Vorhersehbarkeit einer Behandlung, 2010).

insurance companies obtain for example search and rescue, urgent drug delivery and repatriation of other insured participants in the accident.

The liability of the insurer shall be excluded for:

- Costs that exceed reasonable and usual costs;
- Chronic diseases and the consequences of those diseases that existed or were known at the time of conclusion or inception of the insurance;
- Removal of physical handicaps and anomalies;
- About intentionally caused illnesses and accidents by the insured;
- Sports risks, including training or participation in competitions;
- Diseases and accidents caused by intentional injury, suicide and attempted suicide;
- Diseases and accidents resulting from war and similar events; and
- Costs in connection with the treatment of cancer (Ćurak & Jakočević, 2007).

This list does not exhaust the possibility of insurance companies expanding the list of costs that are not covered by insurance. From the aforementioned, it follows that pre-contractual and contractual notification of the insured are important, which is regulated in detail by the Insurance Law (Articles 82-84). Provisions of the exclusion agreement must be clear, unambiguous and written in such a way as to be noticeable. When the circumstances for exclusion are met, there is no coverage of insurance (Glušac, 2019).

Specifics of travel health insurance

Travel and tourism have been changing drastically in recent decades. Cheaper flights, sharing economy, rise and fall of destinations, and a need for "alternative" forms of tourism are just a few aspects shaping modern travel behaviour (Sarman et al., 2019). Tourism is not a compact and homogeneous area of the economy. It combines issues dealt with different fields and branches of law (Nowotarska-Romaniak, 2016). Today, almost no market-oriented insurance institution has developed travel health insurance among voluntary health insurance. Its market activity is related to the dynamics of business and tourist trips of domestic insured persons abroad and foreign insured persons abroad. It can be contracted daily or annually and is therefore issued a daily or annual insurance policy (Ćurak et al., 2007). The insurance premium is symbolic concerning the coverage the insured receives during the insurance period. The significance of a travel health insurance contract from the aspect of the insurance company

is too underestimated. The travel health insurance contract is treated as a one-off by the insurance companies because they are contracted in a standard form, the current need is realised, and it does not give importance due to the indemnity character. Most policyholders travel for summer and winter holidays, and a travel health insurance contract is logically renewed from year to year, which significantly affects the stability of the insurance portfolio. The significance of a travel health insurance contract from the point of view of society and the state is reflected in the safety of citizens; when travelling, they know that someone takes care of them (Šipovac, 2014). Conservatively, it is estimated that between 30-50% of travellers become ill or injured whilst travelling.⁷

With the advancement of technology, new innovative solutions have come, in the form of substituting the classic travel health insurance policies, i.e. in advance printed forms of strict records, popularly called "manual, paper travel health insurance policies" because they are filled in only manually (Marović et al., 2013). The development of computers and the Internet have influenced almost every aspect of human society (Glušac, 2016). Many insurance providers offer a variety of options for purchasing travel insurance online.⁸ Travel insurance bought online helps both service providers and buyers; the experience adds value to consumers by lowering premiums, improving services, and allowing customers to communicate with service agents more quickly (Kim et al., 2007). Chu (2001) suggests that online travel insurance services enable customers to identify insurance at a reasonable premium in the shortest delivery time. A customer throughout the buying process often engages in numerous activities, such as information searches, terms negotiations, and ongoing process monitoring; the objective, of course, is landing a favourable deal with lower transaction costs. After completing the entry, the necessary data for creating the policy, and creating policies, the policy is "simply" printed on plain A4 paper. Today hard copy of the policy is not a condition for its

⁷ There are many different types of travel insurance fraud; individual to a group, opportunistic to organised, false policyholder claims, overbilling and overcharging by medical providers, and fraudulent medical billing by third parties (The fight against travel insurance fraud is on, 2020). One of the most common frauds can also take the form of medical institutions overbilling. Some go so far as to pass off cosmetic surgery abroad as legitimate medical emergencies in a bid to get money from insurers. The fraudsters may even be in an alliance with a local doctor to create a fraudulent claim for emergency medical cover (The General Insurance Association of Singapore (GIA), 2019).

⁸ Web sites of insurance companies are not approachable for people who do not distinguish colours, so purchasing insurance over the Internet is difficult for these people.

validity. Namely, the validity is indisputable; it can be checked at any time by calling the contact centre of the insurance company code, which is also purchased (Šipovac, 2019). The advantage of electronic business and making a travel health insurance policy, sending the policy to the contractor and paying the premium also electronically is considered an evolution "of manually completed classical policy forms travel health insurance and calculating the insurance premium by digitron" to today's, modern, digital travel health insurance policies "on one click". The term "click" refers to the complete issuance procedure of these policies, from the first contact with the client, the collection of data necessary for policymaking, policy contracting, policy delivery, policy collection, in case of damage and enforcing and resolving the claim. The term "click" is presented first through the exploitation in the field of travel health insurance, and then in all types of insurance, in cooperation with all "smart/digital" devices, while in today's understanding of modern society, the term "click" has been upgraded in the segment of policy payments and general insurance services for digital forms of money and cryptocurrencies (Tomić, 2018).

Blockchain technology is an algorithm that first appeared in 2009 as a technology on which the digital currency bitcoin rests. Blockchain is the latest catalyst for transformation with the potential to become the most significant digital trend in this and the coming decades. This technology has the potential to affect the entire chain of insurance processes data collection, risk analysis, price formation or amount of premiums, policy issuance, payment request processing, etc. (Piljan et al., 2018). The significance of this technology lies in the fact that it has enabled the achievement of consensus on the evolution of data in the open Internet network, allowing synchronisation of the digital distribution share book without the inclusion of a reliable intermediary. It is expected that the digitalisation of insurance activities through blockchain technologies significantly improve business processes, trust, relevance and secure exchange of confidential information between business partners. At the same time, smart contracts will save costs and time by optimising and automating the process (Tomić, 2018). Tremendous potential for development lies in the following claims that the blockchain payment infrastructure is faster and cheaper, especially abroad in clinics that provide travel insurance services (Pavlović, 2019). When a tourist has to make a medical claim while on vacation, the attending doctor would submit and receive information about the patient's medical history, policy coverage, and all other relevant details in real-time. Not only is the mechanism extremely confidential, but blockchain also allows for much more efficient

interaction, making it a powerful proposition for the insurance industry (Marke, 2019).

Impacts of COVID-19 on travel health insurance

Travel insurance has become a hot topic, and selling travel packages that provide travel insurance services could be a way to resurrect the industry. Due to rising tourism levels across the world, the global travel insurance market is projected to be worth more than US\$35 billion by 2025. As a result, the tourism industry has been given a boost to capitalise on the growing demand for insurance among travellers. However, we are in an increasingly unpredictable environment, with new problems such as extremism, Brexit, and changing US travel and medical restrictions affecting travel plans and insurance (Marke, 2019).

Before the COVID-19 pandemic, travellers were predominantly under- or uninsured for their travel. This problem will likely be exacerbated when international travel resumes. A range of factors may explain traveller underinsurance, including risk framing, perceived immunity due to destination familiarity, and travellers' (mis)understanding of the risks of the destination (Caponecchia & Tan, 2019).

Recognising the market's needs, Serbian insurance companies have adapted the products for all travellers in the country and abroad. In this situation, a special supplement was made to the travel health insurance policy, created for everyone who decides to travel abroad. This insurance covers the cost of necessary medical services if the test is positive, including testing for COVID-19. In addition, if necessary, insurance includes assistance in transporting patients abroad and returning to the country. Finally, in the case of hospitalisation abroad, a fixed lump sum in cash is paid as financial assistance. Travel health insurance with coverage for COVID-19 can be arranged as individual, family or group, for a period of up to 30 days. It is contracted as a supplement to the basic policy and provides coverage of treatment costs and fixed amounts of compensation if hospitalisation caused by the COVID-19 disease is necessary. In case of hospitalisation, the money is paid to the clients' current account in the bank (DDOR, 2020).

Analysing the offers of several insurance companies, we conclude that this insurance does not cover:

- Preventive testing for COVID-19;
- The cost of staying in quarantine isolation;

- The costs which, according to the health protocol of the country in which the insured resides, are borne by the health system from the moment the COVID-19 diagnosis is made;
- Medical expenses if the infection occurred in countries for which the Ministry of Foreign Affairs has issued a warning/recommendation to avoid travel.

Also, some countries (e.g. Singapore) have introduced mandatory travel insurance for short-term visitors for their COVID-19-related medical treatment and hospitalisation costs in Singapore, with a minimum coverage of S\$30,000 (Mandatory COVID-19 Travel Insurance, 2021). Another type of mandatory insurance is when visitors must buy an insurance policy, e.g. the Aruba Visitors Insurance is mandatory insurance that helps protect visitors against incurred medical and non-medical expenses if testing positive for COVID-19 during their stay in Aruba. Visitors can buy or use their travel or health insurance to supplement the Aruba Visitors Insurance, but not to replace it (Aruba Visitors Insurance, 2020).

Following the coronavirus as the most frequently repeated word, phrase extraction showed that travel insurance was the second most frequently repeated phrase. Following the COVID-19 experience, travellers who are not accustomed to anticipating potential emergencies and making contingency arrangements would most likely include travel insurance in their plans. As the global recession ends, sales of travel insurance are expected to rise. Travel agencies will alleviate travellers' concerns about long-term planning by providing them with reliable travel insurance options. Following the pandemic, the most straightforward factor in restoring tourism statistics could be travel insurance choices, which customers are increasingly being aware of (Uğur, & Akbıyık, 2020).

When international travel resumes, the role of travel insurance will be more important than ever, along with further research on effective communication by insurers to consumers regarding product coverage, value and risk.

At the time of writing this paper, a passport certificate on the coronavirus vaccination for free travel within the European Union will be proposed to the European Parliament. It will be proposed on March 17 and, if adopted, will only apply to vaccines established by the European Medicines Agency (EMA). Mediterranean countries, which depend on tourism because it accounts for 20, 25 per cent of GDP, support this proposal the most. These

are primarily Greece, Croatia, Italy, Spain, even Cyprus and Malta, which want their tourism to be twice as good this season as before, because there are significant losses for them, and it is crucial that as many people as possible to come.

The function of this certificate is to show whether the person vaccinated has a negative test or has recovered from COVID-19 and has antibodies. This will most likely not be listed in legal terms for another five to ten years. The certificate is primarily intended as a digital document to be shown on mobile devices. However, the draft law also provides for the possibility of printing it out. It is therefore essential that a barcode can be scanned in order to check its authenticity. The document should be available in both the native language and English. In addition to information about a possible coronavirus vaccination, the document should also contain current test results and information about a corona illness. Different interests of individual member states or data protection issues of the EU Parliament may cause delays in the legislative process. Functional implementation, which is handled by each member state separately, can also trigger issues. One reason is that some countries, including Germany, do not yet have the requisite data stored centrally. Medical issues are still unresolved. It is unclear, for example, how likely it is that people who have been vaccinated or healed could spread the virus (Was für den digitalen Impfpass spricht? 2021).

From a legal perspective, the concept of privileges or special rights for vaccinated people is difficult. It is about the realisation of fundamental rights and freedoms to which every citizen is entitled. For hazard prevention and infection protection, these rights are currently largely capped for all citizens - from the mask requirement to the closure of large parts of the retail trade to the many travel restrictions. In their decisions on this matter, the courts have based a large part of the measures on the reasons of the high value of health protection, However, they have always emphasised that the legislator must constantly check the necessity and appropriateness of the measures. This discussion will become even more explosive with the introduction of the planned vaccination pass (Impfpriorisierung zu statisch, Corona-Impfpass, arbeitsrechtliche Impfpflicht? 2021). Keeping in mind aforementioned, it will be interesting to see how insurance companies will react to this and how they will regulate the travel health insurance of those passengers who have covid passports in the future.

Conclusion

Travel health insurance protects in the event of a sudden illness and injury during a stay abroad. A travel health insurance contract is of great importance both for the individual and for insurance companies, funds, society and the state from a global perspective. During the journey, every fifth tourist becomes ill. Considering that this type of insurance is mainly regulated in detail by the general terms and conditions in this paper, the general terms and conditions of Serbian insurance companies were analysed. It is imperative that following the Law on Insurance, pre-contractual and contractual notification of the insured is performed. This is because insurance companies prescribe different insurance coverage, exclusion from insurance and the amount of insurance. Even though travel health insurance is not mandatory when travelling abroad, its sales have increased, and most insurers have improved insurance conditions - introduced new products and introduced the possibility of choosing the rate of the insured amount and premium. However, if travel health insurance would eventually be introduced as compulsory, there would be a reduction in the high costs of treatment abroad, harmonisation of insurance premium rates, control of issued policies and insurance coverage, prevention of health insurance abuses.

With the advancement of technology, travel insurance makes up a significant part of online insurance, i.e. when planning a trip, one often forgets about taking out insurance and concludes it at the last minute with minimal investment of time. It is for this reason essential to identify the factors that influence online travel insurance contracting. Existing procedures for selling insurance policies to consumers and servicing and managing claims can be streamlined and improved. Users and data owners may have faith in the data's validity and protection thanks to blockchain.

The goal of insurers in a pandemic is to preserve business stability, focusing on protecting policyholders, injured parties and employees. In some types of non-life insurance, the number of new insurance contracts is also declining due to emergency measures, including closing borders, banning or restricting the movement of the population, public gatherings, and trade in certain types of goods and services. This is primarily the case with travel insurance (especially travel health insurance), transport insurance (especially in international transport) and credit insurance. Insurers have resumed offering policies to new customers, providing cost protection elements related to COVID-19 treatment, making potential

passengers feel more comfortable knowing they are covered. Due to the COVID-19 pandemic, numerous countries have made proof of valid international health insurance mandatory for foreigners. Otherwise, they are not allowed to enter the country.

As the pandemic progresses, insurers must learn to provide current and reliable information to their customers; they must be proactive and prepared for quick reactions and answers. To keep their clients' confidence, they must continue to interact with them in a productive working atmosphere. Anyone who likes to travel a lot, regardless of whether privately or professionally, and wants to protect themselves against high costs due to medical treatment abroad should therefore never go on vacation without travel health insurance. Every vacationer should take out a foreign travel health insurance covering a possible corona treatment and repatriation.

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BRANDING OF STATES AND NATIONS IN (POST) COVID 19 ERA

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Abstract

The subject of this paper is the COVID-19 pandemic impact on nations and states branding. Nations branding is very important for their global position. That is why there are numerous specific ways for state branding: film industry, sports events, civil engineering ventures, cultural and public events, diplomacy, celebrities, public relations, tourism etc. In general, people know very little or nothing about individual nations and states, so sports and tourism, as globally popular advents, may represent extraordinary set for their promotion. Globalism is a process of whose activities no state or person is spared. It is followed with numerous advantages but with numerous menaces too. With one of them, the world is struggling these days – the COVID-19 pandemic. Sports events all around the world are postponed or canceled in an effort to stop the virus from spreading. Pandemic and counties lockdowns almost killed global tourism.

Key Words: *Brand, nations branding, image, COVID-19*

JEL classification: *I15, Z32*

Introduction

Nations branding is a relatively new concept. It is the process of applying corporate branding techniques to promote countries or nations, although some authors (Fan, 2006, p. 5) remind that a distinction should be made between the branding of nations and states. The main objective is to build and manage the reputation of a state. Simon Anholt (2007) was one of the very first authors who noticed the importance of national branding and its

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effects. He designed a method for evaluation of national brand effectiveness, a global survey known as Anholt-Gfk Roper Nations Brand Index. The Nation Brand Index represents the average value of ratings on various criteria: people, governance, exports, tourism, culture and heritage, as well as investment and immigration.

There are many reasons why countries should manage their branding and one is the need for attracting tourists and investments. To be successful in the dynamic tourist market, a country has to be focused and specific about possible achievements and whom it wants to attract. This way a country becomes a tourist destination and the general country branding shifts its focus on a country destination branding and tourists as the target group (Kos-Kavran & Herman, 2020).

A positive and stable image is something that helps the place to differ from its surroundings and thus be more attractive to its inhabitants, but to visitors and tourists too. The positive image of the destination is a combination of skillful handling of marketing tools and a sincerely shared care for people. It is an endless process, because the image of the city can be constantly worked on and improved, or moved in another direction. At the same time, it is a very fragile matter, because any negative connotation in connection with the place or its surroundings remains in the subconscious of citizens for a very long time and it is difficult to correct it (Radanović et al., 2020).

Through the branding process, a nation improves its reputation and perception, enabling it to attract foreign direct investment while making it an ideal destination for tourism and trade (Mugo & Misiani, 2017). Although there are many challenges, there are also many advantages why the nation and/or country branding needs to be managed strategically and systematically in the long term, as it had already been said. The main advantages can be eliminating negative stereotypes (Dašić, 2015), creating a positive image, achieving desired and possible world reputation and influence in today's and future international relations, building and maintaining tourist attractiveness for a specific group of tourists (Dašić et al., 2020a). One must keep in mind that in contemporary society brands can spur affinity or discrimination, helping define both individual and collective identities (Saviola & Marazza, 2013). It is important to know the perception of the nation and the causes of it for proper construction and management of a nation brand. Brand perception depends on numerous factors and dimensions (Vranešević et al., 2020, p. 65).

Place branding means the actual delimitations of a place and the determination of its dominants to fully reflect its good image. Place branding aims to attract customers, tourists, investors, new residents. A positive and stable image is something that helps the place to differ from its surroundings and thus be more attractive to its inhabitants, but also to visitors and tourists. The positive image of the place is a combination of skillful handling of marketing tools and a sincerely shared subconscious of people. It is an endless process, because the image of the city can be constantly worked on and improved, or moved in another direction. At the same time, it is a very fragile matter, because any negative connotation in connection with the city or its surroundings remains in the subconscious of citizens for a very long time and it is difficult to correct it (Radanović et al., 2020).

Regardless of the models or forms, the success of state (destination) branding depends on three crucial factors (Cotirlea, 2015):

- the importance of highlighting the unique elements of the region's attractiveness and its specific competitive advantages
- investments in public sphere (in order to visualize the brand of the region)
- and intensive process of internal marketing before external

Branding process helps the state to define self-identity, to promote, attract attention and differs from others. In order to become strong brand state needs willing residents. In general, in the base of state branding are ambiguous and visionary governing bodies that perceive the branding process as a strategic and economic need. A state can be branded in numerous ways: as a touristic destination, as a trading or economic center, as a calm and peaceful place etc.

One of the common brand definitions: "A brand represents a name, term, design, symbol or other characteristic which identify good or service of one vendor and distinguishes it from others" (Acer & Joachimshaler, 2009). Branding, as a discipline, originates from the late 19th century and nowadays it spreads on education, sports, fashion, traveling, art, literature, humanitarian organizations, individuals, states etc. (Dašić, 2013; Dašić, 2016). The essence of the branding is to make the product, service, person, destination recognizable in the consumers' eyes.

In the very beginning of the 21st century problems for tourism has begun. Ecological catastrophes, financial crisis, political disturbances, wars and growing threats of terrorism have left their mark on the last decade. The

migrant crisis has particularly clearly highlighted the difference between desirable foreigners - tourists and undesirable foreigners - poor migrants (Prnjat, 2019). That crisis was only temporarily removed from the agenda of major media outlets due to the crisis with the COVID 19. The influence of such crises is especially remarkable in our hypermobile, integrated world and in an increasing number of tourism dependent locations. As an example, volcanic ash cloud from Ejafjajlajekidt volcanic eruption in Island, costed worlds industry 1.7 billion \$ in 2010 (Ellertsottir, 2014). COVID-19 pandemic has affected all areas of life, so sport is no exception. The sports industry is facing the biggest crisis since the end of World War II. In order to protect the health of athletes and spectators, as well as all other participants, a large number of sport events at all levels (local, regional, national and international) have been canceled or postponed. In early COVID 19 days, global sport activities almost ceased. Sports activities were launched at home using the Internet and virtual networks. Competitions were stopped and clubs were closed. Sports production was in crisis. (The Impact of the Covid Crisis on the Sport Industry).

Examples of country branding

Vietor (2010, 1) states that nowdays every country competes, implicitly or explicitly, for the share in worlds economy, fighting for foreign investments and export through their activities. "Therefore, one of the important aims of national economic and FDI (Foreign Direct Investments) policies should be improvement of participation of FDI" (Jovović, et all., 2014, p. 466). There is a need for higher level of FDI in order to "use potential positive effect as well as recognition of these potential benefits from FDI" (Stojadinović-Jovanović & Dašić, 2015, p. 661). In line with the motto "learn from the best" or, to paraphrased Tolstoy: "All happy countries are alike ..." good practice may be used for comparative analyses in order to discover new possibilities and for the benchmarking whenever the main infrastructure of noted branding potentials and relevant macro indicators of two states matches.

Woli Olins and Jeremy Hildret (2015) ask in their work "State Branding: yesterday, today, tomorrow" if it is possible to use the same techniques in branding nations, goods and companies. They stated that nations branding is not the same as companies branding, but they noted people could be motivate, inspire and lead in the same way, using the same techniques. During the process of improving their image in the world, Spain and Australia have managed to set significant number of brands.

One of the most interesting places for marketing is the state's endeavor to attract new investments and factories. Whenever some company starts a selection process for choosing a country, region or destination for investment they are gathering information about potential candidates – labor, taxes, energy laws, communications and business, schools and high education. It was the latter that was crucial for Costa Rica– high level of technical education and significant number of electronics companies have influenced the arrival of investors (Kotler & Gartner, 2015).

An increasing number of countries pay attention to the branding of their country and invest significant resources in maintaining their own image and reputation. Many countries have realized the role of the global image in attracting the attention of international organizations, investments, technical assistance, as well as trade partners, investment bankers and tourists. One of them is Spain. Positioning the nation as a global brand is becoming more and more recognized and useful for both small and large countries, and it is believed that building the nation's capital requires time, money and a lot of work. Spain example best leads to the conclusion that the implementation of a strong state branding strategy directly affects the improvement of the nation's image in the world. In its branding strategy, Spain attaches importance to culture, football, tennis, archeological sites, but has a focus on medicine, as well as the economy in terms of investment. The logo of the national brand of Spain is the coat of arms with a message in their language "Brand of Spain". Some magazines put the national brand logo next to the name. Their message is recognizable and reads "we are well known around the world anyway", so for these reasons they believe that they do not need branding (Pavićević et al., 2020).

Although the economic crash may have brought the country low with the consequences still reechoing it has nevertheless but offered an opportunity. Further it has made the country cheaper to visit and invest in, and easier to export from. There was a steadily increase of the number of foreign tourists with the country repowering its potential. Such favourable conditions brought a rapid growth rate over the past decade especially in tourism, which is one of the means through which the country is marketed to outsiders and among the economy's largest sectors. It is thought that over two million tourists were annually entering the country following the crash, and by 2010 over five million were believed to have visited (Macmillen, 2011).

One case study of Croatia (Kos-Karavan & Herman, 2020) showed how a country can work on its brand identity through the years. Croatia's first brand communication focus was on the rich history and experiences on the Adriatic coast. The tourists were intrigued by this idea that Croatia is a country where they can escape and enjoy the beauties of the Croatian coast. But as other parts of Croatia had much more to offer, the Croats were not happy with this strategy. So National Tourist Board shifted brand communication strategy to a tourism that is non-seasonal, focusing on all parts of the Croatia and other specific forms of tourism, not just sun and the sea. German media presented Croatia as a safe destination and the sentiment of their online articles was mostly positive. Slovenian media published the most articles and the sentiment of their online articles was mostly positive too. Austrian media presented Croatia as a cheap destination with crowded but beautiful coast. The sentiment analysis of online articles in Austrian media revealed that the most published articles fell into the positive or neutral categories.

A small country in the middle of Europe with a rich history, a large number of historically and artistically important peculiarities, with many cultural sights and monuments, a picturesque landscape, a specific language, rich cuisine, beautiful women and excellent beer. Thus, the Czech Republic could be characterized as a tourist destination. For several years now, the Czech Republic has been striving for its position in the increasingly competitive market of European countries and regions. However, over the years, the possibilities of tourism have developed and new tourism products have emerged, such as cycling, agro tourism, urban, congress, incentive, cultural or ecological tourism. The Czech Republic brand and its nation branding have a long history. After the division of the country into the Czech Republic and Slovakia, the country faced the difficult task of creating a separate destination brand. This was followed by a series of unsuccessful attempts to create a suitable destination logo that would best describe and informally represent the Czech Republic. However, the logo itself is insufficient for the process of presenting the destination mark. First of all, it is necessary to create an appropriate marketing strategy, which will be based on national values and specific goals. The logo, together with a unified visual style, can help the brand build a positive image (Horáčková et al., 2020).

The advantage of "sea, sand and sun" although still important are not guarantee for successful season because tourists are less willing to accept standard packages. Montenegro may and should take advantage of its

natural resources for the purpose of developing sports and recreational tourism and at the same time brand itself as a country with good touristic offer of that kind. Natural environment in Montenegro represents an attractive and hidden destination for tourists looking for an active holiday. Numerous natural beauties, sea and mountains vicinity are huge potential for branding Montenegro as a desirable touristic destination. Investments in recreational tourism in natural environment (relative to anthropogenic) are not significant but mainly based on marketing support. National tourist organization of Montenegro has done a lot on Montenegro image promoting based on variety of natural values so that sport and recreation tourism slowly taking their rightful place (Marijanović et al. 2020).

The image of a state is greatly affected by tourism, i.e., tourists visiting certain destinations in that country. Therefore, all tourism developed countries and those that strive to become one take great care to improve their image. That is why one of the most important areas of destination management is research and creation of the image of the destination. One study (Konečnik-Ruzijer, 2015, 351) lists two aspects that have played a decisive role in Slovenia's branding: its history (although it is a new state) and its rich geographical, historical and cultural diversity. Although the initial goal of brand development was to present the visual elements of logos and slogans, such as "I Feel Slovenia" (Figure 1), the author of this text concludes that in order for branding to be successful, continuity, political will and support of all Slovenian citizens are necessary.

Figure 1: *Logo and slogan of Slovenia*



Source: *Logovectordr.com*, <http://logovectordr.com/i-feel-slovenia-logo-vector-svg/>, (18 February 2021)

State and nation branding platform through sport

National branding is highly important for the position of a nation in the world. People generally know little about individual countries and nations, and sport as an area that is popular globally, is an excellent means of promotion. On the other hand, sport today is a big business in which there

are more and more examples where rich sheiks from the Middle East buy one club at a time in the Premier League of England. In addition to buying leading American industrial brands, Chinese billionaires are increasingly buying basketball, rugby and American football clubs. These, and many other examples, indicate globalization in the market of sports products and services, and we can say that one of the basic marketing trends is the global orientation. It involves looking at the whole world as a possible market. This marketing strategy involves identifying target groups in the global market, as well as responding to market opportunities in the global environment (Ratković & Dašić, 2018).

Sportsmen i.e., athletes, with their success influence the creation of a positive image of the state and the nation on a global level. Consequently, this affects the creation of a better economic position of the country where the athletes come from, and can also affect the improvement of image, investment and business cooperation (Aziz et al., 2012). That is why, due to the growing profits in the sports industry and the popularity of sports on a global level, there is no industry that is not interested in cooperation with the sports industry.

Sport has a great cultural and economic significance. It has long since sport ceased to be just a competition. Today it is one of the main ways of branding nations and states. The sports industry continues to grow and globalize, and sport events offer a great opportunity for countries to be at the center of media attention for a short period of time. A well-known sportsman can easily be transferred to the brand of the product, and the significant link to brand of the whole nation. Regions, states, nations, and even entire continents are actively competing in promotion, with one goal, to develop a positive association to a particular destination that just gets the organization of a certain sporting competition. Organization of the Olympic Games, World Football, Basketball and other championships, similar international competitions is becoming a powerful economic driver of the host country. Organizing sports events can be a good economic support during and after the sports event for the host country. Along with this process, the sports industry in the countries of the organizer and the winner takes an even better position. Strengthening the national image based on sport success, whether it is a successful organization of a global sports event, or individual and team success of sportspeople, is a very desirable way of branding in a modern environment (Dašić & Jović-Bogdanović, 2020).

Skoko claims that during the great sports events, not only are the countries organizers (hosts) making profit, but also the countries participating in the competition. The sports stage is one of the most popular and far-reaching promotional channels, and sport events, in addition to providing impressive images thanks to the competitive spirit, create emotional connections between viewers around the world (Skoko, 2009, p. 162).

The brands produced in a particular country are foundation of branding itself, but natural, historical, cultural, anthropogenic and other resources of the destination or people living in that climate are also used for that purpose. The branding process itself implies longevity, in correlation with that, the strategies that need to be defined must have continuity over time, until the moment when the need for their change arises, and then they continue to live in accordance with the new goals. The success of destination branding depends on the appropriate choice of marketing elements with a focus on those in the field of communication, and in relation to the chosen approach to the application of this process. Accordingly, we list three possibilities of the branding platform of states and nations through sport (Rein & Shields, 2007):

1. The event (organization of the Olympic Games, football, basketball and other world championships),
2. The team (branding through world-renowned teams like Manchester United, or Toronto and Montreal with their hockey teams), and
3. The place (Dubai that has transformed from a large oil producer into a very desirable and attractive tourist destination, where a variety of sports activities takes place).

Sports events around the world are being postponed or cancelled in order to prevent the corona virus from spreading. Numerous national football federations have suspended their professional seasons 2019-2020 and will not declare a winner; UEFA has postponed EURO 2020 until the summer of 2021. Formula 1 has postponed numerous races in 2019 and 2020. Similarly, the famous Wimbledon tennis tournament was cancelled for the first time since 1945, and the International Olympic Committee decided to postpone the Olympic Games planned to be held in Tokyo in 2020, until the summer of 2021 (Dašić et al., 2020b). Taking into account all the above, depending on the long-term impact of COVID-19 on the economy, individual sponsors may be forced to terminate sponsorship agreements. "For example, it was announced that Adidas and Emirates, the two main sponsors of the Real Madrid football team, faced critical financial difficulties. As a result, their national governments provided them financial

support to enable them to continue running their business as before" (Dašić, et al., 2020c, p. 54).

The various impacts of the pandemic on sport have required sports organizations to take new approaches to emerging crisis management. "Firefighting" enriched global knowledge of sports management and generate new, fresh ideas (Keshkar et al., 2021).

Sport can be one of the most important drivers of economic development of countries. The sports industry is globally influencing the creation of an increasing number of new jobs. In 2000, Adidas had slightly more than 12.000 employees, and in 2016, that number was already over 60.000. It is similar with other global sports brands (Ratković & Dašić, 2018). The importance of sports for branding countries and nations is best illustrated by the following example. The international popularity of the Premier League is higher than ever before, with 64 players of different nationalities, and it is thought to be close to being watched by 4 billion people. This is a really big global phenomenon, the top sports league. The mere fact that 188 countries and 212 territories around the world have the right to broadcast football matches in this league, talks enough about the promotional potential of this league. English Premier League is the strongest in the world on many aspects, which uses its marketing potential to attract a large number of people to visit England. (Dašić & Jović-Bogdanović, 2020). Also, many successful Premier League football teams are very successful in branding their country. The issue of the value of the brand is gaining an important and noticeable place in the value structure of each company, so it is therefore necessary to know its strength and financial value.

By cancelling or postponing almost all sport events, advertisers and sponsors are trying to see if they have the appropriate contractual rights to protect themselves, now that they have lost the initiative in their media plans. Depending on the contracts contents it will be decided whether the advertiser should withdraw or pause contract obligations and financial investments that were reserved for sport events that will never happen. However, acting according to these contracts is not simple, as some advertisers have unfortunately already discovered. Many companies that advertise in sports use the "force majeure" clause as a way to get back the money that was originally spent on ads during sporting events. "Force majeure" clauses are standard in many legal contracts from a variety of industries (not just sports), unless you are in an industry prone to being disrupted by natural disasters (Marcus, 2020).

State and nation branding platform through tourism

The global market for place branding has never been more competitive. Places both established and new, are under increasing pressure to attract and retain residents, tourists and investors to a market of accelerated globalization and fragmentation. In that sense, Kotler and Gertner (2015) state that when it comes to attracting tourists, investors, population and events, the competition between different places has changed a lot. In the past, several cities or regions had a "deed" on the selection of tourists (Paris, London, New York, USA, Europe...), but times are slowly changing.

Tourism is becoming increasingly popular. Today, it provides tourists with a wide selection of tourist destinations that they can visit. This creates a significant competition between individual countries and regions, the aim of which is to attract not only tourists but also foreign investors. Individual countries thus function as brands that present their cultural, natural, historical or other products in order to create a strong brand that will ensure the country a strong position in a competitive market and help the country attract foreign tourists (Horáčková et al., 2020).

Tourism as an industry has almost died away due to the global pandemic. Countries around the world have introduced lockdowns with human mobility being restricted. The top destinations in the world China, Italy, Spain, USA, Mexico, faced huge economic losses in tourism. Recently many countries have gradually started opening up their destinations or are making promotions of them. Principally they should promote those destinations with safety measures for both employees and guests.

Although tourism is an industry which fills people with enthusiasm and happiness it is not self-sufficient since it is, directly or indirectly, dependent on and connected with many other industries. Tourism is not possible without transportation systems, hotels, and other tourism service providers. Due to the COVID-19 situation the hotels have been empty and flights cancelled those employed in tourism industry are losing jobs or facing salary shortages. (Sultana, et al., 2020).

Sports tourism significantly contributes to the existing and potential tourism development. Numerous examples have shown that sports tourism has significant economic effects, in the form of additional income, income from tickets, tourist income, etc. Sports events carry with them infrastructure improvement, that is, they bring rich investments that further

bring great profits. In addition to numerous sports facilities, many other infrastructure facilities are being built for tourist purposes. Sport manifestations raise satisfaction of local population by increasing employment, engaging in organization, maintaining and controlling the event (Dašić & Jović-Bogdanović, 2020, 108).

The latest data show that hotel occupancy rates in the USA are below 20%, while plane travels are almost 95% less in comparison to the same period 2019 (Cooper & Asmelash, 2020). According to the World Travel and Tourism Council (WTTC) one in every ten jobs (estimated 330 millions) is directly supported or influenced by travel or tourism related activities. The tourism industry itself is estimated to be worth about \$ 7 trillion. Therefore, it is considered as one of the world's largest economic sectors. Although known for its resilience, the tourism industry could not avoid the impact of the COVID 19 pandemic crisis, which the chief economist of the International Monetary Fund (IMF) called "a crisis like no other" (Keshkar et al., 2021).

The world has experienced many epidemics and pandemics throughout history, but none has had as pronounced consequences for the global economy as the COVID-19 pandemic. In a short period, COVID 19 caused panic around the world. Various restrictive measures have been taken to prevent the virus spreading - transport of people and goods has been minimized, state borders have been closed... Restrictive measures may have had a positive impact on human health, but also a huge negative impact on the global economy, especially in tourism. "It is estimated that in 2020 a large drop in international tourist arrivals will reduce global tourism industry revenue by almost 70%. Thus, COVID-19 is not only a danger to human life, but also has numerous short-term and long-term negative economic, social and environmental consequences. The impact of COVID-19 on tourism in developing countries is projected to be significantly greater than in developed countries. In some smaller countries where tourism accounts for more than 50% of GDP (e.g., Maldives and Seychelles) the pandemic has pushed a large part of population to poverty since the tourism is a primary source of income in these countries" (Luković & Stojković, 2020, p. 85).

Tourism in the Latin American and Caribbean region has almost died out due to the COVID-19 pandemic. Half of Latin America's and Caribbean services exports belongs to truism and represent a significant share of gross domestic product (GDP) and employment rates. Knowing that it is clear

how hard their economy has been affected. At the same time, not only the state is affected, but also numerous local communities. "An impact scenario shows that the slump in tourism may cause total GDP growth in the Caribbean and Latin America to fall by 8 percentage points and 1 percentage point, respectively, while total employment could potentially decline by 7 percentage points in the Caribbean and 1 percentage point in Latin America" (Mulder, 2021, p. 7).

The economic, social and labour crisis occurred due to the global COVID-19 pandemic has already affected the supply and demand chain. Thus, the global tourism industry is likely to be more endangered than ever with long-lasting consequences. It is time to reassess and transform the sustainability of the overall tourism sector. Furthermore, after the pandemic, the most essential thing is to return the business in a normal condition and try to protect itself and the employees. The tourism industry needs a plan for the revival (Deb & Nafi, 2020).

Conclusion

When a certain progress is reached in the process of states or nations branding, there is a change of opinion regarding one country in a positive context. This opinion not only must be maintained, but it is also required to constantly and continuously improve and strengthen it with positive messages. Numerous countries apply required measures regarding quarantine and social distance in order to suppress the pandemic. Global pandemic of corona virus has resulted in big changes in implementation of planned strategies of branding states and nations, forcing people from marketing to reconsider their thinking about current and future marketing campaigns. Due to pandemic, many jobs at global level are jeopardized, not only in marketing and strategy dealing with building positive image of states and nations, but with retail chains and sport services industry, including travelling, tourism, infrastructure, transport, catering, media broadcasting etc. It is not uncommon to hear that after COVID 19 pandemic, nothing will be the same. Taking into consideration the data mentioned in the paper, it is still not quite clear in which way many states will overcome the problems caused by COVID 19 pandemic, as well as whether bright future is there for tourism and sport in the post COVID 19 era.

In addition to a rather bad impact on health due to inactivity, risks for mental health related to loneliness and anxiety, COVID 19 pandemic will

also have rather long-term consequences for everyday life, public health, economy sectors, particularly service sectors (tourism), food and accommodation services, transport, sport, etc. Sport events throughout the world are being either delayed or cancelled as an attempt to stop spreading corona virus. Sport and sportsmen with their successes affect the creation of a positive image of a state and a nation at a global level. Not less significant, sport tourism contributes to the existing and potential tourism development, but it also affects the state and nation global image and has significant economic effects

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THE IMPACT OF PANDEMIC CORONA VIRUS ON COMMUNICATION IN TOURISM

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Abstract

Communication and information technologies have greatly influenced the changes of tourism as an activity, especially when it comes to distribution channels in tourism, achieving more accurate and closer communication with customers/tourists, easier access to information, which ultimately affected the creation of market competition with the focus on the tourist. Communication in the tourism industry is of universal importance if the goal is an adequate level of tourist satisfaction as well as competitiveness in the local and global market. Communication is not just promotional activity aimed at attracting tourists, but the totality of relationships that are realized before arrival, during staying and after the departure of tourists, and their quality determines the ratio of expected and achieved satisfaction of a service user. The aim of the research is to understand the different effects that communication (verbal and non-verbal) has in restrictive business conditions. In addition, the paper seeks to point out the practical aspects of the communication process of all participants, directly or indirectly, involved in the creation and provision of services in the tourism industry, with reference to the time of the pandemic.

Key Words: *practical communication, tourism, tourist, corona virus pandemic.*

JEL classification: *M31, Z32, M12*

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Introduction

The service sector in the world economic trends and business environment has a dominant position in all economic processes and is an unavoidable factor in the development of society. Tourism, when defined both as an industry and as a service sector, is the fastest growing and most profitable activity, which directly or indirectly generates values for the individual, organizations, and society. Tourism is a set of individual and organized economic and trade activities, which include traffic, catering, accommodation, trade, crafts, agriculture, utilities, events and happenings. It is characterized by seasonality, heterogeneity, labor intensity, globality, a significant level of demand elasticity and supply inelasticity. Changes in economic trends, political developments, advances in technology, culture, demography, finance provide the basis for the development and progress of tourism, but at the same time carry certain risks and dangers. The changes in the tourist environment that have significantly affected the principles of business have been caused by the corona virus pandemic. The basic question was how to adapt to the new situation and how to present the tourist offer in addition to numerous administrative barriers. The attractiveness of tourism has conditioned the development of extremely strong competitive relations in national and international markets and now the conditions dictated by the pandemic have imposed a relentless struggle for consumers of tourist services.

Communication is the basic precondition for anticipating the needs and motives of tourists, promotion, source of information, attitudes, and reactions of guests. Consumers of tourist services express different, individual psychological reactions during and after consuming services, depending on expectations and perceptions, which in most cases are a subjective rather than an objective reality. Communication has a task to influence on consumer behavior, and psychological goals are related to the mental processes of consumer processing and seek to change their behavior (Grgona, 2003, p. 45). Several authors have researched the relationship between communication and psychology. Very often they neglect the social aspects of tourism, e.g., the fact that the trip gives a certain picture of a tourist, his/her personality, attitude, values, and lifestyle (Šimkova, 2014). This highlights various challenges, especially in terms of sustainability, and emphasizes the need for proper planning and management in tourism (Glaesser, et al., 2017). The paper includes research on communication in tourism and its impact on the psychology of service consumers. The aim is to investigate the effects of different types and ways of communication,

with special reference to the advantages of direct, interpersonal verbal and non-verbal communication in restrictive business conditions. The question is which market should focus on promotion, domestic or international? How to prevent the disproportion of the '*promised and possible achievable*' in conditions of '*force majeure*'?

Communication in tourism

Communication is the exchange of ideas, information, signs, desires, emotions, attitudes, beliefs by verbal or nonverbal means and is an immanent factor of all human activities carried out in economic, non-economic or personal activities (Vojinović & Petković, 2019). Communication is connected to living organisms, especially to human beings, but it is also inherent in organizations, so it can be said that without communication, economic organizations cannot exist or achieve their business goals. Certain traits and behaviors that are characteristic of an individual are found and applied to organizations that are "the same as living organisms" (Adižes, 1988, p. 13). The term communication comes from the Latin word *communicare*, which in translation means to communicate or make common (share with others). For tourism and tourism service providers it is extremely important, moreover crucial to determine communication as "sharing with others", because tourism services do not have a physical dimension, are intangible, virtual, volatile, labor intensive and in most cases require presence and direct contact between provider and customer. Communication can be internal and external communication, communication before the arrival of the tourist, communication during the stay of the guest and communication after the departure of the guest.

There are various forms and ways of communication that arose and developed in accordance with the evolution of human beings and social relations, whose work is studied in law, sociology, economics, psychology, and theology. The most important and most analyzed type of communication is market or business communication, which combines economic, legal, sociological, and psychological standards of communication between people as individuals and social groups. Communication is not a one-way flow of information (Smith, 2002, p. 63). Communication with the market implies the exchange of messages between companies and interested audiences (customers, employees, shareholders, media representatives, governmental and non-governmental organizations, interest groups, etc.) on issues related to marketing and

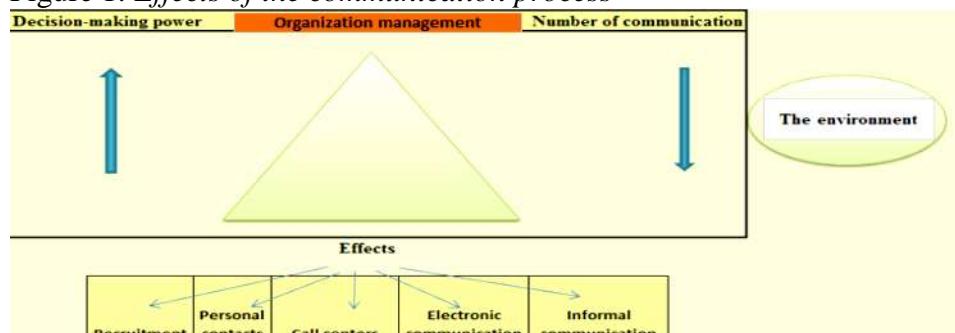
business success of companies (Aćimović et al., 2006, p. 326). Today, communication represents an interactive dialogue between a company and its clients (Kotler, et al., 2010, p. 541). In the literature, the tourist market is most often defined as a market of a special kind, i.e., a market *~sui generis~*, (Popesku, 2018, p. 43) and as such highlights the importance of communication in the tourism industry, especially marketing. A tourist product, as a set of individual products and services, is the result of the work of economic and non-economic activities. A tourist, as a specific service user of the tourist industry, rightly expects that the tourist product fully satisfies his needs and desires, regardless of whether they are common or whimsical (Bošković & Vukčević, 2000). Tourists need information from various sources before making a purchase decision to prevent the emergence of post-purchase cognitive dissonance. Every contact with the guests is also an opportunity to present both the seller and the offer in the right light. (Baričanin & Kapor, 2017, p.395).

There are basically two options for searching for information. In an internal search, the customer first re-examines his own memory of products that could help him solve the problem (Dibb, et al., 1991, p. 117). If they do not have enough memorized, internal information or gained experience about the product or tourist destination, they start the process of collecting information from the external environment, which is already a communication process. Demand in tourism is moving towards supply and the basic task of tourism business entities is to provide adequate, timely and accessible information. How and in what way to do it? In order to anticipate the needs of consumers and form an offer that will be exposed in communication, it is necessary to understand the behavior of the consumer of a product or service, whether it is a customer or a consumer. Knowledge of consumers requires an understanding of the principles of behavior that guide consumer behavior. (Hawkins & Mothersbaugh, 2010, p. 15). The complexity of the communication process in tourism requires planned strategies that should provide answers to the basic questions: 'Who will say something? What will he say? How can he say that? Who will he tell that to? 'All activities in the process of providing tourist services represent communication in a certain way, but "non-communication" is also a certain type of communication. Therefore, there is an opinion that communication is "the most important and most used skill in tourism" (Fox, 2006, p. 164).

Consumer behavior, on whose attitude the business success of a company depends, is the most intriguing area of economic observation and study. It is an interactional relationship and the result of a conflict of interest

between providers and consumers. In the process of communication, we can know the intentions and reactions of consumers, but we can also influence their behavior. Communication is an amalgam of all activities and the result of their action in direct, indirect, physical, or virtual connections with the environment. Communication - information factors can be classified into three groups of sources: commercial or marketing communications, public sources of information, and independent sources, i.e., sources that assimilated information during the use of tourist services. We emphasize that every contact of tourist organizations with their clients leads to communication, i.e., exchange of information, attitudes, impressions, and knowledge.

Figure 1: Effects of the communication process



Source: Author's processing

Looking at Figure 1, it can be concluded that the dimensions of decision-making and communication have the opposite direction. The decision-making power is stronger and greater towards the top of the pyramid, while the communication is much more pronounced at the bottom of the pyramid together with the effects that the stated dimensions cause. Effects in the form of employment, personal contacts, call centers, e-communication and informal communication play a noticeably big role when observing the communication process, which is influenced by both external and internal environment with all its positive and negative forces. The relationship between decision-makers and graduates ends on the basic marketing principle of 'satisfied employee, satisfied customer'. According to the employees, not only obligations should be delegated, but also authorizations so that communication with tourists would be in the function of achieving guest satisfaction, whether it is the time of the pandemic or not. Fill (2005, p. 5) defines marketing communication as a management process through which an organization establishes contact and builds relationships with its various target groups. Belch (2004, p. 8) talks about

coordinating different promotional elements that communicate with clients. The term marketing communications in tourism means all commercial sources of information provided by organizations or individuals, directly or indirectly, in order to effectively promote and sell tourism products and services. Marketing communications are a necessity for both providers and consumers and they "represent a means by which companies try to inform, persuade and remind consumers directly or indirectly about the products and brands they sell" (Kotler & Keller, 2006, p. 536). From a theoretical and practical approach, special attention should be paid to integrated marketing communications, where according to Hulbert no message contradicts the other, but mutually support or complement each other, they are consistent, and redundancy is limited to the level considered as appropriate (Hulbert, et.al, 2003, p. 38). The optimal, i.e., ideal setting of communication elements is that the effectiveness of the elements should be integrated into their joint action, which will be greater than the sum of their individual actions (Vasiljev & Vojinović, 2016, p. 88). Communication in tourism should be viewed and built as a system, which sends or communicates a convincing, clear, consistent, reliable, and specific message. The fragmentation of the world tourist market, media development, global competition, technological progress of electronic communications, development and availability of transport means lead to repositioning the relationship between tourists and the tourism sector and a significant shift in profiling marketing communications. Traditional ways of communication and media propaganda, as the dominant, and often the only instrument of the marketing concept, are slowly emerging and giving way to integrated communications with the internal and external environment. Advertising in tourism during the pandemic was supplemented only with information on the current conditions of providing tourist services, i.e., the obligations of both providers and consumers. All forms and modes of commercial, traditional adverts have not been changed.

First source of information are public sources of information on tourism, tourist services, quality of products and services, their impact on human health and the environment, and the ways and conditions of work and implementation of the tourism industry. Groups of information that tourists need and that ultimately determine their decision-making should be put in the first place. Tourists pick tourist product-service, destination, and time in accordance with their needs and preferences, but it is necessary to ensure the safety and security of visitors to a particular area, in addition to material and psychological satisfaction.

It is certain that the movement of people - travel and stay in other destinations, whether there are previous experiences or not, carries with it certain risks that should be avoided, or their effects reduced. The laws governing the field of tourism determine the behavior of all participants, they contain dispositions and sanctions which prescribe the ways of performing this activity, and, also, the ways of using the services. Legislation is under jurisdiction of the country, but its effect on the awareness, expectations, and perceptions of consumers of tourist products and services is subject to research in sociology, psychology, and marketing. The first encounter of foreign tourists with the tourist offer of a country is the administrative or border line of crossing the state border. In theoretical terms, laws and all other legal regulations should provide solutions that will enable the development of the tourism industry, with measures to protect the participants of the receptive and emotional market.

Rules containing legal solutions need to be implemented in practice, but it happens that there is a discrepancy between the declared legal solutions and the perception of those who should implement those solutions. Theoretically and practically observed regulations and their implementation should be harmonized with tourism policy and goals, communication opportunities, language differences, cultural values, technologies, international regulations and standards, as well as political and demographic trends. Imposing laws without adequate application in practice will not contribute to the development of tourism.

The Law on Tourism of the Republic of Srpska defines tourist agencies as companies for organization, sale and implementation of tourist package deals, excursions, field trips and other forms of travel, as well as provision of other services common in tourist traffic, for profit. The Law also defines tourist organizations as associations that are established to promote and develop awareness of the importance of tourism, its effects on economic, social, cultural, and multiplicative impact on the entire economic system, also improving the general conditions of tourist service and providing information to tourists. (Law on Tourism, 2017).

States at the national level themselves enact laws to control tourism, i.e., participants, and in this process sometimes neglect rights and freedoms, often without considering internationally recognized rules and standards, which are defined by international conventions, regional and bilateral agreements. The International Conference on Tourism in the Hague (1989) states that "safety, protection of tourists and respect for dignity are a

necessary condition for the development of tourism". (The Hague Declaration on Tourism, 2020).

Failure to comply with the law leads to serious problems in tourism. How to reconcile the obligations and rights of tourists? How, whether and to what extent to sanction violations of dispositive norms by tourists? Any disagreement on this issue will create a negative perception among tourists, which will directly affect its further development. The practical implementation of legal solutions can be a greater challenge than just the theoretical definition since it is the responsibility of persons and institutions that are not directly involved in the implementation of tourism. Communication is crucial, not only when it comes to broadcasting information, but also when applying and enforcing legal solutions.

The second source of information are domestic and international statistical, scientific, health, sports publications, bulletins with quantitative and qualitative indicators on tourism, radio and TV shows. Holders of the tourist offer try to build the most favorable opinion of the general public about their activities, work, goals, products and services. On the other hand, as tourism is not a special or separate economic branch, its development and success are the sphere of interest of all social subjects. There are national and local tourism organizations, tour operators, travel and travel agents, business associations and chambers, health facilities, sports organizations, government agencies and representative offices in the country and abroad. According to health instructions, the focus is on the obligatory behavior of tourists, and the principles of using services that are aimed at the safety and security of all participants in the tourist market.

The third source is information that a tourist can collect, obtain, or exchange with people who have experience and who have created perception after consuming tourist products and services. Most often, they are members of reference groups, friends, relatives, and acquaintances. Their importance in the process of choosing an alternative and final decision-making among tourists, have a primary position, although they are classified in the third group. Tourists have the greatest confidence in the authenticity of the experience in this source of information. These sources are often characterized as "independent" where there is a shortage of experts, paid advertisers, rented space, sponsorship, and the subjective reality of the experience. For all actors in the tourism industry, theoretically and practically, this is the most important segment of the process in providing tourism services. The success of the tourism industry depends on

understanding and accepting the personality of the tourist, which should be motivated by the desire to feel "at home" in all tourist interactions. Tourism, unlike other industries, is strictly tied to the consumer. All results and successes are achieved by people, so employees need to be educated and motivated on a daily basis, in order to fully accept the needs and desires of guests and respond to them. Communications, thanks to advances in technology, have managed to present the tourist offer to the market and answer all questions (electronic reservation systems, online platforms), regardless to all difficulties caused by the pandemic in the tourism sector.

The communication which is taking place in the present time will have effects in the future. It will transmit good and bad impressions, but it should be recognized that a bad impression is transmitted faster and to a greater extent. Therefore, the importance of communication should not only be declared, but it must also be used in practice. Communication is not just an exchange of words. Companies should pay attention to the behavior of employees, their tidiness, work clothes, answering the phone, electronic communication, active listening, accepting complaints and taking responsibility for them, body movements, gestures, respect for working hours, taking on responsibilities of other employees, speed and accuracy of requirements, and receiving guests. Accessibility, professionalism, culture, and helpfulness of workers who are in direct communication leads to initial satisfaction with the service; service users get the feeling that they are important, that their needs are important and that the person who welcomed them will do everything 'to make their trip the best trip ever'. (Baričanin & Kapor, 2017, p. 399). Tourists will process information from different sources, but their decision will be conditioned by the strength of the arguments of individual sources and the optimal combination of expected values and obtained values.

The corona virus pandemic has shown that communication is not just a business marketing tool. The importance of technological solutions cannot and should not be diminished. Understanding, empathy, smile, help and support are the characteristics of a human being that gain in importance in non-routine, crisis times. With an adequate approach to the guest, especially with communication, the consequences of a pandemic can be reduced to a greater extent. Tourism is 'vulnerable', but at the same time there is no other sector or activity that adapts more quickly to the new situation. Positive experiences of users of tourist services, which are passed to other tourists in crisis situations, gain new value. This value is reflected in the joint overcoming of the problem caused by the corona virus

pandemic. Human understanding and a human smile cannot be reimbursed. Communication cannot ever have only a commercial purpose.

Corona virus pandemic and communication in Bosnia and Herzegovina

The corona virus has caused a large decline in revenue, as well as problem with liquidity for companies that are characterized as tourism companies. They all suffer huge losses together, and it is still not clearly defined when the uncertain future will become certain. According to a report by the World Trade Organization (2020), international tourism is estimated to have declined by about 60% during the corona virus pandemic, predicting a 60% to 90% reduction in bookings. Looking at Bosnia and Herzegovina, tourism quite ‘flourished’ in the period from March 2020 to March 2021 compared to European destinations, which were locked in that period. It is known that Bosnia and Herzegovina, during the restrictions in many surrounding countries, allowed the unhindered entry of foreign tourists, and domestic tourists could certainly visit tourist destinations in Bosnia and Herzegovina and neighboring countries (with a negative PCR test). The local municipality of Pale has been visited by 38,420 tourists in 2020, which is 24.5% less than in 2019. The average reduction in the number of arrivals of foreign tourists was around 30%, so the number of foreign tourist arrivals in 2020 has been lower by 29% compared to 2019. Compared to 2019 the number of overnight stays by foreign tourists was lower by 17.5% and compared to 2019 the number of arrivals of domestic tourists was lower by 21%. It is interesting to note that the decrease in domestic and foreign tourists in the observed period of the corona virus pandemic was very similar, despite the restrictions that countries accepted in order to prevent the spread of the virus. Tourism will continue to be influenced by globalization and different situation, perhaps even above the average of other sectors of the economy, because it is mostly related to connecting, moving, communication and creating new memories (Kapor & Baričanin, 2016, p. 461).

Consumers are changing their habit from face-to-face communication to online communication because they are prevented from moving and communicating with company staff. In this regard, companies reacted to the change in the environment caused by the corona virus. The change caused the fact that about 80% of consumer-company communication took place remotely, via online communication, and it was a key step in bringing the product closer to customers/consumers. The communication in the

service sector becomes more intense between tourist destinations and service users. The term more intensive refers to the responsibility of hotels and other accommodation to inform visitors about valid restrictions (if they are not informed) that apply at a tourist destination: about the working hours of certain facilities, and the impossibility of using certain facilities that exist at a tourist destination. However, it is concluded that tourism communication must be flexible and adaptable to a changing and complex environment. Lau (2020) further defines that new technologies are used to mitigate the impact of a pandemic, which will optimize innovation performance, brand awareness, and reduce security risk. Recovery, promotion and reputation plans of tourist destinations must be designed in the short and medium term, without losing sight in the longer term, in order to prepare for a new social scenario that will have different effects on consumption and travel. In that sense, it is important to work in coordination with the entire system of tourist communication, because the crisis caused by the corona virus provides an opportunity to redefine the formats of marketing campaigns in order to recover publications that are fundamental channels for the tourist value chain.

Research methodology

Out of a total of 140 forwarded questionnaires, 62 respondents successfully and correctly answered the questions. Respondents were provided with an electronic survey questionnaire, as one of the most efficient ways of collecting data in today's world. Data were collected in the timeframe from June to September 2020 in Bosnia and Herzegovina, municipality East Sarajevo. The survey questionnaire was anonymous, and all data collected are strictly confidential and will be used only for research purposes.

Table 1: *Basic dimensions of research*

Guest type	Total	Gender	Total	Age structure	Total
Domestic guest	40	M	23	a/ 18-25	15
Foreign guest	22	F	39	b/ 25-35	27
				c/ 35-50	13
				d/ 50-65	6
				e/ 65 and more	1

Source: *Author's processing*

Respondents were divided by size, foreign/domestic guests, by gender and by age structure. The reason why the authors aspired to such dimensions was in the fact that the communication and the first experience of the tourist

starts with the border guard. This communication is of key importance, especially during the corona virus pandemic, because from that moment on, tourists start to enjoy it with enthusiasm and desire. The largest number of respondents used domestic tourist services (64.52%), while more than one third of respondents used foreign tourist services. 37.1% of the participants in the study were male, while 62.9% were female. The largest number of respondents is middle-aged, i.e., from 25-35, which can be seen from Table 1.

Table 2: *Main motives for the trip (in%) * (it is possible to circle more answers)*

Motives for trip	Total	Motives for trip	Total
Rest	39	getting to know new destinations	20
sports and recreation	7	previous visits	6
natural attractions	17	retell to others	2
good prices	7	health reasons	8
cultural and historical sights	14	manifestations and event	6

Source: *Author's processing*

The main motives for travel relate to the way tourists behave in accordance with their attitudes before, during, but also after the trip. Knowledge of travel behavior can help with creating marketing programs which is related to increase the number of visitors. As can be seen, Table 2 discusses the basic motives for traveling, and among them, vacation and getting to know new destinations stand out. Tourism allows getting to know new destinations better, as well as to notice all the natural attractions and cultural - historical sights that the destination provides to visitors.

Table 3: *Legal procedures*

Knowledge of legal procedures	%
Yes	51.61
No	48.39

Source: *Author's processing*

It is certainly desirable and necessary for tourists to know basic information about legal norms, and the research concludes that there were more informed tourists in tourist destinations than uninformed ones.

Table 4: *Problems entering the country*

Did you have problems entering the country during the corona virus pandemic?	%
Yes	6.45
No	93.55

Source: *Author's processing*

The positive finding mentioned in the research is that tourists did not have much trouble crossing the border during the corona virus. The most respondents answered with NO (93.55% in total) to the question: Did they have trouble getting to a foreign country? First positive connection between a foreign country and tourists who visit a tourist destination again or for the first time is one of the crucial things for tourism.

Table 5: *Satisfaction of users of tourist during the corona virus*

Are you satisfied with the reception, kindness and communication with the staff in the accommodation facility?	%	Did you receive additional information about the tourist offer and services?	%	Did they "recognize" you on arrival?	%
a/ yes	83.87	a/ yes	54.84	a / yes- a pleasant surprise	32.26
b/ no	9.68	b/ no	45.16	b / not- as if I hadn't been a guest before	62.9
c/ they weren't even there	6.45			c / routine reception of guests	4.84

Source: *Author's processing*

Although very few respondents answered that they were not satisfied with communication (16.03%) it is interesting to note that almost half of respondents did not receive any additional information about tourist offer which points to the conclusion that customers do not expect to get information at all. Even though there was a small percentage of those who did not have any communication with staff, it is something that should be further minimized. During the pandemic, establishing additional communication with the guest/tourist/consumer of tourist services in the

percentage of 45.16% is very problematic. Although it might not seem to be a big problem, it worsens greatly the visitor's image of the entire tourist destination. In the long run, this way of doing business would negatively affect the finances of the facilities. 32.26% of the answers in the empirical research were affirmative, i.e., guests were recognized by staff, routine guest – reception communication amounted to 62.90%, while 4.84% of tourists had no positive experience in terms of communication and reception by hotel staff. It is important for management and hotel staff to focus on some of the following tips aimed at making guests feel special. On the other hand, hotels face a number of problems in recognizing each guest individually. Hotels, especially in the luxury area, want to provide personalized services to their guests. But there is a problem with recognized staff turnover rates in the industry averaging as much as 30 percent. The reception staff must provide a feeling of sincere welcome upon arrival at the hotel and offer to help if the guest has a problem on arrival or during their stay at the hotel. The reception staff should emphasize their name, or better surname, also communication with tourists during the stay should be specific, clear, and without much 'wandering'.

Table 6: *Guest address and staff characteristics*

The way the guest is addressed.	%	Basic characteristics of staff	%
a / by name	30.65	a / politeness and kindness	80.65
b / surname	29.03	b / informative	43.55
c / name and surname	16.13	c / pleasant voice and speech	4.20
d / none	24.19	d / accuracy	19.35
		e / care	16.13
		f / tact	12.90
		g / sincerity	9.68
		h / prone to cooperation	8.06

Source: *Author's processing*

Addressing the guest upon arrival at the hotel is the first step to guest's satisfaction. It calls into question the way the receptionist communicates with guests visiting the location. If the communication is not adequate, the sociological feeling of 'belonging' of the tourist at a given location is also questionable, and this certainly increases the practical psychological feeling of insecurity and dissatisfaction. The employees and the hotel management should pay as much attention as they can to tourists in order to increase their satisfaction.

Table 7: *Gained trust and communication during the visit to the destination (during COVID-19)*

Have you established communication with the managers of the accommodation and catering facility?	%	During my stay I gained confidence in:	%
a/ yes	33.87	a / employees	46.77
b/ no	66.13	b / company	22.58
		c / I did not gain trust	30.65

Source: *Author's processing*

The communication channel from top to bottom should be perfect in tourist companies, especially because it is very important what kind of communication tourists have with tourist companies. The communication of the manager with the guests should be improved, because the tourists then acquire a sense of importance, that their stay is really purposeful, and that the management and the staff are really happy because the tourist chose that hotel. The question, which refers to the degree of trust, shows a picture of a gap that tourist facilities must overcome. These are things that tourist facilities have to repair in order to survive, because their job depends on the trust they gain in people, who become loyal customers, and visit the destination every year.

Conclusion

In the age of digitalization travelers, hotel and restaurant guests are increasingly looking for emotions and unique experiences. Today's guests are not only looking for a 'roof over their heads' or delicious food, but they are also constantly looking for a new experience. Emotions are recognized as one of the most important factors for the individual enjoyment of guests. The rapidly changing context in the modern tourism and hospitality industry has led to an increased emphasis on communication strategies, together with responding to the needs of increasingly demanding consumers, and with the fragmented nature of the marketing and media environment. Practice and theory related to this industry are explained and criticized by using modern case studies. Even in this so-called "age of communication", the workplace in hospitality and tourism is still filled with endless worries related to communication. The hospitality and tourism workplace are people-oriented because it is focused on providing excellent service to targeted service users. The tourism sector uses human resources to carry out activities and daily commitments. In a service-oriented

industry, everyday work requires a continuous flow of information that should deliver information quickly, accurately, and efficiently through the most appropriate medium. Constant interaction and close coordination among employees are a must. Teamwork of all employees is crucial to fulfill the guest's satisfaction, as well as hotel service to exceed their expectations, and it also should enable things to be done quickly and according to standards. All this requires efficient and simple business communication.

Research conducted among users of tourist services has shown that communication is one of the most important factors influencing the overall picture of a tourist destination. Employees, as the most important link between a company and its customers, are crucial in the development and implementation of efficient communication systems. First-line employees must ensure that they are fully aware of the policies and priorities that the company prefers, and they must also know where and how to obtain information if necessary. Employees must also react positively to the unexpected. Staff should also be fully trained to perform all of their work tasks. Communication with customers is a winning business strategy in the service sector, and it also needs to be maintained at a certain level, which will ensure that their customers keep coming back. For this reason, one should never underestimate the communication system which is crucial to an organization's success in hospitality and tourism. When communication during the pandemic is observed, it can be concluded that the corona virus has greatly affected tourism as an activity, i.e., there have been quantitative and qualitative changes. It can be concluded that the corona virus independently segmented the tourist market, and disabled tourist facilities to work according to a pre-established plan. By observing the communication, conclusion can be drawn that communication has become much more intense between tourist facilities and tourists than it was before, and that intensity will be further increased in future.

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IMPACT OF PANDEMIC ON SELECTIVE DEVELOPMENT OF TOURISM IN SOUTHERN AND EASTERN SERBIA

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Abstract

Natural and anthropogenic tourist values, along with the appropriate tourist infrastructure and superstructure, represent the basis for the development of tourism in an area. In modern conditions, when it comes to tourist demand, there are more and more specific motives that encourage tourists to travel. This leads to the segmentation of tourist demand and opportunities for the development of selective forms of tourism. The aim of this paper is to consider the possibilities for the development of selective types of tourism in the region of Southern and Eastern Serbia and the specifics of regional tourism development in the conditions of Covid-19 pandemic.

Key Words: *selective tourism, pandemic, Southern and Eastern Serbia*

JEL classification: Z32, R11, R41

Introduction

Changes on the side of tourist demand, in terms of needs, requirements, habits, motives and interests, have conditioned the emergence of selective forms of tourism. Specific motives that encourage tourists to travel are culture, gastronomy, religion, sports, hunting, fishing, fashion, film, music, photography, sailing, entertainment, events. Tourist destinations, on the side of the tourist offer, in order to meet the specific requirements and needs of tourists, base their development on a concept that relies on the specific motives of a particular target segment of tourist demand. Tourists are changing their habits, becoming more demanding and sophisticated.

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Tourists, primarily solvent tourists, as well as tourists with strong knowledge and experience when it comes to travel, are constantly looking for new tourism products and experiences. All this leads to the creation and adaptation of a tourist product in line with the needs and requirements of modern tourists. The concept of selective tourism, unlike the concept of mass tourism, focuses on the tourist as an individual, ie creating a tourist product and a tourist offer that will satisfy the requirements of the tourist as an individual. The region of Southern and Eastern Serbia has significant natural and anthropogenic tourist values. Attractive geomorphological values, favorable climatic conditions, significant hydrological potential, diverse flora and fauna, rich cultural and historical heritage, ethnographic and manifestation tourist values provide opportunities for the development of selective types of tourism in this area. In the region, therefore, there is an opportunity for the development of different types of tourism, each of which requires a special approach to development.

The Covid-19 pandemic and related restrictive measures are causing enormous damage to economies around the world, with tourism being one of the hardest hit. In the following, the basis for the development of selective types of tourism in the region of Southern and Eastern Serbia and the specifics of the development of tourism in this region in the conditions of a pandemic will be considered. In addition, an analysis of tourist traffic in the region in the period 2010-2020 will be performed, with special reference to the turnover that was realized in the year of the Covid-19 pandemic.

The basis for the differentiation of selective forms of tourism in the region of Southern and Eastern Serbia

A certain area attracts tourists on the basis of the area attractiveness, such as natural and anthropogenic resources that the area has at its disposal (Stanković, 2003). Proper use of tourist resources and proper management of tourism development in the region requires a good knowledge of the internal and external environment, all the advantages, disadvantages, opportunities and threats in the development of tourism.

Selective types of tourism encourage regional tourism development and highlight the region's comparative advantages. "Selective tourism occurs in response to the negative implications of mass tourism. Through the diversification of the tourist offer, the tourist product is adapted to smaller groups of tourists" (Ćorluka et al., 2013, p. 91). The development of

specific types of tourism is based on the offer of unique values. "An optimal combination of the strategic management models in this tourism destination should be reserved to the selection and implementation of the strategy of tourism segmentation, in order to gain and to categorize target market segments and a particular group of tourists with a precisely known needs and desires" (Stamenković & Ilić, 2017, p. 657). In order to talk about the successful development of specific types of tourism in a tourist destination, their promotion and placement, it is necessary to recognize all the positive and negative factors for the development of a tourist destination.

In order to identify all the advantages and all the disadvantages for the development of tourism in the region, it is necessary to perform an appropriate analysis of internal potentials. This implies inventory and classification of all elements of attractive tourist potential in the region. To achieve this goal, it is especially important to identify affirmative and limiting factors in the development of selective types of tourism in this area and critically approach their analysis in order to enable selective tourism development and raise the level of destination competitiveness in Southern and Eastern Serbia.

Mountains, picturesque nature and favorable climate are a good basis for the development of mountain tourism, excursion tourism and outdoor activities. The richness and diversity of thermo-mineral springs enable the development of spa tourism in this area. A special curiosity are the geysers as special tourist values in Sijarinska and Lukovska spas. Numerous lakes with beautiful surroundings provide opportunities for water activities, camping. Villages in the region of Southern and Eastern Serbia represent the potential for the development of eco-tourism. "One of the most important segments in the gastronomy sector, could be locally produced agricultural products. Such products, in many countries, their regions and cities, occupy an enviable percentage of the share in the tourism consumption" (Stamenković & Đeri, 2016, p. 1261). The autochthonous gastronomic offer of many places in the region represents a good basis for the development of gastronomic tourism. A large number of cultural monuments, archeological sites, famous places, spatial cultural - historical units and religious buildings represent a significant potential for the development of cultural and religious tourism in the region of Southern and Eastern Serbia. Hotels in larger cities and some spa centers have the conditions for organizing conferences, seminars, congresses and other business meetings, which is the basis for the development of congress

tourism. Numerous manifestations of different character (ethnographic, artistic, entertainment, sports, religious, economic manifestations) represent the potential for the development of manifestation tourism in the region. Sports fields, swimming pools, sports halls and other sports and recreational facilities, as well as numerous places in nature, represent the potential for the development of sports and recreational tourism. Hiking and mountain biking routes, among other things, are the basis for the development of adventure tourism. Numerous hunting areas in the region inhabited by different species of game represent the potential for the development of hunting tourism. Rivers represent a kind of potential for the development of fishing tourism, as well as for bathing and water activities.

The mountains represent a particularly significant geomorphological tourist value, due to their vastness, properties and landscape diversity. Mountains in the region of Southern and Eastern Serbia (Stara planina, Suva planina, Rtanj, Ozren, Homoljske planine, Radan planina, Besna Kobila and others) represent a unique natural wealth and provide opportunities for activities such as skiing, hiking, recreation, collecting medicinal plants, extreme sports, paragliding and jeep driving. The mountains provide opportunities for the development of mountain tourism, as well as rural, congress, cycling, hunting, excursion and sports - event tourism. Most of the mountains in this region, however, have not yet been discovered and are characterized by untouched nature. Gorges (Đerdapska, Sićevačka and others) and canyons (Lazareva river canyon, canyon of Rosomača, canyon of river Jerma, canyon of Vučjanka) deserve special attention, as a special type of geomorphological tourist values. Caves represent a special type of geomorphological tourist values and a segment of the tourist offer. From the caves that are arranged for tourist visits, we should single out Ceremošnja and Ravništarka (near Kučevo), the complex of Zlotski caves (near Bor), Rajkova cave (near Majdanpek) and Bogovinska cave (near Boljevac). In the region of Southern and Eastern Serbia, there are two geomorphological phenomena that are unique in Europe. These are Đavolja varoš (near Kuršumlija) and Vražji kamen (near Trgovište). Only the Đavolja varoš has been valorized for tourism - a natural phenomenon that is visited by a large number of tourists every day.

The region of Southern and Eastern Serbia has a rich hydrological potential. It can be said that this is a region of spas and the most diverse thermo-mineral waters. The number and diversity of thermo-mineral springs have conditioned the emergence of a large number of spas in this region. Spas

have the opportunity to form a diverse tourist offer. Only a small number of spas in the region have taken advantage of these opportunities. These are the spas that create a tourist offer in accordance with the requirements of modern tourists and create programs that will attract tourists and visitors throughout the year. In addition, there are rivers and lakes that attract the attention of a large number of tourists thanks to their tourist potential. The Danube River stands out for its importance. Given that the Danube flows through Eastern Serbia, providing exceptional opportunities for panoramic sightseeing and visits to numerous places rich in cultural and historical heritage, there is potential for the development of nautical tourism in this part of the country. For the development of nautical tourism, it is necessary to create specific technical - technological and organizational - personnel conditions. In addition, the development of this type of tourism implies the use of nautical infrastructure and superstructure, which is insufficiently developed in this part of the country, as well as in the whole country. The lakes in the region of Southern and Eastern Serbia, with their geographical position, quality and physical properties of water, as well as the living world in them, attract the attention of domestic and foreign tourists and provide opportunities for various tourist activities. Some lakes represent independent tourist values, while others have a complementary character when it comes to the tourist offer of a specific area. Some lakes in this region are not sufficiently valorized. Springs are a special type of hydrographic tourist values. Due to their unique beauties, they are part of the tourist offer of the area where they are located. In the region of Southern and Eastern Serbia, the Krupajsko spring at the foot of the Beljanica mountain, the Mlava spring near Žagubica and the Krupačko spring (Blue Eye) in the village of Krupac near Bela Palanka stand out for their specifics. These places are tourist attractions characterized by clear water and lush vegetation. Waterfalls are special tourist attractions and places that are visited, above all, by nature lovers. More than a third of all waterfalls in Serbia are located on Stara Planina (in the region of Southern and Eastern Serbia). In addition to the waterfalls on Stara Planina, the region also features a waterfall near Negotino, a waterfall at the foot of Kucaj mountain, a waterfall in the Djerdap National Park, a waterfall on the slopes of Beljanica, as well as a waterfall near Kučevo. Many of these waterfalls, especially on Stara Planina, are located in inaccessible areas and are difficult to reach.

On the territory of Southern and Eastern Serbia, there are numerous species of flora and fauna, ie a diverse flora and fauna. The region has a variety of medicinal, aromatic and rare plants and fruits. This area is also

characterized by an abundance of game species in the forests, fish in the waters, birds and butterflies. It provides opportunities for hunting, fishing, photography and the like. The richness and diversity of flora and fauna in a way increases the value of the tourist offer of this area. The richness of flora and fauna can greatly improve the content of your stay in a tourist destination. Therefore, special attention must be paid to the preservation and protection of plant and animal species. In the region of Southern and Eastern Serbia, there are a large number of internationally important areas for plants, several internationally important areas for birds and areas for butterflies. There are a large number of protected natural areas in the region. These properties are special tourist attractions that provide opportunities to stay and enjoy nature.

The rich cultural and historical heritage of Southern and Eastern Serbia (numerous churches, monasteries, fortresses, museums, famous places, archeological sites, one of which is on the UNESCO World Heritage List) represents an exceptional potential for the development of cultural tourism in this area. It depicts the history, culture and tradition of the people in those areas. The region is characterized by a rich gastronomic offer based on the specifics of the environment and the influence left by different peoples who passed through this area.

Adventure tourism is a type of tourism that is just beginning to develop in Serbia. This type of tourism takes place in a natural environment, it involves moving to unexplored areas, extreme sports and a greater or lesser level of risk. The region of Southern and Eastern Serbia is the second region in Serbia in which the development of adventure tourism could be intensified. This region, namely, has the potential for paragliding, recreational hiking, free climbing, mountain biking and other adventurous activities.

Limiting factors in the process of creating a tourist offer and the development of tourism in the region of Southern and Eastern Serbia refer to the high share of the population aged 60 and over in the total population. This region is characterized by a deep demographic age, which is one of the limiting factors in development. In addition, the share of residents with primary and incomplete primary education is high, and the share of the population with higher education is low. Good development of traffic infrastructure, tourist infrastructure and superstructure is very important for creating a quality and attractive tourist offer. The level of infrastructure development in this region is not satisfactory. This requires special

attention, planning and implementation of activities in these areas in order for the destinations of the region of Southern and Eastern Serbia to enter the tourist market with a better tourist offer. Accommodation capacities in the region of Southern and Eastern Serbia, in terms of quality, lag far behind accommodation capacities in other regions, primarily for accommodation capacities in the Belgrade region and in the region of Vojvodina. Catering facilities for accommodation and food should undertake activities in terms of improving quality through the introduction of international standards of accommodation, preparation and serving of food and beverages. In addition, the activities of these facilities should be aimed at improving the quality of promotion, reservation and payment of accommodation. Some of the most important limiting factors, therefore, are: unfavorable demographic trends, insufficiently developed general infrastructure, as well as tourist infrastructure and superstructure, inadequate marketing concept in the promotion of tourist offer, insufficient financial support and the like (Ilić & Stamenković, 2019).

Continuous education of staff in the field of tourism and more intensive promotion of the tourist offer is especially important. In order to create a quality tourist offer and an appropriate appearance on the domestic and international tourist market, it is necessary to use all stimulating factors, and to eliminate or mitigate the effect of limiting factors in the development of tourism. There are many elements and factors that affect the competitiveness of a tourist destination, and which are of crucial importance in setting competitiveness for the primary issue (Stamenković & Đeri, 2018). In modern conditions, it is especially important to constantly improve the tourist offer, research the specific needs and requirements of modern tourists and create specific tourist products that are in line with these needs and requirements.

Specifics of tourism development in the region of Southern and Eastern Serbia in the conditions of the Covid-19 pandemic

The Covid-19 pandemic undoubtedly affects all segments of human life. It influenced a completely different view of people on life and daily activities. Due to the pandemic, there was a change in the way of life, work, realization of daily activities, and loss of the opportunity to satisfy secondary needs, which also includes tourist needs. Travel has a special, multiple significance for people, and in the conditions of a pandemic, they are maximally limited, while at one point they were impossible. The announcement of the COVID-19 pandemic indicated a significant impact

on economic developments and trends (Praščević, 2020). In the conditions of the Covid-19 pandemic, tourism is one of the activities that suffers the greatest losses and negative consequences of the pandemic. The pandemic affects the impossibility and limitations of the realization of tourist trips all over the world. In such circumstances, the importance of tourism and its impact on people's quality of life is understood. Experience of pandemic create "new consciousness" and consequently will change tourism (Telišman-Košuta, 2020).

After a certain period of isolation and limited movement at the beginning of the pandemic, people increasingly wanted to get involved in tourist movements. Restrictions that remained in force made destinations inaccessible to tourists in Europe and the world. It is, on the other hand, an ideal opportunity for tourist movements to take place in a national context, to discover and experience many destinations in the country that are worth the attention of tourists. In that sense, vouchers for subsidized use of accommodation services have a significant contribution, which, by the way, aim to encourage the development of domestic tourism. The National Tourism Organization has made a huge effort to promote tourist destinations in the country and send the message "stay at home today, to travel tomorrow", which is the slogan of the World Tourism Organization (UNWTO, 2021).

During the Covid-19 pandemic, tourists were sent to domestic destinations. Having in mind the epidemiological situation and the number of people in big cities, domestic tourists choose destinations with a smaller number of people and a peaceful environment. There are many such destinations in the region of Southern and Eastern Serbia. With the desire to avoid city crowds and an unstable epidemiological situation, people chose mountains, national parks, rivers, lakes and attractive open spaces that minimize epidemiological risk. According to the author Mojić (2012) "the region of Southern Serbia is a very interesting tourist destination in its geographical position (crossroads), with exceptional natural beauty, cultural and historical values, favorable climatic conditions, rich rivers, lakes and thermal waters" (p. 148). The region of Southern and Eastern Serbia has always been considered insufficiently explored in terms of tourism. There are numerous destinations in the region with attractions that would capture the attention of tourists. Many of these destinations are unknown to domestic tourists, due to insufficient promotion, but also insufficient interest of domestic tourists to get to know the natural and anthropogenic tourist values in this area.

Due to the high epidemiological risk posed by travel to other countries, tourists in a pandemic have the opportunity to learn more about destinations in the national context and, thus, with the diverse resource base that the region of Southern and Eastern Serbia has. Destinations in this region offer tourists a clean and healthy natural environment, healthy food, a large number of nature parks and landscapes of exceptional features, nature reserves, natural monuments, spas and mountain centers, monasteries, religious sites, archeological sites, museums, fortresses and the national park.

In addition, certain areas provide opportunities for adventure activities, sports and recreational activities in nature, on a large number of rivers and lakes. For certain segments of tourist demand, it is important to differentiate resources in entering the tourist market, while for certain segments of tourist demand, on the other hand, it is necessary to combine available resources and present a unified tourist offer of individual districts or regions as a whole.

After the pandemic, tourism is going to need changes based on planning that emphasizes the health, education and environmental dimensions (Sharma et al., 2020). Tourism is likely to recover gradually, ie destinations will go through several different phases of recovery until finally reaches the pre-crisis level of tourism activity (Krešić & Mikulić, 2020). To improve the quality of the offer and more intensive development of tourism in the region in the period after the pandemic, the following measures and activities should be taken: development of selective types of tourism, in accordance with the rich and diverse tourist potential; development of transport and communal infrastructure; development of tourist infrastructure and superstructure; construction of new and renovation of existing accommodation capacities; improvement of tourist signalization; development of a positive image for better positioning in the market; harmonization of events in different municipalities of the district; implementation of programs for protection and development of natural and anthropogenic tourist values; strengthening the awareness of the community about the preservation of tourist values and the importance of tourism development in the region; education of staff in the field of tourism; production of quality promotional material and intensification of promotional activities.

Analysis of tourist traffic in the region of Southern and Eastern Serbia in the period 2010-2020.

The analysis of tourist traffic in the region of Southern and Eastern Serbia in the period 2010-2020 will be presented below, based on the data from the Republic Statistical Office. The participation of the region in the total number of tourist arrivals and overnight stays in Serbia will be considered, as well as the arrivals and overnight stays of domestic and foreign tourists in the region, in the observed ten-year period.

Table 1: Participation of the Southern and Eastern Serbia region in the total number of tourist arrivals and overnight stays in the Republic of Serbia in the period 2010-2020.

Year	Tourist arrivals (domestic and foreign)		Overnight stays of tourists (domestic and foreign)			
	Republic of Serbia	Region of Southern and Eastern Serbia	Participation of the region in the total number of arrivals	Republic of Serbia	Region of Southern and Eastern Serbia	Participation of the region in the total number of overnight stays
2010.	2,000,597	352,553	17.6%	6,413,515	1,314,707	20.5%
2011.	2,068,610	362,049	17.5%	6,644,738	1,350,521	20.3%
2012.	2,079,643	353,706	17.0%	6,484,702	1,315,434	20.3%
2013.	2,192,435	334,809	15.3%	6,567,460	1,106,177	16.8%
2014.	2,192,268	329,529	15.0%	6,086,275	995,948	16.4%
2015.	2,437,165	361,778	14.8%	6,651,852	1,066,998	16.0%
2016.	2,753,591	397,384	14.4%	7,533,739	1,128,543	15.0%
2017.	3,085,866	467,772	15.2%	8,325,144	1,310,542	15.7%
2018.	3,430,522	547,417	15.9%	9,336,103	1,613,836	17.3%
2019.	3,689,983	610,293	16.5%	10,073,299	1,818,657	18.1%
2020.	1,820,021	395,961	21.8%	6,201,290	1,528,528	24.6%

Source: *Statistical Office of the Republic of Serbia, (2021a, 2021b)*

Table 1 shows the participation of the region of Southern and Eastern Serbia in the total number of tourist arrivals and overnight stays in the Republic of Serbia in the period 2010-2020, according to the data of the Republic Statistical Office. The data from Table 1 show that from 2010 to 2013, the region participated with about 17% in the total number of tourist arrivals. Over the next four years, the region's share in the total number of tourist arrivals will gradually decrease. From 2017, there will be a gradual increase in the participation of the region, and in 2020 the participation of

the region in the total number of tourist arrivals will be 21.8%. The share of the region in the total number of tourist nights in the first three years of the observed period was about 20%. In the following years, that participation will decrease, so that from 2018, the region will start to record a larger share in the total number of tourist nights. In 2020, that share is 24.6%. In the year marked by the Covid-19 pandemic, there were 35% fewer arrivals and 16% fewer tourist nights in the region of Southern and Eastern Serbia compared to the previous year. However, the share of the region in the total number of tourist arrivals and overnight stays is higher compared to 2019, so that the region in the year of the Covid-19 pandemic was immediately behind the region of Šumadija and Western Serbia, if we participate in the total number of arrivals and overnight stays tourist.

Table 2: *Tourist arrivals in the region of Southern and Eastern Serbia in the period 2010-2020.*

Year	Tourist arrivals		
	Domestic	Foreign	Total
2010.	274,400	78,153	352,553
2011.	285,500	76,549	362,049
2012.	275,073	78,633	353,706
2013.	251,673	83,136	334,809
2014.	233,013	96,516	329,529
2015.	252,910	108,868	361,778
2016.	274,758	122,626	397,384
2017.	312,551	155,221	467,772
2018.	362,665	184,752	547,417
2019.	403,954	206,339	610,293
2020.	339,306	56,655	395,961

Source: *Statistical Office of the Republic of Serbia, (2021a, 2021b),*

Table 2 shows the number of arrivals of domestic and foreign tourists in the region of Southern and Eastern Serbia in the period 2010-2020, according to the data of the Republic Statistical Office. Based on the data from the table, it can be seen that the number of arrivals of domestic tourists is much higher in relation to the number of arrivals of foreign tourists in the region of Southern and Eastern Serbia. Since 2015, there has been an evident increase in the number of domestic arrivals, while the number of foreign tourist arrivals has been steadily increasing since 2012. The number of arrivals of domestic tourists in the region of Southern and Eastern Serbia in 2020 is lower by 16%, while the number of arrivals of foreign tourists is lower by 72% compared to 2019.

Table 3 shows the number of overnight stays that domestic and foreign tourists realized in the region of Southern and Eastern Serbia in the period 2010-2020, according to the Republic Statistical Office. The data show a significantly higher number of overnight stays realized by domestic tourists compared to foreign tourists. In the period from 2011 to 2015, a decrease in the number of overnight stays of domestic tourists in the region was noticeable. In the following years, the number of overnight stays realized by domestic tourists will increase, with the largest number of overnight stays in the observed period realized in 2019. In the observed ten-year period, there is an evident increase in the number of overnight stays realized by foreign tourists, whereby in 2019 there were three times more overnight stays of foreign tourists compared to 2010. It can be said that the year before the beginning of the Covid-19 pandemic was the best for the region of Southern and Eastern Serbia when the number of arrivals and overnight stays of domestic and foreign tourists is observed. In the year marked by the pandemic, the number of overnight stays of domestic tourists in the region of Southern and Eastern Serbia decreased by only 1.6%, while the number of overnight stays of foreign tourists decreased by 63.3% compared to 2019.

Table 3: *Overnight stays in the region of Southern and Eastern Serbia in the period 2010-2020.*

Year	Overnight stays of tourists		
	Domestic	Foreign	Total
2010.	1,185,410	129,297	1,314,707
2011.	1,217,103	133,418	1,350,521
2012.	1,163,491	151,943	1,315,434
2013.	957,431	148,746	1,106,177
2014.	805,322	190,626	995,948
2015.	855,685	211,313	1,066,998
2016.	902,795	225,748	1,128,543
2017.	1,027,696	282,846	1,310,542
2018.	1,267,918	345,918	1,613,836
2019.	1,394,778	423,879	1,818,657
2020.	1,373,078	155,450	1,528,528

Source: *Statistical Office of the Republic of Serbia, (2021a, 2021b)*

The pandemic affected the decrease in the number of tourist arrivals and overnight stays in the region of Southern and Eastern Serbia compared to the previous year, but the region's share in the total number of tourist arrivals and overnight stays in the country is higher compared to 2019. This

region was the second region in the country in the year of the Covid-19 pandemic when the participation of the region in the total number of tourist arrivals and overnight stays is observed. Destinations in the region that record a slightly higher total number of tourists in 2020 compared to 2019 are Sokobanja and Stara Planina. According to the data of the Republic Statistical Office, Sokobanja is the second most visited destination in the country in the year of the pandemic, when it comes to spas. When it comes to cities that are categorized as tourist places, Nis is in third place. The year 2020 will be remembered as one of the most difficult years for tourism in the whole world, in recent history.

Conclusion

Given that a number of restrictions remain in place and that it is not possible to predict how long the epidemic will last, it is difficult to estimate when the recovery of tourism will begin. Therefore, national and local tourist organizations will have to make a great effort in the realization of promotional activities aimed at foreign markets, but also towards domestic tourists in order to travel more within their country. In the conditions of pandemic and crisis, tourism is the activity that suffers the greatest losses, but it is also the activity that will recover faster after the crisis in relation to other activities.

In order to valorize comparative advantages, improve the quality of the existing offer and improve the competitive position of the Southern and Eastern Serbia region on the domestic and international tourist market, it is necessary to single out unique advantages of tourist destinations and create a positive image of tourist destinations in Southern and Eastern Serbia.

The existence of an appropriate resource base is one of the main preconditions for the development of tourism in a particular area. Areas that have a unique resource base have a comparative advantage in tourism development. It is not enough, however, to have tourist resources and to have an appropriate comparative advantage on that basis. It is necessary to use tourist resources in the right way and turn them into tourist attractions, which will be an integral part of the tourist offer of an area. That is, it is necessary to turn the comparative advantage that the area has in the development of tourism into a competitive advantage.

The region of Southern and Eastern Serbia has a very significant resource base and has a comparative advantage for the development of tourism. The

resource base in this area, however, has not been adequately utilized. The region has a certain level of competitiveness in the tourism market, but this level should be increased by converting comparative advantages for tourism development into competitive advantages.

An important national priority, as well as the priority of the region of Southern and Eastern Serbia in terms of sustainable development, is the protection of the environment and the rational use of natural resources. Maintaining and improving the quality of the environment is very important for the tourism sector because a clean and healthy environment is one of the main preconditions for the successful development of tourism in the region. On the other hand, unsustainable tourism development can have negative effects on the environment (pressure on natural resources, waste generation, air, water pollution, etc.).

Despite the great potential that the region of Southern and Eastern Serbia has, the development of tourism in the current period is not at a satisfactory level. Numerous problems and factors that limit the development of selective types of tourism in this area have contributed to this.

It can be concluded that one of the main problems and limiting factors in the development of tourism in the area of Southern and Eastern Serbia is the inadequate traffic infrastructure. For further development of tourism in the region and increase in the number of domestic and foreign tourists, it is necessary to reconstruct, modernize and improve the quality of traffic infrastructure. In some districts of the region of Southern and Eastern Serbia, there are very attractive tourist values, which are difficult for tourists to access due to poor, above all, local roads. Maintenance of infrastructural capacities is necessary in order to increase technical reliability, safety, improve the quality of transport and increase the availability of space that has attractive natural and anthropogenic resources.

The main goal after the pandemic should be the development of tourism that will contribute to the social and economic progress of individual districts, but also the entire region. Rational use of value and successful management of tourist destinations should attract future investors, which can further enhance the development and improve the image of the region of Southern and Eastern Serbia as tourist destinations. Therefore, it is necessary to create a model of rational use of values and adequate management of tourism development in the region.

Improving the tourist offer should aim at better positioning of destinations on the market, increase of tourist traffic and income from tourism. In order to improve the tourist offer in the tourist destinations of the region of Southern and Eastern Serbia, it is necessary to take measures and activities aimed at: continuous research of tourist demand; development of new tourist products in accordance with the requirements of tourist demand; development of specific segments of the tourist offer in the destinations of the region of Southern and Eastern Serbia; development of new and modernization of existing tourist information centers; more intensive promotion of the tourist offer; connecting and cooperating all actors in the field of tourism; planning and implementation of projects that will contribute to better content and quality of the tourist offer in the destinations of the region of Southern and Eastern Serbia. The support and assistance of the state is of great importance for the survival of the subjects of the tourist economy in the conditions of a pandemic. In addition to measures aimed at the survival of these entities in the conditions caused by the pandemic, it is very important to plan a set of incentive measures that should, in the period after the pandemic, contribute to the fastest recovery of tourism.

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HUMAN RESOURCE MANAGEMENT IN TOURISM DURING COVID-19 PANDEMIC

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Abstract

The subject of the paper is human resource management during the pandemic. The authors highlighted two issues: the influence of human resource management on business results in tourism and the impact of COVID-19 on labor law, psychological and interpersonal relationships in organizations dealing with tourism. The scientific goal is to confirm the hypothetical assumption that the COVID-19 pandemic limited and modified activities related to human resources management in tourism in emergency conditions. The paper uses the general scientific statistical and comparative method and method of document content analysis. The end effect of the work is two results: one, that COVID-19 affects the quality and quantity of human resource management in tourism, and the other, that the COVID-19 pandemic significantly reduces the satisfaction of basic tourism needs and requires the involvement of more institutions to preserve the satisfaction and safety of tourism employees and users of tourist services. The ultimate purpose of the paper is to harmonize the Labor Law regulations in the conditions of mass pandemics.

Key Words: *Human resources, COVID-19, human resources management, tourism and labor law*

JEL classification: *J53*

Introduction

The global pandemic caused by COVID-19 virus struck the Republic of Serbia in the spring of 2020. The first officially registered case of the virus

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infection on global scale was registered in China on 07 January 2020 (World Health Organization – WHO, 2020b). The first case in Europe was registered in France on 24 January 2020 (WHO, 2020a). The first infected individual in the Republic of Serbia in the city of Subotica was confirmed on 06 March 2020 (Ministry of Health of RS, 2020). Due to a high number of the infected and the inability to suppress this vicious disease more efficiently than it had been spreading, the World Health Organization declared the pandemic only five days following the discovery of the first case in the Republic of Serbia.

The severity of the situation worldwide and the necessity of applying drastic measures in our country was confirmed on 15 March 2020 when the Republic of Serbia declared the state of emergency (Decision on Declaring the State of Emergency in the Republic of Serbia, 2020). At the time of writing this paper (the beginning of 2021), according to the official statistics by the World Health Organization and the Ministry of Health of RS, 105,249,764 and 413,943 individuals were infected by this disease worldwide and in the Republic of Serbia, respectively. The number of the deceased is 2,298,606 and 4,168 worldwide and in the Republic of Serbia, respectively.

In the Republic of Serbia, since the official recognition of the virus as a dangerous ‘invisible enemy’, there have been numerous measures and restrictions, such as: national border closure, restrictions of movement and cancellation of public transport to reduce human contact, online schooling, closure of all stores (except foodstuff stores), online work instead of work in offices, closure of spa centers, swimming pools, gyms and other hotel facilities, which had negative effect on the development of hospitality and tourism. The abovementioned measures led to the decline in work load in a number of businesses, except those delivering medical services, or delivery services and online communication firms, and the likes. All of the above affected the employment, i.e. unemployment rate, working conditions, and, as a result, motivation to work, both worldwide and in our country and the region, in all industrial branches, especially tourism.

The International Labour Organization (ILO) estimates that the amount of working hours globally in the Q1 2020 decreased by 4.5% which accounts for 130 million full-time workplace. The number of work hours in Q2 2020 is by 10.5% lower than in Q4 2019 prior to the crisis, which accounts for 305 million full-time work places (International Labour Organization, 2020). Undoubtedly, there is a significant impact of the global pandemic

caused by COVID-19 virus on human resources and their engagement, and poses a great challenge for businesses in terms of good alignment between good business and protection of human resources, that is, their good management.

Human Resource Management in Tourism

The treatment of staff as the subjects rather than the objects of management is one of the notions of modern society whose needs and requirements are recognized by the concept of modern management, known as human resource management. The employees carry out their duties not only in terms of conducting their work-related activities and receiving suitable financial compensation, but also in terms of participating in the system of decision-making and management. Such an approach contributes to the better status of the employees within an organization and raising their morale.

Any changes in society, both planned and expected and those extraordinary due to great catastrophes and epidemics, have a strong impact on the system of human resource management. The process of creating, molding and affirming a new and improved system of human resources management is affected by a number of factors, such as faster scientific and technological development, tighter market competition, increased consumer demand, changes in lifestyle in general, and since recent times, a global pandemic caused by COVID-19 virus. The initiated processes are being continued, but how this will affect the future of the employers and the employees in all modern society sectors, including tourism, is yet to be seen.

Activities of Human resources Management in Tourism

Human resource management in tourism is conducted in the same manner as in other industrial branches. It entails a number of expert and professional activities that include: business analysis, planning, staff recruitment and selection, staff socialization and orientation, training and education, employee performance evaluation, rewards and incentives, health and safety, career management, employee demotion and dismissal. Good human resource management can be conducted only within the organization with labor division and specialization, and correlation between tourist organization resources, as well as adequate tourist organization coordination (Danilović & Milosavljević, 2008, p. 105).

Job analysis

Business analysis entails a critical review of constant changes in operations and conditions for their performance, especially as modern business requires a continuous acquisition of knowledge, capabilities, skills, and other employee potential. This results in the awareness of what and to what extent, or in which direction something needs to be changed. Business analysis can be defined as the process of constant and organized collecting, sorting and analyzing data and information on operations, required knowledge and skills, responsibilities, as well as other factors necessary for their performance (Jovanović et al., 2008).

Business analysis, as a human resource management activity comprises a number of actions with multiple effects for the benefit of an organization, such as: determining the requirements for operation performance, determining the necessary number of employees for each position, defining the relation between supervisors and subordinates, determining technical and other work-related requirements, re-defining the rules and principles of a reward system, etc. The process of the business analysis entails, among other things, the tasks, duties and responsibilities for each job, which obviously means that the business analysis findings are used in the process of jobs design as well (Milošević et al., 2012).

Business analysis is a human resource management activity which is also implemented in the field of tourism. Most of the business entities in the field of tourism compile documents on workplace organization and systematization containing precise information on the number of executives necessary for the uninterrupted operations, as well as detailed description of workplaces and all related duties. The Republic of Serbia is not behind the rest of the world and the region in regards to human resource management. The only problem with this type of human resource management is that a certain number of business entities still do not obtain a relevant bylaw on the job organization and systematization, which is something that needs to be attended in the future. The control of whether such documents exist or not, and their alignment with the current labour market changes and requirements should be performed more frequently and rigorously. The upgrade of job organization and systematization in the field of tourism would result in more detailed work division and elimination of double communication lines. There would also be a more clear line of responsibilities.

Under the influence of the COVID-19 virus and changes in the work environment (taking over the work model from home, which is widely used in the world), it is expected that most organizations will accept telecommuting after the pandemic and change their way of functioning in accordance with the new situation. Acts on systematization and organization of jobs will need to be changed and adjusted to the conditions of the pandemic, entities in the tourism industry, realistic and feasible activities and possible methods of action of tourism entities, as well as the effects of the pandemic at the global, regional and national levels. According to the experience in tourism industry during global pandemic the process of adapting tourism to the newly-established methods of home working is demanding as certain hospitality activities and services, such as summer holidays on collective beaches, skiing in winter resorts, stay in spas, massages and other therapies, group recreational activities in gyms, etc., simply cannot be organized online.

Human Resources Planning

Human resources planning is an important management activity, which is why it is treated with great importance. Forecasts on human resources an organization requires, the definition of knowledge, capabilities and skills these human resources should obtain, and determination of staff fluctuations, are planned activities. Human resource planning is a scheduled process where human resources are well planned in advance, and where a strategy for their provision is prepared (Slavković, 2004). The unexpected global pandemics render human resources planning in tourism even more significant.

We are aware that human resource planning in most of the organizations running their business in Serbia, and whose core business is tourism, is not on high level. Thus, the performance of such activities should be aligned with the practice in more developed countries. For example, in developed countries (such as Germany) work-related training for certain jobs within organizations is always conducted for more trainees than necessary, as it is assumed that a certain number of trainees is going to resign, leave to another organization or terminate their work for some other reason. If any of the above reasons is not in case, the ‘surplus’ of trainees is to be prequalified for another job. This results in staff with multiple knowledge in different areas of work within the organization, and with the ability to perform more jobs, or the ability to handle job rotations and similar situations in a better way. This also results in human resource development,

which is a main potential in any organization. On the other hand, in the Republic of Serbia, there is usually one executive for one workplace, and in case they leave an organization, their work will be carried out by their co-workers who are not trained for it, or this job is ‘pending’, which leads to lower efficiency at work.

Recruitment

Human resource recruitment in tourism is a two-way process, with an organization requiring new staff to fill up vacancies on one end, and a candidate interested in starting new employment on the other. This is the process where an organization must make effort to select the best candidates, that is, the candidates with the best references. On the other hand, a candidate must take into account the acceptability of the potential employment.

Job recruitment process can be conducted internally (within the organization) or externally (outside the organization). The advantages of internal recruitment process are considered to be: awareness of positive and negative features of candidates, creation of circumstances for good candidates to develop, positive effect on the morale and motivation among the employees, faster and more efficient staff recruitment, etc. The disadvantages of such staff recruitment process is a possibility of internal tensions and hostility due to different opinion on potential candidates for promotion, resistance to changes and so on. If we know that new people bring new ideas, lower internal tensions, and raise the potential for better selection of the staff, it is not difficult to conclude that the advantages of external recruitment process must always be taken into consideration. According to the above, it can be concluded that the most favorable process is the combination of the internal and external recruitment process.

In the developed countries (Germany) the staff recruitment and selection process is mostly conducted by headhunting agencies. In the Republic of Serbia, on the other hand, this process is mostly conducted by the employers. This has not been proven as very efficient, especially in terms of the absence of several levels of interviewing and testing for the applicants. Candidate selection which is based only on one criterion, a single interview or test, turned out to be insufficient. Such circumstances mean that neither the employer can have the adequate impression of the candidate, nor the candidates can present all their qualities. This is the reason why candidate selection should be conducted by professionals based

on the applicants' criteria the organization aims to obtain. This reduces the likelihood of nepotism (Danilović & Lazić, 2019), since the organization has no information on the applicants (it has only the information on the criteria they need to meet), and the applicants have no information on their potential employer, but are aware of the requirements they need to fulfill. This would also reduce trading in influence in the employment process, which is seen as a great problem in any area in the Republic of Serbia, including tourism (Danilović & Lazić, 2020). In case of tourism, this is even more present due to the increased recruitments of candidates for seasonal tourism activities.

Staff Socialization and Orientation

Staff socialization and orientation mean acquaintance of the newly-employed with the job to be performed, their rights and obligations, future colleagues and the code of conduct within the organization. The main objective of staff socialization and orientation is to reduce staff fluctuation, increase interpersonal acceptance, and establishment of positive impression on the organization (Ratković-Njegovan & Vukadinović, 2011).

Stress reduction and facilitation of the acceptance of the newly employed results in humanization of the employment, which is actually another objective of staff socialization and orientation. Educating new employees for the independent and productive work in tourism, acquaintance with the culture, circumstances and development plans in the organization entails the activities conducted for the purpose of good orientation of the newly employed.

Interpersonal relations are important for good functioning of the tourist organizations. In the developed countries (Germany, for example) the organizations have already been arranging, at least once or twice a year the activities for staff to socialize, acquaint and familiarize with each other. For example, the teambuilding activities have been conducted for a long time in the organizations taking care of their staff socialization and orientation. Such practice is yet to be introduced in the Republic of Serbia. In addition to these activities, celebrations of anniversaries, achieved results, or some other important dates (New Year, Women's Day, etc.) are good examples of the investment in the improvement of the interpersonal relations.

Holidays are an excellent opportunity to show the employees how their organization appreciates them and how their employer takes care of them and their families. More developed business entities often have their own accommodation in resorts, mountains, spas, which enables them to once or twice a year enable their employees and their families to use this accommodation. As an example, ski resorts of Serbia provide their employees with the accommodation in the mountains during the winter season, and, thus, show their care for the employees, and support the development of tourism.

Staff Training, Professional Education and Development

Due to the increasing influence of training and professional education of the employees of the organizational and individual success, but also due to continuous technological development of the organization with tourism as core business, there are more and more organizations that choose to arrange for courses, training and professional education and development of their employees.

Scheduled and organized practice and development of different activities necessary for better job performance entail training courses and drilling of the employees. This is seen as a possibility for the employers to invest in their staff and their potential. The content of any training is usually determined by the employees within the human resource service, while the decision on the venue of the training is made by senior management. Unfulfilled work standards and poor performance at work are the best indicators of the necessity to organize training for the staff. Staff training can be organized as individual guidance, job rotation, internship, tutoring, corporate training (fellowship and placement). External training, however, burdens an organization with additional expenses, the most common being: conferences, lectures, programmed learning, simulations, etc.

Most of the tourist organizations in Serbia send their employees on professional training courses. However, there is still a small number organizations that do not allocate finances for such human resource management. Therefore, there is a need to have a constant raise in the awareness of the advantages of the investment into the knowledge and development of the employees that are considered to be the greatest asset of the 21st century. In circumstances when all tourist organizations were affected by COVID-19 pandemic, no one can expect significant finances to be allocated for staff development, especially having in mind the severity

of the circumstances. Due to numerous expenses resulting from COVID-19 pandemic, many tourist organizations are struggling to remain liquid, to run their business with minimum loss, even though this stage of human resources management suffers the most.

Employee Performance Evaluation

The measurement and evaluation of operational results of the employees in tourism is often defined as the evaluation of their performance. The evaluation of the employees' operational results is often taken as the basis of their rewards and incentives. The subject of operational results evaluation is: familiarity with one's job, quality and quantity of work, reliability, responsibility and relations with one's colleagues and clients.

In order to achieve a satisfying evaluation of the conducted process, the managers should have a personal file for each employee where they can enter data on their responsibility, knowledge, skills, discipline, as well as on their remarks on an employee's work-related results. In order to inform the employees on the rating of their work, the managers are to arrange a meeting with them. This meeting should serve to acquaint an employee with their results and areas where there is a possibility for the improvement.

The evaluation of the employee performance and development in tourism has long been recognized as a good practice in the developed countries. As opposed to most of the organizations running their business in the Republic of Serbia, the managers in the developed countries, at least once a year, conduct so-called 'annual interviews' where they give marks 1 to 5 to them their employees' engagement, and present them with the reasoning for their mark. If an employee's mark is closer to 1, he or she will have a number of sanctions, a warning, or a training to improve the lacking knowledge or skills. On the other hand, if this mark is closer to 5, such employee an expect a number of benefits, such as promotion, financial reward, etc. Unfortunately, the practice in the Republic of Serbia is such that the evaluation of the employees' performance and development is conducted only in the organizations owned by foreigners from developed countries. Good performance by the employees in tourism depends not lonely on themselves but numerous external factors. Notwithstanding the great ill and wish to work, or the effort they make, the work performance by most of the employees in the field of tourism was absent during COVID-19 pandemic. The reasons probably lie in the inability to deliver tourist

services due to shortage of potential clients, restrictions in movement and gatherings in the tourist facilities or tourist destinations.

Staff Rewards and Incentives

The system of rewards and incentives for the employees is the most complex and most delicate function in the field of human resources management. It comprises earnings, salaries and other income of the employees as material rewards and compensations on one hand, and their immaterial rewards and incentive strategies on the other. Apart from their earnings, that is salaries, the employees are entitled to other benefits based on their work and employment: meal allowances, travel expenses allowance, movement allowance, vacation allowance, severance pay, damages due to injuries at work, etc. In addition, the employees are entitled to contributions based on their pension, disability and health insurance, as well as the contributions in case of temporary unemployment, which are paid by the employer to special funds in line with the applicable regulations. Periodic shifts from one assignment to another as a manner to reduce monotony at work is used as an employees' immaterial incentive. Such approach is mostly defined as job rotation.

Inclusion of the employees in the decision-making process, especially those decisions concerning the strategic issues within the organization is an example of the employee participation in the management, and is considered as one of the most important motivation methods. Flexible working hours is another significant immaterial incentive strategy for the employees. It implies a possibility to organize one's working hours on daily, weekly, annual, and sometimes, multi-annual level. Despite certain shortcomings, there are numerous benefits attached to flexible working hours. The Foreign Investors Council concluded in their White Book for 2020 that further reform of the Labour Law should prioritize 'the need for recognizing and arranging for more flexible forms of work, such as home working' (Foreign Investors Council, 2020).

Having in mind all the above ways to motivate the employees, it has been concluded that the amount and regularity of remuneration has the biggest impact on the employees' satisfaction or dissatisfaction. Without any need to make comparisons with the countries in the region, we can conclude that this segment of human resources management and the employees' motivation is the most problematic in the Republic of Serbia. A great number of people in Serbia has a problem with the payment of their

remuneration based on their work. There are still employers that do not remunerate their employees in timely manner, and despite the amendments in the applicable regulations, this issue remains to be outstanding. There are irresponsible employers that had found the way to pay out their employees' salaries, but not other contributions based on health and pension insurance, etc. This is the reason for the most of the complaints to labour inspections. According to the Inspection Oversight Plan of the Labour Inspectorate for 2020, each labour inspector is intended to conduct at least 150 inspection oversight instances, which is less in comparison with the number in 2019 when each inspector was intended to conduct 170 inspection oversights. This is yet another negative remark to the Republic of Serbia on its labour regulations. Therefore, the solution to this problem is still far, as, instead of applying stricter control, the Republic of Serbia is confronted with the lack of staff in the field of inspection.

There were no material rewards for the employees during COVID-19 pandemic, and the organizations resorted only to immaterial types of rewards. Tourist organizations and other business entities closely linked with the field of tourism are facing great financial challenges, and, thus, it is unrealistic to expect them to obtain any surplus in finances that could be redirected to reward system.

Health Protection and Safety at Work

The system of staff health protection is regulated by the Labour Law of the Republic of Serbia of 2018, and the Law on Safety and Health at Work of the Republic of Serbia of 2017. Modern organizations invest a great deal of resources and effort in order to raise the awareness of their employees of the need to protect their safety and health at work. As a result, these organizations often arrange for programs promoting good health among the employees. This also implies additional protection for special categories of people, such as youth, pregnant women, women in labour, disabled employees, people with special needs, people with health issues and so on.

The minors in the Republic of Serbia are not allowed to be engaged in full-time employment, to work at night, overtime, or conduct activities that could have adverse effect on their further psychical and psychological development, etc. Among other things, this means that they are protected from any physical work that is conducted under ground or water, on high altitude, or in the environment where they are exposed to harmful radiation, etc. Although the work of minors is protected by law, we are aware that

this is not paralleled in practice. Pregnant women and women in labour also have special protection at work. According to the Labour Law, pregnant women cannot conduct activities that require heavy lifting, exposure to harmful radiation, or extremely high or low temperatures. Unlike pregnant women, the protection of women in labour is established as the protection of a woman and an infant. However, it is a well-known fact that women who are planning to start a family have more difficulties in securing employment, or that pregnant women are often dismissed from work. The regulations governing this area in RS is in line with those in the developed countries, and even better in certain segments as maternity leave intended for a child care is much longer in Serbia than some other countries. However, there is still a problem of the implementation and putting these regulations into effect.

The Labour Law places special attention to one more category – disabled workers, that is, individuals whose health and fitness have been permanently impaired or reduced due to work they had conducted. The employer is required to ensure these workers continue to carry out jobs in line with their remaining abilities. However, once again, we can see that this is not a part of practice in RS. This segment of human resources management has gained particular significance during global COVID-19 pandemic. The health and health care of the citizens, and especially employees have become a priority, so that the state and the business entities allocate significant financial resources to encourage economy, social benefits and regular provision of the citizens with basic needs, staff testing, provision of means of disinfection and disinfection chambers at the entrances to and exits from living and working premises, organization of home working in multiple shifts, provision of protection means and so on. All of the above measures by the state and business entities undoubtedly show how much they care for the health of their citizens and employees. In case of tourism, in addition to employee protection, it is necessary to provide for the protection of all guests and visitors, which requires great financial resources.

Career Development, Demotion and Dismissal

Career development, demotion and dismissal are considered to be the final activities in human resource management. The choice of the appropriate job and becoming a part of an organization is the onset of one's career establishment. The initial phase in career establishment is considered as rather stressful for the newly-employed, since this is the phase of adapting

to new working environment and a new organization. The next stage is the stage of career development and is marked by career progress. The third stage is from between 40 and 45 to between 50 and 55 years of age. In this stage, one's career is kept at satisfying level, which is why this is marked as career maintenance. As a rule the employees in this stage feel a high level of attachment to their organization, and as a result, identify their personal goals with the goals of the organization. The individual and professional development is finalized by gradual withdrawal and decrease in the activities, which is why this stage is often marked as the stage of late career. This is the phase when the senior employees pass their knowledge and lessons learned on their younger colleagues and prepare for the retirement.

The loss of position within the organization, that is, the shift of the employees from higher to lower and less paid workplaces represent the employees demotion (Lojić et al., 2011). Demotion is usually caused by unconscientious and undisciplined conduct at work, poor performance, or lack of required knowledge, skills or qualifications. The employees are dismissed only if there are substantiated reasons leading to this. For example, in case of severe breach of work-related duties, grave impairment of work and technological discipline, frequent conflict behavior at work, etc.

This stage of human resource management is also marked by numerous irregularities. Termination of employment, in addition to being one of the most stressful experiences for an employee, is also a turning point when employees realize that, in the state governed by the rule of law, they cannot exercise their vested rights, or they exercise them partially, with many obstacles. Therefore, the regulatory framework is in place. In terms of the employees career management, it is harmonized with the regulatory framework of the developed countries. However, there are problems in implementing these regulations which is not in line with the level of social awareness development, and results from underdeveloped 'legal state' and its higher quality, 'the rule of law'. This is substantiated by a number of instances of unpaid salaries and employment contributions, as well as inappropriate wording at the time of one's dismissal and demotion.

The employees in the sector of tourism during COVID-19 pandemic have often been confronted with the termination of their employment or non-extension of their employment contract due to financial losses made by tourist organizations. Unfortunately, there is no precise statistics in the

Republic of Serbia on the number of employees in tourism who have been dismissed during COVID-19 pandemic. It is only known that 800 employees in tourist agencies have lost their jobs. At the same time, it assumed that this number is much higher since lower number of tourist arrangements and their users radically diminishes workload of tourist organizations, and, thus, the demand for relevant workforce.

COVID-19, Workforce and Tourism in the Republic of Serbia

From an epistemological point of view, the previous year (2020) was extremely difficult for the sector of tourism in the Republic of Serbia and the other countries in the region, but the world as well. Global pandemic due to COVID-19 virus disrupted various spheres of life (health system, schooling, culture), but it seems tourism has been struck the most. Scientific analyses conducted so far point at detrimental economic, health and social effects of the pandemic. Truth be told, currently, these cannot be foreseen entirely, but the perceived tendencies and trends show that the impact of global pandemic is to be larger than expected.

Following the example of other countries affected by the pandemic, the Republic of Serbia tackled numerous challenges stemming from the global pandemic in a systematic and responsible manner. In addition, according to the exact statistical indicators (data from the Republic Bureau of Statistics of the Republic of Serbia), it can be concluded that, in certain fields of combat against COVID-19, Serbia has shown great determination, persistence and success (many forms of economic assistance, financial assistance to citizens) while in the others, powerlessness and disorganization (weakness of the health system).

A number of international organizations joined the struggle with COVID-19 pandemic. For the purpose of this paper, it is important to underline that many of these organizations manage the situation badly. Notwithstanding numerous examples of bad management by the highest bodies of the European Union, it is worthy of praise that the European Commission, instead of austerity measures (introduced during 2008 global economic crisis), this time it opted for economic investments. Owing to the measures taken by the European Union, there was an abundant package of financial assistance to the Member States amounting to 750 bn euros, with special packages aimed at the preservation of the employees and their jobs, such as SURE programme, worth 100 bn euros ensuring loans for sustaining employment. The European Union approved a similar assistance package

for the countries of the Western Balkans as well, which, among other things, enabled widening and reinforcement of the Youth Guarantee scheme in the countries in the region (European Commission, 2020b).

It is important to underline that the pandemic caused by COVID-19 virus led to radical deterioration of labour rights, both worldwide and in Serbia. The EC in its report for 2020 repeated its estimate from the previous report for the Republic of Serbia that the Labour Law is only partially aligned with the EU acquis and that it needs to be further amended (European Commission, 2020a).

The state of the emergency led to a substantial decline in the labour rights in the Republic of Serbia in all areas of tourism industry. According to YUTA statistics, the loss in tourism due to pandemic will have a 50 million euros loss as a consequence. On the other hand, the World Tourism Organization reported such losses on global scale being between 300 and 450 bn euros. The above meant finding new ways of promoting domestic tourism and attracting domestic tourist to visit their own country and see its beauties, but in epidemiologically safe manner, with as high comfort and service quality as reasonably achievable. All of these requirements put before tourist organizations needed to be met with as low financial resources as possible and reduced workforce (both due to virus infection and financial issues).

In 2020, the overall number of tourist visits in the Republic of Serbia was 1,820,021 (decline by 50,7% in comparison with 2019, with 1,374,310 being domestic tourists – decline by 25.4%). The number of foreign tourists was 445,711 (decline by 75.9% in comparison with 2019). In 2020, there were 6,201,290 instances of overnight stay (decline by 38,4% in comparison with 2019), with 4,936,732 being by domestic tourists (decline by 18.6% in comparison with 2019). It needs to be noted that in 2020 most of these visits (51,459) and overnight stays (128,020) were by the tourists from Bosnia and Herzegovina. All the above data lead to a conclusion that COVID-19 had an enormous impact on global, European and domestic tourism, and that tourist industry will require a long period to recover.

Conclusion

In the Republic of Serbia, for the past year of struggling with COVID-19, human resources management has been completely suppressed in a number of segments and the issue of employment, that is unemployment has been

prioritized. Hence, the fundamental human and existential needs have been compromised, which means that the struggle to ensure the minimum of resources for a family or a household has become a priority, and the need to maintain and increase work-related morale has been put aside, which, in case COVID-19 pandemic prolongs, could have unprecedented consequences.

Many people have been affected by this virus and the measures taken by states to combat the pandemic, and a large number of people have lost their jobs. The causes of the employees dismissal in almost all the countries are almost the same. The most common reasons for dismissals in the sector of tourism are the fact that the organizations fully discontinued their activities and inability to prolong temporary employment contracts. In addition, dismissals were also prompted by the employees' inability to go to work due to restrictions in public transport, or inability to organize care for children when most of the kindergartens and schools were closed. The highest percentage of dismissals were in certain branches of industry such as tourism, trade and processing industry.

COVID-19 pandemic had impact not only on the (un)employment rate, but also led to significant changes in the organization of work, work premises, and working conditions for the employees in the Republic of Serbia. Most of these changes were connected with the organization of home working (which is in case of tourism unfavorable solution, and in most of the cases impossible to implement), and reduced working hours or number of shifts. It has to be noted that a number of men and women used the possibility of involuntary annual leave, reductions in salary or overtime work, as well as the option of having one's work temporarily suspended.

In conclusion, it can be stated that the Republic of Serbia has a good legal grounds to regulate employment, but it needs to be slightly corrected and amended in line with the legislation in the developed countries. The outstanding issues remain in the field of implementation, which in its essence a sign of insufficiencies in terms of the rule of law. Thus, the institutional framework not organized in a systematic way, unattended reforms of business and social systems being partially sluggish and outdated and requiring swift reforms, are the main problems that need to be attended.

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THE INFLUENCE OF FEARS ON THE TRAVEL DECISION - COVID FEAR AGAINST MONEY FEAR

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Abstract

The American National Institute of Mental Health announced that 10% of the total adult population has some kind of phobia. With the appearance of the COVID - 19 infection, and the huge consequences it left behind, there is a growing fear of people deciding to travel. There is a growing fear of infection after a year, but also a fear of lack of money, at a time when protection measures have destroyed tourism and hospitality. About 6,000 experts, including many scientists from the UK, say Covid measures are physically and mentally harmful to health, as well as to the social environment and the economy. The authors of the paper conducted an online research on the degree of strength of two types of fear that potentially influence the decision to travel. The research was conducted during 2020, on a total sample of 250 respondents. Confirming the reliability of the questionnaire, the obtained results were processed in the software SPSS, 23.00. Descriptive statistical analysis, and multiple regression analysis, confirmed the hypothesis that fears are present in all respondents, and that both types of fears are important in predicting and making travel decisions.

Key Words: *fear, Covid-19, money, travel decision*

JEL classification: *I1, Z32*

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Introduction

The epidemic that began at the end of 2019 continues today, but the consequences it has left are unprecedented in the history of mankind (Xiang et al., 2020). The main means of preventing the spread of the disease was physical distance and restricting the movement of people (Bond et al., 2006). It is very important to see the secondary consequences in every aspect of society, especially how a pandemic affects emotional and behavioral problems such as anxiety, fear, depression, suicide (Brooks et al., 2020a; 2020b). Some of these fears also imply changes in lifestyle habits and styles. The development of the pandemic affected all social areas of life. Unprecedented negative consequences on the tourist and catering business, as well as those influencing the entire economy are being considered.

Man has always had a kind of fear (Rüscher et al., 2008). However, the appearance of an infection of such deadly proportions literally stopped life on earth. However, although the fear of not having money has always existed, now its influence has also increased. A professor of psychiatry at the University of British Columbia, Stephen Taylor, claims that maybe 10 to 15 percent of people will not return their lives to normal, due to the impact of the pandemic (Ahorsu et al., 2020; Greenberg et al., 2020).

The Australian Black Dog Institute, a leading independent mental health research organization, also expressed concern about "a significant minority who will remain affected by long-term anxiety". Fear has two components: one is based on facts and the other is psychological (Orcutt et al., 2005). There is also a fear of a lack of funds among people, and with the advent of the pandemics, and the marked decline in economic development, this fear has intensified among the people (Deci & Ryan, 2000; Kashdan & Rottenberg 2010).

The overall tourism business is declining sharply. Everywhere in the world, including Serbia, the drop in tourist traffic is over 60%, while in Serbia as much as 90% of foreign tourists have canceled their arrival. This branch of the economy has been growing since 2013, when 6.6 million overnight stays were recorded, but the growth has accelerated since 2017. Out of 3.09 million arrivals and 8.33 million overnight stays in Serbia in 2017, a record 2019 was reached in just two years, with 3.69 million arrivals (half domestic guests, half foreign) and 10.1 million overnight stays (about six

million domestic and four million foreign tourists) (Cvijanović & Gajić, 2020a; Gajić et al., 2018a).

During 2020, the authors conducted an online survey on a total sample of 250 respondents, in order to determine the existence of both types of fears, their strength, and to determine which of the fears may have more influence on the decision to travel. After determining the reliability of the test, data processing was performed in the software SPSS, 23.00, and multiple regression analysis determined whether these two types of fear can be a predictor of future travel decisions.

The paper is of great importance, primarily due to the very small number of studies on similar topics. On the other hand, the research can determine the key factors and the strength of causing fear in people, predict how a pandemics can affect the entire social and economic system in the coming period, and determine measures to prevent the general collapse of certain industries in advance. The contribution of research is reflected in the affirmation of scientists and theorists, in the application of research results to future research, consumer behavior, and the business of tourism and hospitality companies.

Literature review

The global SARS epidemic of 2003 is linked to a 30 percent increase in suicides among the population over the age of 65. Measures of physical distance and confinement negatively affect people's mental health (Yilmaz et al., 2017; Ekşi et al., 2018). Job losses and financial difficulties during the global economic crisis are associated with a long-term decline in mental health (Doğan, 2015). The consequences of Covid 19 on social and economic life have not yet been statistically measured, but they are certainly very noticeable. Fear is a normal state in humans and it is realistically present in threatening situations. However, not so rarely the feeling of fear with all physical and mental manifestations is not in adequate correlation with the degree of threat, which is sometimes completely absent, when we talk about irrational fear or anxiety (Cribb et al., 2006; Aydın, 2020; Seçer & Ulaş, 2020). So, as fear is an appropriate response to real danger, anxiety is an inadequate response to unreal danger.

The problem here is more physical and social isolation and the severance of contacts, and thus lifestyles, so in that context we only need to redistribute life priorities (Machell et al., 2015; Xiang et al., 2020). The

most important thing is to maintain a routine, with planned daily activities - stay in touch with close friends, think about things we never had time for, use the time to rethink some of our feelings (Garcia, 2017). People react differently to conditions of confinement and distance, through shock, panic, acute stress, sadness, anxiety disorder and depression. The tourism industry is in dire need of new steps and new words from its leaders (Gajić et al., 2017). At this moment of relative stagnation, as difficult as it is, the passenger industry can be reset and grow again while at the same time building greater resilience (Wang et al., 2002; Banerjee et al., 2020).

Due to fear and loss, many travel leaders, including destination vendors, continue to look for a better way forward (Gajić et al., 2018b). Destinations facing an economic emergency do their best to mitigate damage to businesses and livelihoods. Yet, as the health crisis prevails, more destination vendors are thinking about how to change tourism because they know it needs to, be it pandemics or not (Doğan, 2015; Yilmaz et al., 2017). On the other hand, the psychological component of fear can lead to sacrifice (Mahaffey et al., 2013).

In some cases, there are concerns of residents about excessive tourism or mass tourism, as well as mass gatherings in restaurants in many places around the world. People blame tourism for many things that go wrong, even when there is no direct connection. COVID-19 has made one thing clear: there is no point in going back to normal work and old habits. In many places, the old ways of doing business are already lost. Too many marketing professionals seem to freeze in fear and wait for all their actors, politicians or industry to show up (Park & Park, 2020; Shigemura et al., 2020).

This is a perfect example of circular reasoning: refusing to do something new until everyone agrees that it works, even though no one can know that a new thing will succeed until they try it (Pearson, 2015). Some people are afraid of transforming tourism, because it means losing the perception of business stability as usual (Berking et al., 2009).

At the beginning of 2020, it seemed that the tourist record in Serbia would easily break the record: in February 2020, about 730,000 overnight stays were recorded, almost as many as there were in 2019 in April (776,000) (Cvijanović & Gajić, 2020b; Gajić et al., 2020). But February marked the end of the fairy tale and the beginning of a nightmare in tourism - both domestically and globally - and there is still no indication of when that

nightmare will pass. According to the forecasts of the World Tourism Organization (UNWTO), international tourism could fall by between 60 and 80 percent compared to last year. The Corona-19 pandemics is the worst crisis that international tourism has faced since the first results were recorded (1950), the UNWTO estimates (Park & Park, 2020).

The worst affected are Asia and the Pacific region with 33 million fewer tourist arrivals. Right behind is Europe. If the mildest scenario is realized (a drop of 60 percent), i.e. should the international borders be opened and travel easier from July, that would mean that the losses in tourism will be around 910 billion dollars, the UNWTO estimates. If the restrictions lasted until December, the decline would be around 80 percent, with losses of 1.2 billion dollars. The Germans conducted a similar study in 2020, where, after analyzing the data, they came to the conclusion that the fear of lack of money or economic fear is stronger than the fear of pandemics (Satici et al., 2020).

Similar to their research, and taking a smaller number of questions in the questionnaire, only three, the authors of the paper came to a completely different result by researching a sample of 250 online participants. Namely, the results that have been obtained unequivocally confirm that the fear of infection on the journey is much stronger than the economic fear or the fear of lack of funds due to the crisis caused by the pandemics. The research is one of the first conducted in Serbia, and will be of great importance for future research on this issue, and the creation of a comparative analysis with other countries.

Methodology

The paper uses the method of collecting and studying the available literature, its analysis and systematization, all with the aim of showing the justification and usefulness of the selected statistical model of measurement. The paper will be based on the application of: inductive and deductive methods of inference, data analysis method (descriptive measures and frequency, percentage measures), statistical analysis method, multiple regression analysis. The research was done through an online panel, EMS research (Electronic Mail Survey). There are several ways to set up online surveys, and the authors opted for Google docs, because this service is increasingly in use and its use is already implied.

The authors analyzed 250 completed questionnaires, and the questionnaire contained three demographic variables and three questions to be answered. Multiple linear regression was used to determine as many factors (independent variables) as possible that affect the dependent variable.

The basic assumptions for predicting the value of a dependent variable based on the value of independent variables are met. If all the preconditions are met. The magnitude of the regression coefficient tells what the relative influence of each independent variable is. The existence of a linear relationship between variables is a prerequisite for the use of regression analysis. When determining the statistical significance of the obtained results, the level of risk probability of 5% was taken.

The authors proceeded to the hypotheses:

H1: The fear of infection is stronger than the fear of lack of money.

H2: Based on the fear of infection and the fear of lack of money, the result on the criterion variable - making a travel decision cannot be predicted.

H2a: Based on the fear of infection and the fear of lack of money, the result can be predicted on the criterion variable - making a travel decision.

Results and discussion

The obtained categorical variables are presented as follows: absolute (f) and relative (%) frequency. The arithmetic mean shows the central tendency of numerical variables, and the deviations are given by standard deviation (st.dev). The frequency distribution of numerical characteristics was examined by indicators of distortion and courtesy.

Methods of parametric statistics were used, because it was determined that all variables are normally distributed. The selected significance level is 0.05 (at the significance level). The results are shown in a Table 1. Generally speaking, the instrument shows satisfactory measuring characteristics. Reliability was determined by the Crombach alpha coefficient. The internal reliability of the questionnaire used is 0.80 (Krombach's alpha coefficient $\alpha = 0.866$, with standardization $\alpha = 0.862$).

About 148 men and 102 women participated in the research. Regarding the age category, a total of 42 respondents belong to the category of 18-30 years, followed by 134 respondents in the range of 31-60 years of age, and 74 respondents above the age limit of 61 years. Looking at the educational demographic structure, it is apparent that there are three respondents with

primary school education, 96 of them with secondary education, 107 with university education, and 44 with postgraduate education.

Table 1: *Descriptive values of given research dimensions*

Dimension	Frequency and percentage values						Descriptive values	
	Yes		No		Partially			
	frequency	%	frequency	%	frequency	%	m	sd
Fear of infection	183	73.2%	40	16%	27	10.8%	1.38	0.673
Fear of lack of money	128	51.2%	61	24.4%	61	24.4%	1.73	0.829
Travel decision	90	36%	56	22%	104	41.6%	2.06	0.881

Source: *Author's research*

Table 1. provides insight into descriptive statistical values. That the fear of infection affects people much more is shown by the data that 183 of them (73.25) answered yes ($m = 1.38$; $sd = 0.637$). A total of 40 respondents said they had no fear of infection on the trip, and 27 respondents were hesitant in this response. About 51.2% (128) of the study participants stated that they were afraid of lack of money if they decided to go on the road at this time while the pandemic was ($m = 1.73$; $sd = 0.829$). A total of 61 research participants deny this type of fear, and the same number are undecided on the issue. Whether fear influences the decision to travel, 90 respondents confirmed, 56 denied, and 104 were indeterminate ($m = 2.06$; 0.881).

Multiple regression analysis determined whether the two types of fears predict a score on the criterion variable of the decision on future tourist travel.

Table 2: *Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.238 ^a	0.057	0.049	0.859
<i>a. Predictors: (Constant), fear of infection, fear of lack of money</i>				

Source: *Author's research*

Table 2. shows the value of R², which shows what percentage of variance is explained in the sample, and Adjusted R² Square, which shows how many percent of variance is explained in the population.

Table 3. shows the results of the new test, and the statistical significance, which was achieved in this case, because the value of $p = 0.001$.

Table 3: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	10.33	2	5.467	7.408	.001 ^b
	Residual	182.283	247	0.738		
	Total	193.216	249			
a. Dependent Variable: decision travel						
b. Predictors: (Constant), fear of lack of money, fear of infection						

Source: *Author's research*

Table 4: Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	1.40	0.173		11.200 0.00
	Fear of infection	0.253	0.081	0.194	3.125 0.00
	Fear of lack of money	0.135	0.066	0.127	2.044 0.04
a. Dependent Variable: travel decision					

Source: *Author's research*

When the statistical significance is proven, we move on to perceiving the significance of the predictor, which is the goal of this model. Based on the above data, it was determined that this model fits the data: Adjusted R2 Square = 49, F (2.247) = 7.408, P = 0.001.

Table 4 shows how much each of the fears individually contributes to the score of the criterion variable or the decision to travel, where b is the standardized partial contribution that tells whether that predictor is significant in itself and how strong it is. However, β is calculated as a correlation of exactly how much the predictor is related to the criterion variable (travel decision making). The model explains 49% of the total variance. The criterion variable Travel decision is predicted by a significant fear of infection on the road ($b = 0.253; \beta = 0.194, p = 0.00$). Then, the fear of a lack of sheep also predicts the outcome of the travel decision, but to a lesser extent than the fear of infection ($b = 0.125, \beta = 0.127, p = 0.04$). Based on the obtained results, the hypotheses were confirmed that there are pronounced fears among the respondents, where the fear of infection is

stronger than the fear of lack of money. Then, the alternative H2a hypothesis that fear of infection and fear of lack of money significantly predict a score on a criterion variable or a travel decision.

A study conducted in Germany in September 2020 shows that true fear of the virus is present in a very small number of respondents. The so-called fear index has dropped from 39 to 37, which is the lowest since the survey has been conducted since the early 1990s. About 2,400 people answered questions about the biggest fears regarding the economic and political situation and personal life. About 32% of them are afraid of the Corona infection, but 53% of the participants in the research are afraid of Trump's policy. Economic worries and job losses are still at the very top of the fears ladder. Fifty percent of respondents expressed fear of rising living costs (Aydin, 2020).

Conclusion

The pandemic of COVID-19 disease caused by the new coronavirus SARS-CoV-2 quickly became a global and multidimensional problem. The fear of infection, social distancing, economic problems, cessation of normal daily functioning, and pervasive uncertainty are just some of the factors that affect mental health in the short and long term (Ahorsu et al., 2020).

The COVID-19 pandemic is a new and hitherto unknown danger, thus fear is a natural and expected occurrence. Fear is in the function of raising the level of vigilance and attention in order to adequately face danger and survive (Park & Park, 2020). Fear is instinct, and behavior is automatic and often irrational. In any case, the fact is that the COVID-19 disease pandemic is a serious and global threat with a high risk of infection. However, the dimension of fear, in addition to the actual risk, also depends on the perceived risk, i.e. personal experience of danger (Xiang et al., 2020; Gajić et al., 2019).

For people who are anxious by nature and find it difficult to cope with stressful situations or whose adjustment mechanisms are exhausted, this risk has another dimension (Bond et al., 2006). Then we turn to the environment and the authorities, from whom we expect a solution and protection. Being prone to phobias means having an incredible fear of certain things, situations or activities, and that is exactly how phobias differ from everyday stress or worry (Ornell et al., 2020). Some people feel

anxious and under stress in certain situations, e.g. when they speak in front of a large number of people and the like (Kashdan & Rottenberg, 2010).

When it comes to people who are prone to phobias, all this is much more extreme and goes to the extent that people have a lot of difficulties with performing even everyday life activities like going to work, taking the elevator. People who have certain phobias are under constant stress. is conditioned by the fact that they are too close to the object that disturbs them, in disturbing situations or engage in activity that triggers fear in them (Deci & Ryan, 2000). The fear of being infected with the new virus also caused the economy to decline, and reduced tourist needs. Many have canceled their trips, either because of restrictive measures or fear of infection. However, there are also people who have accused the tourism and hospitality industry as the biggest culprit for the spread of the infection.

One of the fears that also greatly influences human decisions is the fear of lack of money. The latest research in Germany showed that people have more economic fear than fear of infection. Only 32 percent (as opposed to 35 percent last year) fear a serious illness. Only one in three respondents fears that he or someone from the immediate environment will be infected with the corona virus (Aydin, 2020).

A study conducted by the public service ARD at the beginning of the month came to similar results. Only 42% believe that pandemics of this magnitude could continue in the future due to globalization. Remstedt says that it surprised them, and that the Germans today are more worried about the loss of welfare than the infection (Aydin, 2020).

The authors of the paper conducted an online survey, on a total sample of 250 respondents, during 2020. The aim of the research was to determine which fear causes greater negative consequences in people, and whether both fears can influence the prediction of travel decisions. The results obtained by descriptive statistical analysis showed that the fear of infection is stronger than the fear of lack of money.

By multiple regression analysis, it was found that the fear of infection more strongly predicts the score on the criterion variable travel decisions ($b = 0.253$; $\beta = 0.194$, $p = 0.00$). However, the fear of lack of money can also be a predictor of the outcome of the decision to travel ($b = 0.125$, $\beta = 0.127$, $p = 0.04$). The hypotheses of the research have been confirmed. The impact of the fear of infection on the road is stronger than the lack of money. Also,

the research can serve as part of a broader global study at the global level, because there is a small amount of research on this issue.

There have been epidemics before, but there have never been such drastic measures. This creates a fertile ground for spreading fears. The longer citizens are forced to give up their usual daily routine, the more the fear grows (Machell et al., 2015).

The time in which we live, along with the new corona virus, has brought with it many challenges and doubts and forced us to adapt our daily lives to different patterns of behavior. The corona virus pandemic has endangered the tourist industry around the world, completely disrupting all types of traffic and border passability. Many have decided to go on vacation in Serbia itself (Cvijanović & Gajić, 2020b). However, there are problems here as well. Limited number of visitors, closed restaurants, limited working hours, closed bases. But those interested in vacationing within the borders of Serbia will encounter two problems that are seemingly in complete contrast - the lack of accommodation and high prices.

In May 2020, the total number of tourist arrivals decreased by 87.6 percent compared to May 2019, and when it comes to foreign tourists, this is a decline of 97.8 percent. The current overbooking, caused by the impossibility of summer vacations outside Serbia, in a way represents a continuation of the trend of popularity of rural tourism in the last few years. The average consumption of a foreign guest in Belgrade for gastronomic services, souvenirs and entertainment, nightclubs and discos is around 69 euros (Cvijanović & Gajić, 2020b). If we add traffic, and that is about 20 percent of the value of overnight stays, ie another 26 million euros, if we add events, weddings, the congress industry, that is another twenty million euros, we are approaching the figure of 300 million euros. Serbia lost so much from tourists this year in the period from March 15 to June 1. In hotels alone, there are 2,130,000 fewer overnight stays in that period, a total of 3.8 to 4 million overnight stays, including private accommodation.

Speaking about capacities, during 2018 and 2019, more than 30 hotels were opened in Serbia and the construction of new ones for 2020 has been announced (Gajić et al., 2020). The fact is that the attractiveness of Serbia for investors will increase after the pandemic, given the demand for specific tourism products that may be missing for now. According to data from HORES, Belgrade is richer by 12 hotels from 2018, and there are a total of 380 categorized hotels in Serbia (Gajić et al., 2020).

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ASSESSMENT OF THE PANDEMIC SHOCK ON THE TOURISM SECTOR - THE CASE OF CROATIA

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Abstract

Due to the pandemic crisis, the decline in cross-border travel has caused deterioration of consumption and induced the collapse of domestic consumption. Finally, the drop of the consumption in travel service affected the travel trade balance and caused decline of the economy. The aim of this paper is to analyze the impact of the pandemic shock on the touristic sector in Croatia and to measure the effect of this negative trend. The research will be conducted using the SVAR model to disclose pandemic shock. The analysis considers the effect of the pandemic shock on the performance of the tourism sector, what is approximated by CROBEX tourist index. Also, the analysis tests the impact of pandemic shock on turnover of the hotel industry. The results confirm the large-scale shock in the touristic sector and implicate the importance of measuring shock in assessing future trends and proposing measures for economic recovery in Croatia.

Key Words: *pandemic, touristic sector, Croatia, SVAR model, economic recovery*

JEL classification: *C13, E60, Z32*

Introduction

The recent pandemic has caused a deep downturn in the whole economy, and especially the slump in travel and service consumption. The greatest extent of the negative shock was to the countries that are net exporters of tourism (Canova & Dallari, 2013).

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The COVID-19 pandemic has affected travel and service consumption worldwide and it mostly endangered the tourism-dependent countries. Many countries have restricted travel and trade due to extraordinary epidemiological conditions which caused a large drop in consumption. The negative effect of the pandemics on tourist arrivals became more obvious in emerging countries (Mekharat & Traore, 2020). Regarding the lower level of poor health infrastructure, the tourism demand decreased immediately and quicker in low-income countries compared to developed countries. At the beginning of the COVID-19 crisis, the advanced countries were able to handle the pandemic for a certain time (Yang et al., 2020).

The lockdowns have caused the disruption of social and economic activities for billions what was manifested through economic collapse scenario. The countries with the highest level of COVID-19 infections reported the biggest rate of unemployment (Bakar & Rosbi, 2020).

Finally, the decline in cross-border travel and deterioration of consumption induced the collapse of domestic consumption. The overall consequence was the drop of the consumption in travel service which affected the travel trade balance and caused decline of the economy.

The aim of this paper is to analyze the impact of the pandemic shock on the touristic sector in Croatia and to measure the effect of this negative trend. The research is conducted using the SVAR model to disclose pandemic shock. The analysis considers the effect of the pandemic shock on the performance of the tourism sector, what is approximated by CROBEXTurist index. Also, the analysis tests the impact of the pandemic shock on turnover of the hotel industry.

The results confirm the large-scale shock in the touristic sector and implicate the importance of measuring shock in assessing future trends and proposing measures for economic recovery. The paper raises awareness of the need for further research and quantitative analysis of the impact of shock on certain segments of the tourist offer. This is necessary for the most adequate design of measures and political strategies for recovery of the tourism sector in Croatia and the economy as a whole.

In the next period, the regulators, both monetary and fiscal authorities, will have to encourage the tourism sector. For the tourism-dependent countries, the critical role in diminishing long-lasting consequences will have fiscal and macroprudential policies and unconventional monetary policy.

Monetary and macroprudential tools could be used specifically to restart business and credit cycles and to boost economy (Popek-Biškupec, 2015). The fiscal stimulus is necessary to be well design to target the recovery of tourism sector (Goretti et al., 2021).

Literature review

The decline in travel and consumption service caused enormous gaps in the country's budgets in tourism-dependent economies. The pandemic crisis started with initial health shock that initiated a disruption in production and supply chains. After inventories were being used up, there was a breakdown of supply. At the same time, there was a drop in consumption and investment due to the fear, panic and uncertainty. A drop in demand caused a drop in a company's cash flow leading to fear of bankruptcy. Initially, to protect from bankruptcy, companies laid off employees which led to growth of unemployment. Finally, this caused a decline in the income of households and demand drop (Čavrak, 2020).

Many sectors were extremely sensitive to pandemic shock. Arčabić (2020) conclude that in the short term, the trade and services sector were the most exposed. According to this analysis, the trade and service sectors are net transmitters of shocks and the spillover of shocks in that sector is stronger, what in the long-run period may cause structural damage to the macroeconomic system.

Due to the COVID-19 pandemic, the tourism sector suffered huge losses and many subjects were in shutdown. At the global level, there is an estimation of 75 million job losses in the tourism and hospitality sector (Newsome, 2020). Uğur and Akbiyik (2020) reveal that the subjects in tourism sector suffered profound consequences because of sudden canceling trips, absence of new demand and inability to reorient to another type of work.

The long-term consequences of a pandemic shock will manifest in all segments of the economy. The deep difficulties caused by the exposure of public finances will have a negative effect on the recovery and will certainly prolong the turn-ups in business cycles. EU countries are affected at different intensities, so the responses of regulators are different. However all countries have focused on fast and significant fiscal packages in collaboration with unconventional monetary policy instruments (Praščević, 2020).

Bakar and Rosbi (2020) evaluated the impact of pandemic crisis "using supply and demand curve to detect the economic changes in tourism industry" (p. 4). The results show that COVID-19 created panic among public what contributed to lower demand in tourism industry. Brida et al. (2020) tested the different dynamics of economic growth and tourism, the connection between economic growth numerous direct and indirect channels of touristic products. For the analysis, authors constructed two groups of countries sharing similar performance according to high or low performance in the tourism sector. The dynamics showed that the low performance cluster tends to spread, and that the high-performance countries gravitate to be more compact. Canova and Dallari (2013) provide the effect of the pandemic shock to the tourism-depended countries. The results confirmed that pandemic shock caused the absence of tourism channel and according to that, the output effects were reduced by about one-fourth. Škare et al. (2020) estimated the impact of the COVID-19 crisis on the tourism sector. The results confirmed that recovery of the tourism, especially hospitality sector, will take more time than the average expected recovery period of 10 months. From that point of view, the policy support should insure sustainability of enterprises in touristic industry.

According to the changes in health conditions, new forms of consumer behavior and new ways of consuming tourism are causing new need for hospitality market (Ružić et al., 2011). The prerequisite for re-opening the economies toward travel and tourism is introduction new technologies as the core of solutions for combining the health's and economic's requirements. The mobility tracing applications, robotised service delivery, digital health passports and identity controls will ensure social distancing and provide health conditions to prevent infection (Sigala, 2020).

On the other hand, the introduction of new technologies, will make business processes more expensive. Various political and commercial decisions have been made, and the time will show the impact of these decisions in the economic context to the sustainability of the hospitality and tourism environment (Baum, 2020). The several crises already showed that is necessary to apply sustainable tourism development by "connecting regenerative agriculture and transformative tourism" (Ateljević, 2020, p. 436).

Despite the enormous negative consequences of COVID-19 shock, this pandemic crisis has given the tourism industry an opportunity for turning its focus away from haphazard development to sustainable and mindful

consumption of a tourist product (Nepal, 2020). After global pandemic crisis, everybody is given an opportunity to transform the tourism from global and massive trend toward individual and special tourist experience what contribute to sustainable development growth in touristic industry (Gössling et al., 2020). Also, the countries will have to shape the style of rest and travel, diversification of activities on vacation and impose the need for special, planning, shaping and management of touristic products. The combination of natural wealth, cultural heritage and the way of life of the local community, countries create a special form of long-term sustainable tourism (Ružić et al., 2016).

In the period of post-crisis, people's habits will transform the tourism and hospitality industries. New characteristics of touristic demand stand out "four key tourism micro-trends: creative tourism, off-the-beaten-track tourism, alternative accommodation and fully digital tourism" (Ketter, 2020, p. 1). The tourism of the future should design services in environmentally friendly and sustainable approach. Dolnicar (2020) offered example of how the tourism industry can diminish environmental damage by actively designing brand-owned touch points. In that way, all stakeholders behave more environmentally friendly and contribute to the long-term sustainability of the tourism sector. The type of tourism that can resist future shocks and crises is tourism that offers services with conceptual solutions and destinations that consider sustainability as a part of the image (Melkić et al., 2020). Grilli et al. (2021) show that the exploitation the natural resources for tourism purposes in long-term period will cause trade-off between economic value and sustainability.

Policy makers should consider pro-environmental attitudes to maintain balance between ecosystem services and social and cultural identities. Yang et al. (2020) set DSGE model that implied blocks; four health disaster risk, utility function, health investment, and production. The results confirmed that health status influences labor productivity and that decline in health status caused lower tourism and generic outputs. From this point of view, tourism sector has to be financed by resources redistributed from other sectors.

The three main components of new age of tourism are 1) focus on domestic demand in the short term, due to health barriers (Lapointe, 2020), 2) transforming destinations from "Growth for development" to "Degrowth for livability" (Renaud, 2020) and 3) tourism socialization "based on the

interests of local communities and local people" (Higgins-Desbiolles, 2020, p. 437).

To recover as quickly as possible and start the rise in the economy, the government will have to put extra effort through both fiscal and monetary measures. The various of tax relaxing mechanism are necessary to apply in coordination with unconventional and macroprudential policy (Popek-Biškupec & Bilal-Zorić, 2017). In period of vulnerable situation and lack of financial power, the financial help is needed to maintain the tourism sector active. The responsibility also lies with the central bank, which can use macroprudential instruments to launch credit cycles and help the real sector recover faster.

The quantitative analysis of the effects and scale of the impact the pandemic crisis on the entire economy is necessary for strategic decision makers and bringing the strategies for the development of countries with significant touristic sector. From that point of view, regulators and decision makers should constantly observe relationships of tourism and economic growth. Khan et. al., (2020) used various econometric tools for analyzing the connection of tourism and economic growth of developing countries. The research confirmed the causal relationships of tourism with economic growth, energy, agriculture development and poverty. The study proved that tourism has important role in the development of emerging economies.

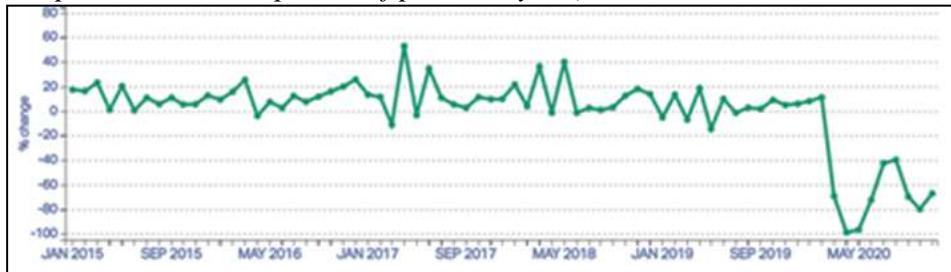
The results of the research confirm that a 1% increase in tourism significantly enhances gross domestic product (GDP) by 0.051%, foreign direct investment by 2.647%, energy development by 0.134%, agriculture development by 0.26%, and reduces poverty by 0.51% in the long run. Farzanegan et al. (2020) made cross-country regression analysis that was referring to the correlation between international tourism and COVID-19 confirmed cases. The research confirmed positive correlation between international tourism and confirmed cases of COVID-19 disease in period till April 30, year 2020. The authors estimated that the 1% higher level of inbound and outbound tourism is associated with 1.2% and 1.4% higher levels of confirmed COVID-19 cases.

Special attention should be paid to developing countries that have a large share of the tourism sector in the economy, like Croatia. Such countries are vulnerable to all kinds of shocks and have more difficult adaptation to structural difficulties. Finally, these countries need much more time to achieve macroeconomic balances after a crisis or recession.

Data analysis

Croatia as the tourism-dependend country has suffered huge losses due to the lockdowns in the period of COVID-19 crisis.

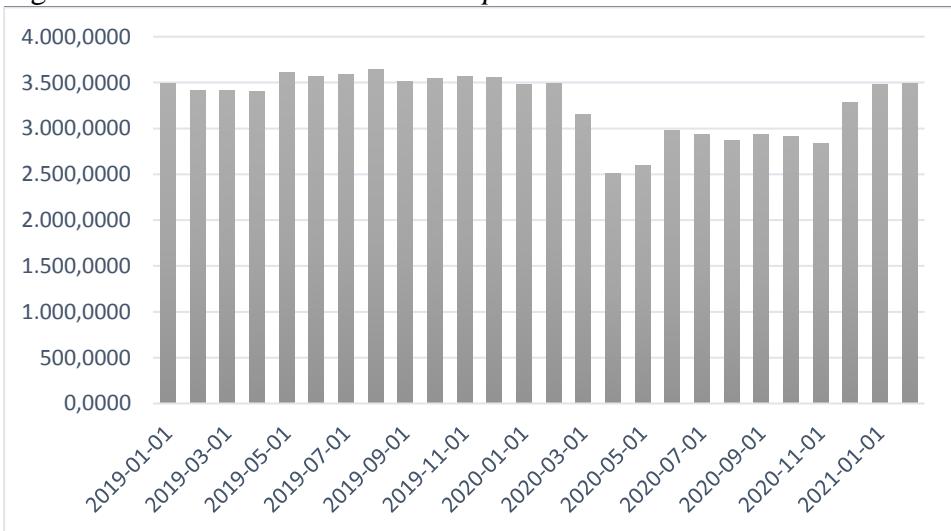
Figure 1: *Nights spent in tourist accommodation in Croatia (% change compared with same period of previous year)*



Source: *Eurostat, (2020), COVID-19: Statistics serving Europe, <https://ec.europa.eu/eurostat/cache/recovery-dashboard/>, (28 February 2021)*

As Figure 1 presents, the sudden drop of the nights spent in tourist accommodation in Croatia was noticed since beginning of the year 2020.

Figure 2: *CROBEXTurist index in the period 01 Feb 2019 – 01 Feb 2021*



Source: *Authors' calculation according to the Zagreb Stock Exchange (2020) data, https://zse.hr/hr/indeks/365?isin=HRZB00ICBTU0&tab=index_history&date_from=2019-01-01&date_to=2021-02-26, (20 February 2021)*

In this paper, CROBEXturist index is considered as the indicator of trends in tourism sector. The changes of the index show the impact of pandemic and the perception of the future market trends. The data analysis confirms the structural shock in March 2020, caused by pandemic. Due to the fact that Croatia is tourism-dependent country, the shock in this sector has spilled over to all segments of the economy.

This paper analyses the impact of pandemic on the touristic sector using Structural vector autoregressive model (SVAR). The COVID-19 shock was approximated by periods of lockdowns in Croatia, and it was introduced in model as dummy variable. The losses in touristic sector were presented by drop of CROBEXturist index. CROBEXturist index is sectoral index that refers to the hotel industry. The data were collected from the March 2019 till December 2020 on daily basis (Zagreb Stock Exchange, 2020).

Before constructing the SVAR model, the analysis of causality is conducted using Granger test. The Granger causality test is a statistical hypothesis test for analyzing the usefulness one time series in forecasting another (Rossi, 2013).

First step is to check the stationary of variables using ADF test. The results are shown in Table 1.

Table 1: *Augmented Dickey-Fuller test*

Variable	Lag Length	t-statistic ADF	p	Test for unit root:
croindx	(SIC) 2	-9.536.677	0.0000	In 1 st difference with intercept
turn	(SIC) 4	-5.472.735	0.0000	In level with intercept
lock	(SIC) 0	-2.266.418	0.0000	In 1 st difference with intercept

Source: *Authors' calculation*

Due to the unit root test, variable *croindx* is stationary in its level with intercept included and variables *turn* and *lock* are stationary in their first differences with intercept included.

After conducting ADF test, it is necessary to analyze the causality between variables. To test the causality, it is needed to check if variable x (*lock*) causes variables y (*croindx* and *turn*). If x causes y, it is possible to determine the optimal information set used to forecast y. The most used solution is testing the causality from variable x observed for the *ith* to the variable y observed for the *jth* with *j* = *i* or *j* ≠ *i*. Granger causality refers to

determining if one variable has impact to the present and future trends of another variable (Granger, 1969).

Table 2: *Granger causality test*

Null Hypothesis	Obs	F-Statistic	Prob.
LOCK does not Granger Cause CROINDX	510	281.584	0.0105
CROINDX does not Granger Cause LOCK		646.962	1.E-06
TURN does not Granger Cause CROINDX	510	146.915	0.1868
CROINDX does not Granger Cause TURN		0.70646	0.6445
TURN does not Granger Cause LOCK	510	0.74097	0.6168
LOCK does not Granger Cause TURN		0.19798	0.9773

Source: *Authors' calculation*

The Granger test reject the null hypothesis that lock does not cause croindx, what means that pandemic shock has impact on CROBEXturist index. The results confirmed the thesis that lockdown had significant impact on tourist sector and caused downturn in hotel industry business.

The specification of VAR model

In the recent period, the Vector autoregressive models became the basis of macroeconomic policy analysis, forecasting and testing dynamic stochastic models of general equilibrium (Del Negro & Schorfheide, 2010). The introduction of shocks in macroeconomic research started with Blanchard and Perotti (2002) and testing the impact of different taxes to the policy strategies.

In this paper, the VAR model includes pandemic shock (*lock*), turnover (*turn*) and last value of daily CROBEXturist index (*croindx*) of Zagreb Stock Exchange trade in touristic sector. The model can be presented as:

$$V_t = z + D(L)V_{t-1} + R_t(1)$$

where $z = A^{-1}A_0$, $D(L) = A^{-1}C(L)$ and $u_t = A^{-1}\varepsilon_t$, what represents reduced form of innovation (shocks) which have no direct economic interpretation (Bahovec & Erjavec, 2009).

Variables in the model are show as vector:

$$Y_t = [lcroindx, lturn, lock](2)$$

The lag length criteria for VAR model is 6 according to the Akaike information criterion. Using lag length 6, the stability of VAR model should be checked. Roots of Characteristic Polynomial for variables *croindx*, *lock*, and *turn* are shown in the table below.

Table 3: *VAR stability condition check*

Root	Modulus
0.894207	0.894207
-0.670351 - 0.454576i	0.809945
-0.670351 + 0.454576i	0.809945
-0.260889 - 0.689387i	0.737101
-0.260889 + 0.689387i	0.737101
0.716233 - 0.133630i	0.728592
0.716233 + 0.133630i	0.728592
-0.715520	0.715520
0.150775 + 0.687971i	0.704299
0.150775 - 0.687971i	0.704299
0.482006 - 0.493961i	0.690165
0.482006 + 0.493961i	0.690165
0.268919 - 0.588325i	0.646872
0.268919 + 0.588325i	0.646872
-0.394466 + 0.246971i	0.465401
-0.394466 - 0.246971i	0.465401
-0.184549 - 0.400192i	0.440695
-0.184549 + 0.400192i	0.440695

Source: *Authors' calculation*

AR roots table shows that no root lies outside the unit circle and that VAR satisfies the stability condition because neither value crosses over 1.

Table 4: *Vector Autoregression Estimates (VAR model)*

	Vector Autoregression Estimates	Granger/Wald Test
Dependent Variable <i>croindx</i>	t-statistics	p
<i>Lock</i>	3.11543	0.0080
<i>Turn</i>	-0.89761	0.1534

Source: *Authors' calculation*

The VAR model confirmed that the pandemic crisis (*lock*) is very significant. According to the t-statistics (3.11543) it is possible to expect further negative trends in Croatia caused by pandemic crisis.

After the reduced form of VAR is assessed by OLS method, it is necessary to assume coefficients in order to get structural reduced innovations. The LM test showed no serial correlation at lag length 6 according to the Akaike information criterion. To obtain a structural form from the reduced one, data are used outside the sample, like exogenous constraints. The elements of matrix A are known if the relationship of structural and reduced innovation is known. (Bahovec & Erjavec, 2009)

Identifying pandemic shocks is determined by restricting the matrix of structural long run multipliers:

$$AA' = \Sigma(\varepsilon_t \varepsilon_t') \quad (3)$$

where A is $n \times n$ matrix and ε_t is pandemic shock that follow normal distribution with mean value (expectation) of zero and unit variance.

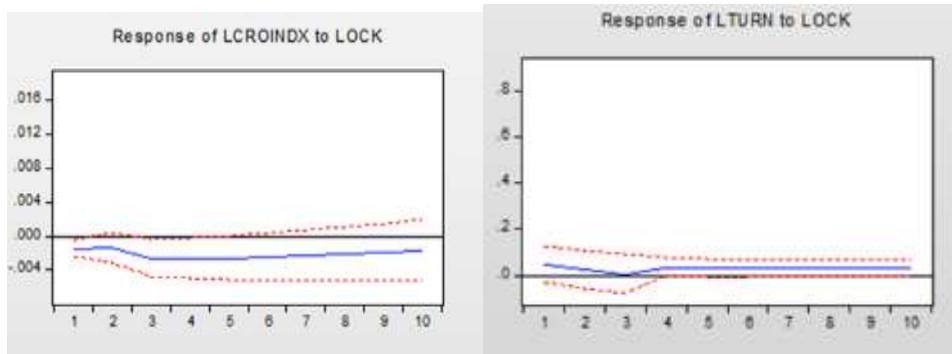
Table 1: *The Structural VAR Estimates (SVAR model)*

	Coefficient	Std. Error	z-Statistic	Prob.
C(1)	1.308.340	0.041006	3.190.611	0.0000
C(2)	-1.224.811	0.168416	-7.272.522	0.0000
C(3)	-0.194693	0.153244	-1.270.478	0.2039
C(4)	3.699.623	0.115953	3.190.611	0.0000
C(5)	2.337.235	0.134463	1.738.196	0.0000
C(6)	2.543.928	0.079732	3.190.611	0.0000

Source: *Authors' calculation*

For estimation of SVAR model, the number of constraints should be set in the appropriate matrices. The SVAR model was conducted with CROBEXtourist index (*croindx*) response to the pandemic crisis (*lock*) variable for the recursive long-run impulse response. Cholesky decomposition identified orthogonal innovations (shocks). Using analytic Response standard errors, the Impulse Function Responses are given below.

Figure 2: *Response to Cholesky One S.D. (d. f. adjusted) Innovations + - 2 S. E.*



Source: *Authors' calculation*

The impulse response functions confirm the strong impact on touristic industry, especially in the hospitality sector. The perception of the negative trend was higher at the beginning of the crises for the investors, but shock for turnover of hotel industry had stronger impact in the second half of the crisis.

Conclusion

The COVID-19 pandemic caused enormous losses in all economies and especially in the tourism-depended countries. Many authorities and researchers are dealing with the pandemic phenomenon and everybody is searching for the best policy mechanism to suppress the virus and at the same time to recover economy. This paper provided scientific evidence of vulnerabilities of the tourism sector on the pandemic shock.

The SVAR model confirms the large-scale shock in the touristic sector in Croatia and implicates the importance of measuring shock in assessing future trends and proposing measures for economic recovery. The results show two-phase shock effect. In the first period, the shock is stronger because of risk perception and affects the CROBEXTurist index, and in the second part of the observed period, pandemic has stronger impact on turnover of hotel industry in Croatia. The results are according to the expectations. The findings are useful as the confirmation of the necessity for stronger macroeconomic policy measures, both fiscal and monetary regulators, due to the recovery of the tourism sector.

The research was conducted for the period of coronavirus appearance. Due to the relatively short period of time, the results of the model are slightly weaker, so in further research it is recommended to monitor the development of the situation. In addition, it is recommended to continuously test the impact of the pandemic for overall shock on the tourism sector. A similar model can be tested for all entities in the tourism industry and analog this research, the analysis could be performed for subjects and services within touristic offer.

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THE ROLE OF EMPLOYER BRAND IN HOTEL COMPANIES DURING COVID-19 CRISIS

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Abstract

Hospitality and tourism is one of economic branches which has been severely affected by the COVID-19 pandemic. Finding the ways and identifying the measures for recovering from the crisis which has been lasting for more than a year is the key task of hotel managers and leaders. The main objective of this paper is to examine the state of affairs in the hotel industry that has been devastated by COVID-19 and analyze the possible tools for human resource management in hotels, all with the aim of mitigating the consequences of the crisis. Inductive and deductive research methods were used for the needs of this analysis. One of the possible solutions for overcoming the crisis of human resource management is employer brand. Investing in employer brand may result in creating specific benefits for employees - functional, economic and psychological benefits. During the pandemic, the benefits for employees are expanded to job security, health protection and psychological recovery of employees.

Key Words: *employer brand, hotel, COVID-19, human resource*

JEL classification: *J24, J28, M54*

Introduction

Over the past 12 months, COVID-19 pandemic has had a negative impact on the global economy and has caused greater uncertainty than any other crisis in the recent past (SARS 2003, financial crisis in 2008) (Kashyap &

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Raghuvanshi, 2020). The pandemic has rapidly and harshly disrupted life and economies, and forced companies and governments to make hard decisions and choices in order to mitigate the risk in terms of population and economics health (Manuel & Herron, 2020). Increased unemployment rate and reasons for encouraging people to stay at home resulted in significant drop of consumers' demand for numerous goods and services (Manuel & Herron, 2020). Companies that operate in various industries "faced supply chain disruption, which reduced the quantity of output/production and increased the costs of production" (Manuel & Herron, 2020, p. 236). The only industry that has been able to preserve its business operations during the pandemic is IT sector. It is foreseen that this sector will be affected during the later stages of the pandemic (Kashyap & Raghuvanshi, 2020). Apart from the current COVID crisis, corporative leaders are facing other challenges, such as "climate change, income inequality, racial inequity, and healthcare cost and availability" (Yohn, 2020). In the stated circumstances, companies have two options: either to identify and respond to the above mentioned changes or to risk losing clients, suppliers and other stakeholders (Manuel & Herron, 2020).

The COVID-19 pandemic has had a negative impact on a large number of industries throughout the world, especially in terms of labor-intensive economic activities which depend on high-level interaction between employees and buyers. Hospitality and tourism are based on human mobility and close interaction, and are thus the primary "recipients" of the pandemic consequences (Hao et al., 2020). Hospitality implies a set of activities where "people deal with people" (Barrows & Bosselman, 1999), which makes human resource development crucial for hotel industry (Slavković & Ognjanović, 2018). COVID-19 has disturbed the hotel industry and caused rapid reduction of industrial performance. Consequently, numerous employees lost their jobs and were made redundant (He et al., 2021). Therefore, it is of outmost importance to define the appropriate measures for mitigating the crisis and protecting the key hotel resource during the pandemic- employees. Hotels are addressing the challenge of designing the HRM system and process which would meet the market requirements and overcome pressure caused by the pandemic (Agarwal, 2021). The HRM practices can be of assistance in embracing social responsibility and showing empathy for the employees in the hospitality sector during the crisis (He et al., 2021). Adapting the HRM practices to the new circumstances of the crisis is crucial for the hospitality industry, as positive guest experience requires exceptional communication between employees and guests (Agarwal, 2021).

The main objective of this paper is to analyze the state of affairs in the hospitality industry which has been affected by COVID-19, and examine the human resource management tools in hotels, all with the aim of mitigating the consequences of the crisis. The conclusions have been made by applying deductive and inductive research methods. This study is relevant because it analyzes the position of employees in hotels during the pandemic and proposes the possible tools for promoting their position. Therefore, the following research questions are to be answered:

1. Can human resources be crucial means for mitigating the effects of COVID-19 in the field of hospitality industry?
2. Can employer brand be considered as acceptable tool for human resource management in hospitality industry during the COVID-19 pandemic?

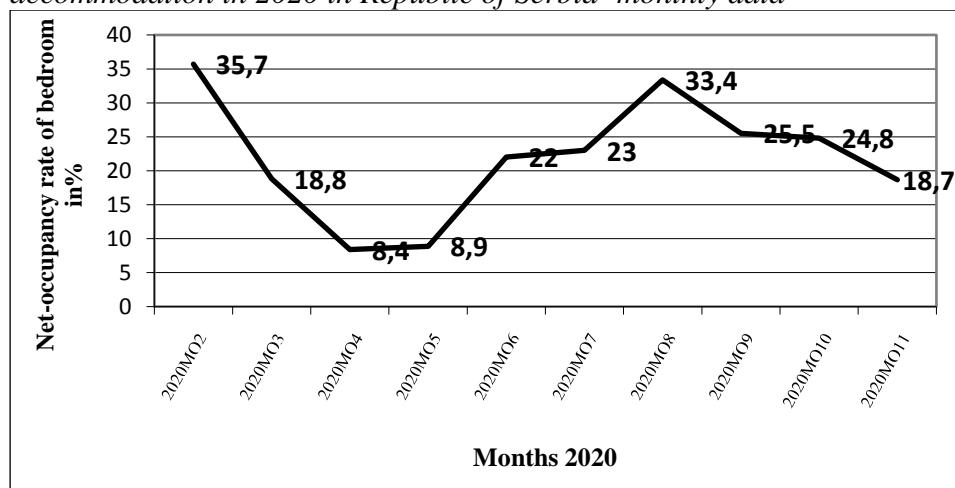
Hotel industry during the COVID-19 pandemic

The global outbreak of COVID-19 has had a negative impact on the entire tourism and hospitality industry (Guillet & Chu, 2021; Awan et al., 2021). "Hundreds of thousands of employees in hotel and tourist facilities have faced serious threats to their health and job safety due to the uncertainty caused by COVID-19 pandemic" (He et al., 2021, p. 347). This crisis is different from previous crises which resulted in a significant drop in all types of demand worldwide (Guillet & Chu, 2021). Even though clients in specific business activities expect digital solutions, the hospitality industry is one of the branches in which physical contact is essential for service provision (Awan et al., 2021). Lockdowns and social distancing have caused a rapid turnover drop in the field of hospitality and tourism, as the sector primarily relies on tourist mobility and personal services offered by employees (He et al., 2021).

According to the data presented by the World Tourism Organization (2021), in 2020, the tourism and hospitality industry recorded "the loss of 850 million to 1.1 billion international tourists; loss of US\$ 910 billion to US\$ 1.2 trillion in export revenues from tourism and put 100 to 120 million jobs at risk". Hotel company managers were under large pressure due to partial or complete closures, financial loss, fixed costs and uncertain short-term and long-term demand for hotel occupancy (Jiang & Wen, 2020; Guillet & Chu, 2021). Hotels were forced to ask their employees to take unpaid leave, and postpone office and system maintenance (Lai & Wong, 2020). Some estimates indicate (Yohn, 2020) that quarter of the total number of employees have been dismissed since the beginning of the

pandemics. The COVID-19 outbreak has significantly reduced demand for hotel occupancy (Lai & Wong, 2020), which resulted in the drop of key performance indicators in the hospitality industry (Awan et al., 2021; Guillet & Chu, 2021). Hotel occupancy dropped in all countries by 50%, and even more (Agarwal, 2021), while "average revenue-per-available-room (RevPAR) dropped by 90% in the second quarter of 2020" (Le & Phi, 2020, pp. 1-2). Moreover, the COVID-19 pandemic has had a negative impact on hotel industry performances in the Republic of Serbia. Figure 1 shows the net-occupancy rate per month in 2020. Based on the shown data, one can conclude that the net-occupancy rate started dropping rapidly in February 2020, reached its minimum in May (8.4%), while the maximum rate was recorded in September (33.4%).

Figure 1: *Net-occupancy rate of bedrooms in hotels and similar accommodation in 2020 in Republic of Serbia- monthly data*

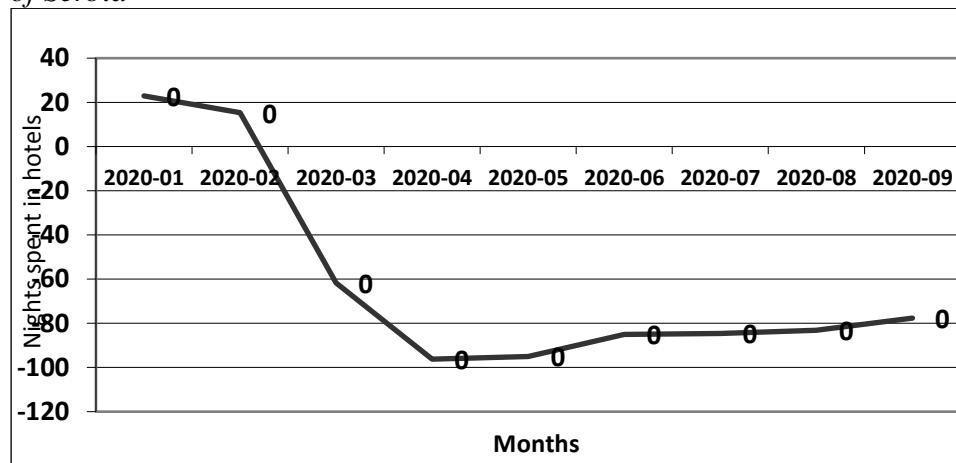


Source: Eurostat, 2021

The number of overnight stays in hotels in the Republic of Serbia has also decreased when compared to the same period last year (Figure 2). Information of the Statistical Office of the Republic of Serbia for October 2020 indicated that there were 49.3% less tourists if compared to the same period the previous year. The number of arrivals of foreign tourists compared to the previous October was reduced by 75%, while the number of arrivals of domestic tourists was reduced by 20.7%. Additionally, the total number of overnight stays of foreign and domestic tourists was decreased by 37.5%, i.e. the number of overnight stays of foreign tourists decreased by 66.2%, while the number of overnight stays of domestic

tourists decreased by 14.9% (Statistical Office of the Republic of Serbia, 2020, p.58). Figure 2 indicates monthly data on percentage change in overnight stays in hotels and similar accommodation in Serbia in 2020 as compared to 2019. When compared to 2019, the largest deviation was recorded in April 2020 (-96.24%).

Figure 2: *Overnight stays in hotels and similar accommodation - percentage change compared to same period previous year in the Republic of Serbia*



Source: Eurostat, 2021

COVID-19 still affects states worldwide and has serious and continuous impact on labor-intensive activities, such as tourism and hospitality (Knight et al., 2020). Current state of affairs in hospitality requires using new opportunities and developing innovative business models (Awan et al., 2021). This primarily refers to sharing human capital, developing new concept of service provision, as well as new ideas for promoting "staycation or holistay concept" (Awan et al., 2021) and safe behavior of employees, which have positive "impact on workplace safety, product service quality and corporate safety performance" (Zhang et al., 2020, p. 3366).

Human resources in hospitality industry

The hospitality industry is labor-intensive industry and its performance primarily depends on knowledge and skills of all employees (Ognjanović, 2017). Difference between a successful and unsuccessful company is in knowledge and skills (Dabić et al., 2021). Employees in hotels play a

crucial role in creating top-quality services (Jung et al., 2021; Agarwal, 2021) and achieving superior performances (Simić et al., 2020). Therefore, a strategic approach to hospitality employee management, which will be based on developing specific benefits for employees, is essential. The HRM practices provide hotels with strategic advantage in all functional aspects, and consequently improve hotel business operations (Agarwal, 2021). Human resource management is decisive during the COVID-19 pandemic, as the primary objective of HRM practice is to support employees and prepare them for uncertain working environment (Agarwal, 2021).

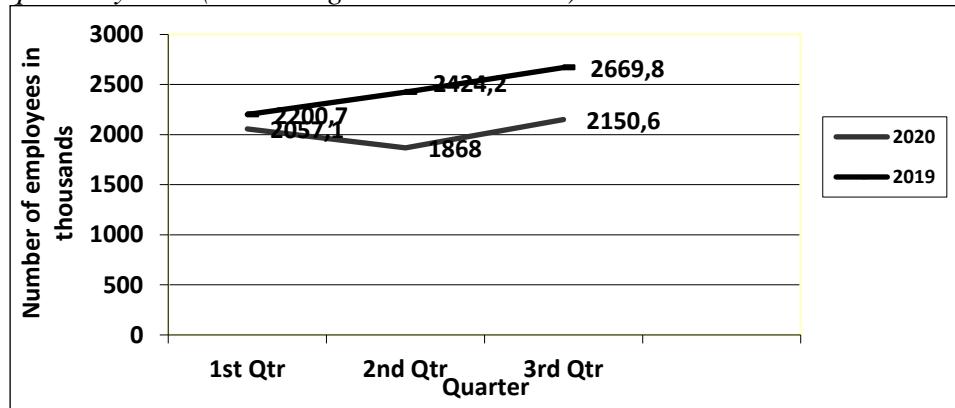
Furthermore, employee-guest interaction is vital for creating the image of top-quality service (Kim et al., 2021). Positive guest experience depends on hotel employees' approach (Karatepe, 2013; Agarwal, 2021), i.e. "showing politeness, patience, and emotion, welcoming guests, and providing a serene atmosphere of comfort and relaxation" (Kim et al. 2021, p. 2). During COVID-19, guest experience can be improved by hotel employee safety behavior which would make guests feel safe and help them enjoy various hospitality-related activities (Zhang et al., 2020).

Employment trend in hospitality industry during the COVID-19 crisis

Before the outbreak of the pandemic, hotel industry recorded an economic growth which increased the need for employing talented and qualified personnel. Hotels in the EU member states and the Republic of Serbia documented a general trend of increasing employment until 2020. Thus, the demand for talented workforce became more and more extensive on the market. In terms of offer, the lack of talented individuals was the result of demographic transition, globalization and business liberalization. Disproportion between supply and demand for talented workforce often resulted in the "war for talents" among companies, which emphasized the need for developing the concept of employer brand. The aim of employer brand development is to enhance certain benefits for employees in order to attract and keep the talented personnel.

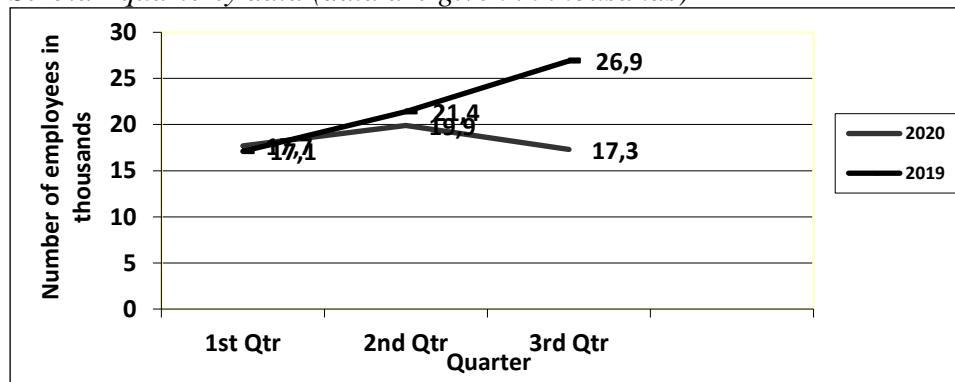
In terms of the observed 10-year period (2010-2019), the EU countries recorded a continuous employment growth in the hospitality industry. The largest number of employees was employed in 2019 (more than 2.400.000). Additionally, the Republic of Serbia recorded significant employment growth until 2020. Employment fluctuations occurred between 2012 and 2017. In 2017, there were 20.700 employees in hospitality industry.

Figure 3: *Employed person in accommodation sector in European Union-quarterly data (data are given in thousands)*



Source: Eurostat, 2021

Figure 4: *Employed person in accommodation sector in the Republic of Serbia - quarterly data (data are given in thousands)*



Source: Eurostat, 2021

During the COVID-19 pandemic, the hotel industry was the first industry which faced employment shock, rapid decrease "in the number of employees and increase in the number of employees on temporary leave" (Jung et al., 2021, p. 1). Figure 3 indicates the employment trend in the European Union in 2019 and 2020 by quarters. The number of employees in the third quarter of 2020 was decreased by 19.4% as compared to the same quarter 2019. Figure 4 shows the employment trend in the Republic of Serbia in 2019 and 2020 by quarters. In 2019, the hotel industry recorded employment growth by quarters. However, the employment rate decreased in the second quarter of 2020, and the same trend continued throughout the third quarter.

The uncertainty of employment in the hotel industry caused by the pandemic is a threat to organizational performance and sustainability. Therefore, hoteliers should find appropriate solution in the field of human resource management (Jung et al., 2021). Job uncertainty triggers stress in employees and has a negative effect on their psychological state (Tian et al., 2014; Jung et al., 2021). Therefore, the promotion of employees' psychological recovery and overcoming fear due to the catastrophic consequences of COVID-19 are in the focus of interest of the scientists who analyze the state of affairs in the hospitality industry (He et al., 2021). Numerous studies have pointed out that human resource management has a direct impact on the psychological state of employees in the field of hospitality, as well as on their emotions, attitudes and behavior (Madera et al., 2017; He et al., 2021). Therefore, the employer brand should be developed further, as it represents a significant tool for providing employees with specific benefits.

Employer brand in hospitality

Employer branding philosophy aims at helping companies focus their activities on selling products/services to buyers, and putting emphasis on employees who take active part in the implementation of business objectives and delivery of products/services (Ognjanović, 2020). The employer brand concept is founded on the resource-based view (Kashyap & Verma, 2018), which implies that the internal resources of a company are the ground for creating value and sustainable competitive advantage. Human resources are crucial for creating hotel's values (Slavković & Ognjanović, 2018). Additionally, "the development of hotel industry is based on various types of knowledge, i.e. knowledge of consumers' needs, the ways of creating services and methods of their differentiation" (Ognjanović, 2017, p. 128). Consequently, the development of employer brand shall provide specific benefits for employees and improve their knowledge, skills, experience and efficiency of their actions. "Employer brand represents an intangible asset which is the result of the successful implementation of employer branding strategy that promotes the company as exceptional employer, provides the candidates with realistic expectations and fulfills the promises made to all employees" (Ognjanović, 2020, p. 65). The following studies point out the relevance of employer brand and support its importance for: employee satisfaction (Ognjanović & Slavković, 2019; Tanwar & Prasad, 2016), employee loyalty (Benaiss-Noailles & Viot, 2020) and workforce performance (Ognjanović, 2020).

The employer brand is focused on providing appropriate dimensions (benefits) for employees and potential employees. The benefits of employer brand imply all "functional, psychological and economic benefits" (Ambler & Barrow, 1996, p. 187). Functional benefits refer to the specificities of the workplace, content of business tasks and perspective of professional career development. Psychological benefits imply the feeling of belonging to the company and active involvement of each employee in the activities of the company which has engaged her/him. Economic benefits include the amount of financial and non-financial compensations that employees receive based on their effort and work. Other employer brand dimensions have derived from the above stated primary classification, all based on the needs of the company, employees' requirements and events on the labor market (Tanwar & Prasad, 2016; Deepa & Baral, 2019; Kashive et al., 2020). The expansion of the above stated dimensions implies developing knowledge, abilities and experience of employees, as well as their desire and motivation to do their best, be creative and achieve maximum productivity, all of which have a positive effect on guest satisfaction (Yohn, 2020). The development of employer brand is especially important during the COVID-19 pandemic, as it focuses on the improvement of three new dimensions: job security, health protection and psychological recovery of employees. Job security implies providing minimum risk of losing a job during the pandemic. Health protection includes securing free health service for all employees and providing compensation in the case of sick leave. The psychological recovery of employees is significant both during regular business operations and during the pandemic. Being a labor-intensive activity, hoteliers' job requires sacrificing, working long hours, as well as finding enough time to rest.

The essence of employer brand development is to attract and keep talented individuals in a hotel. This can be achieved by improving employer brand dimensions. Investing in such assets implies significant financial assets, all with the aim of achieving long-term effects. Therefore, it is of crucial importance to analyze the state of affairs at the hotel industry labor market and to assess supply-demand ratio in order to make an adequate evaluation of cost-effectiveness of employer brand development.

Proposing measures for overcoming COVID-19 crisis in hospitality industry

The COVID-19 crisis has forced hotels to adjust their business operations to the new circumstances. Hotels should focus their services on a group of

guests who are frightened and under a serious financial burden (Awan et al., 2021). Employees must also pay attention to the changes in guest behavior (Jiang & Wen, 2020; Guillet & Chu, 2021). Therefore, the major challenge is to differentiate, innovate and transform guest experience (Awan et al., 2021). Having in mind that the pandemic has affected hotels all over the world, authors Jiang & Wen (2020) indicate that researchers should work on enhancing theoretical and practical knowledge in key hospitality sectors in order to help hotels recover efficiently from the disaster. Due to the crisis, hoteliers have to introduce and maintain safety strategies and safety operational standards at a very high level (Zhang et al., 2020). Guests have to believe that a hotel has implemented all the necessary measures to protect the health of the clients (Guillet & Chu, 2021). Hotel safety leadership and employee safety behavior are of crucial importance for all hotels, as they ensure safe and satisfactory service quality, guest and employees' health, and make significant contribution to achieving satisfactory hotel performances (Zhang et al., 2020).

The crisis made employees master new techniques for hosting guests. Poor service during the COVID-19 pandemic would probably result in extremely negative reactions of guests, which may be devastating for a hotel's reputation (Agarwal, 2021). This leads to the conclusion that employees' experience is one of the crucial strategic priorities in hotel management during COVID-19 (Yohn, 2020). Experience that a company offers its employees should be planned very carefully, i.e. in the same way the customer approach is planned (Yohn, 2020). Aside from human resource management, Guillet & Chu (2021) conclude that revenue management is still the key issue, especially during the crisis that hotel companies are facing.

Economic loss in hospitality sector is more than obvious. A possible solution to this problem is focusing on the internal control of costs and state subsidies, followed by tailoring the hotel services, transforming business structures and requiring help from the Government institutions (Knight et al., 2020). Guillet & Chu (2021) point out that hotels may implement the following measures in order to reduce loss: furloughing staff, reducing costs and pivoting online. Aguinis et al. (2020) emphasize the importance of CSR practice that the employees should implement during the pandemic. Awan et al. (2021) conclude that the crisis caused by COVID-19 requires remodeling of the hotel service design, especially in terms of sanitary and disinfection activities, as well as redesigning the entire infrastructure and introducing new types of offers. As the customers are much more

concerned about their health, hotel hygiene should be on top of the list for creating new business model (Guillet & Chu, 2021). Yu et al. (2021) point out the significance of hygiene, as one of the possible models that institutions propose for fighting against COVID-19. Aside from precaution, as key measure, the authors state that hygiene and cleanliness are crucial for successful business operations, as they were insisted upon after the major health crisis SARS in 2003 (Jiang & Wen, 2020). Even during the crisis which occurred before SARS, hygiene and cleanliness had been the topics of numerous discussions which aimed at recovering hospitality industry (Chien & Law, 2003; Jiang & Wen, 2020).

Spreading of the pandemic made the hotel industry recovery even harder and longer, and thus crisis management strategies should be adjusted to the new circumstances (Lai & Wong, 2020). Kashyap & Raghuvanshi (2020) identified 6 key factors of company success during the pandemic: "effective communication, social distancing, adopting new technology, modifying the rules and regulation at workplace, sealing the borders of the territory and strong leadership and government control" (p. 358). Some authors (Hao et al., 2020; Kashyap & Raghuvanshi, 2020; Le & Phi, 2020) have proposed appropriate management framework for managing hotels during the crisis. Hao et al. (2020) suggest taking the following steps in the field of management:

1. The first step implies thorough analysis of the entire disaster management process, after which the focus should be put on hotel property and analysis of the factors which have affected or may affect the hotel industry;
2. The second step refers to the principles which may help companies focus and redirect their actions during the various phases of the crisis;
3. The third step implies defining strategies which may be applied for mitigating the effects that the pandemic has had on the hospitality industry: leadership and communication strategies; human resource strategies, service provision strategies; CSR strategies; finance strategies; disaster management standard operating procedure.

Employer brand as human resource management tool used for overcoming hotel company crisis

COVID-19 has affected tourism and hospitality so severely that some estimates indicate that the industry would need years to recover and establish the normal work regime (Lai & Wong, 2020). This situation requires changing the hotel management approach and shifting focus from

the reactive to proactive one, in terms of epidemic prevention, human resource, maintenance and marketing practices (Lai & Wong, 2020). The implementation of the measures taken during the COVID-19 crisis requires engaging human resources. Additionally, the impression that hotel organization will make on guests during the pandemic depends exclusively on the knowledge and skills of human resources.

The primary objective of employer brand is to provide appropriate benefits to employees and potential employees. During the COVID-19 crisis, hotels have faced challenges, such as how to avoid dismissing employees and look after their personnel. Investing in employer brand requires large financial assets which, in terms of the pandemic and limited business operations, represent a substantial expense for hotels. Numerous hotels which have recorded a very low net-occupation rate find it very hard to invest in employer brand. However, hotels must invest in order to revive their business operations after the pandemic. All proposed measures (client behavior monitoring, hygiene, revenue analysis) are to be implemented by engaging employees. It is evident that hotel recovery process should start from its employees. The best way to motivate employees to give their maximum and help hotels overcome crisis is to provide employees with appropriate benefits. Employer brand has proved to be one of the most effective practical tools. Before the crisis, employer brand was used for providing benefits in terms of employee training and development, providing compensations and benefits, and securing psychological benefits. It seems that employer brand plays an even more significant role during the crisis in terms of providing working conditions which secure health protection, job security and psychological recovery of employees during the pandemic. Hotel management must focus on creating safe health and hygiene conditions for all employees. Employee satisfaction will definitely result in guest satisfaction.

Conclusion

The cumulative costs of the pandemic are not known, but the study conducted by Jordão et al. (2020) revealed that previous pandemics with a high mortality rate resulted in an extended period of recovery and shift in returns between labor and capital (Manuel & Herron, 2020). Changes were caused by increased savings, decrease in workforce offer, long period of low real interest rates and a decade of slower growth (Manuel & Herron, 2020). The COVID-19 pandemic is not over yet, and thus it is assumed that

hospitality and tourism will need time and additional investments in order to overcome the crisis.

A detailed overview of literature offers answers to many research questions. Having in mind the impact that hospitality industry has on the national economy, the recovery of this industry should start from the customer in terms of monitoring the changes in customer behavior and demands (Awan et al., 2021). Therefore, researchers should find a way to use data on customer behavior which is based on the history of their consumption before and after the pandemic (Jiang & Wen, 2020). It is essential to orientate on the concept of "new normal" for the customers and "re-designing" the service provisions for the hotel industry (Awan et al., 2021). Monitoring the changes in guest behavior, identifying and implementing new requests are to be carried out by employees in hospitality industry. All of the above is the answer to the first research question, bearing in mind that human resources are crucial for the initiation of the process of hotel recovery from the consequences of the pandemic.

Employee satisfaction and safety should be dealt with, even during the pandemic. Therefore, employer brand is an important tool for providing specific benefits for all employees. During the pandemic, benefits are expanded to job security, health protection and psychological recovery of employees. Employees who feel safe and protected, and who are aware that their company looks after them can establish exceptional communication with guests and contribute to hotel guests' satisfaction and safety. This is the answer to the second research question, as employer brand development emphasizes that hotels look after their employees even in the time of crisis, which is the key factor for employee motivation and satisfaction growth.

Future research could be based on analyzing the impact of employer brand on employees' satisfaction and engagement during the pandemic. Additionally, it would be useful to analyze demands/benefits of the employees during the pandemic crisis. Moreover, future research could focus on the analysis of financial results achieved by hotel companies in 2020, i.e. the year of the outburst of the COVID-19 pandemic.

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A NEW CONTEXT AND AESTHETICS OF SERBIAN TRADITIONAL CUISINE IN THE AGE OF PANDEMIC

Katarina Stojanović¹

Abstract

The new millennium brings new twists, as we are witnessing old becoming new again and cultures and cuisines repeating themselves. Culture has always followed or imposed contemporary challenges. Consequently, food culture also participates in global occurrences, such as the recurrence of economic collapses, health cataclysms, natural disasters, the consequences of climate change, etc. The 2020 global pandemic has indicated that the planet is not going in the right direction. The aim is to observe deeper meanings and paradoxes, predict the consequences and describe the role of new approaches and technologies in the traditional gastronomy of the region on the basis of empirical evidence and a case study for the location of Serbia. The dynamics of experience, authenticity, re-representations in the form of new aesthetics are being examined. New culinologies, as a combination of culinary art and food science, will define the future of food in the age of pandemic and as well as new challenges in general, in order to neutralize them or use their power for the sake of humanity.

Key Words: *gastronomy, culture, tourism, pandemic, aesthetics*

JEL classification: Z32, L26, Q13

Introduction

In addition to global economic pressures and threats to the environment, small European cities are facing various challenges and suffering structural disproportions due to demographic crises of rapidly aging population and labor force going to work in metropolises, as well as facing one of the biggest challenges at present, the coronavirus pandemic.

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The lack of "attention to the role of small and medium-sized cities in European sustainable development and underestimation of the role of culture, artistic expression and creativity for integrated development" as a precondition for the sustainability of the city (Hristova et al., 2015, p. 1) neglects the possibility of using their advantages in managing the contemporary crisis.

Application of the content analysis test on the obtained data, that is descriptive analysis, as well as the results of previous research, formulate new ideas and approaches to the future of food culture and tourism in response to the COVID crisis. Low population densities, such as those shown by our ancestors, have a pronounced effect on the transmission of infectious agents, therefore, if the population size is small, it is much more difficult for this to happen (Wolfe, 2011). Consequently, the local community and tourism in general in such areas is similar to the forms of rural tourism, which is a more acceptable solution for today's pandemic context.

Based on the available literature, "factors that will affect tourism and destination recovery are identified" (Hall et al., 2020, p. 577). From a transdisciplinary perspective, we argue that a postpandemic scheme focused on regional, cross-sectoral, and local debate can provide the redirection and benchmarks needed for food sustainability. "In this paper, we propose that the current global crisis provides an opportunity to engage in discussions about how to reconfigure our global food system and that coherent strategies for sustainable development in the future food system need local involvement, cross-sectoral engagement and transdisciplinary expert advice, i.e. decisions should be adapted to reflect local and regional conditions rather than global benchmarks" (Kaiser et al., 2021, p. 2). It is necessary to connect the gastronomic tourism sector with the COVID-19 pandemic, especially in the field of case studies, as a traditional cuisine that can help revitalize tourism, one of the most affected branches of the economy by this pandemic (Garibaldi & Pozzi, 2020).

The food sector provides examples of the use of technology as a means of creating domestic experiences, when the technology is "practically applied to various sectors of gastronomic tourism, such as food services, places of production and gastronomic events" (Garibaldi & Pozzi, 2020, p. 2). This aspect of technology has proven to be very powerful in promoting local gastronomy in conditions of pandemic isolation.

Culture, tourism, gastronomy and sustainability

"Culture contributes to more sustainable models of city creation which are focused on quality of life, local identities and the creation of places where people like to live". The selected diversity of regionally specific cultural approaches as well as local cultural sectors must be sustainable in order to act as engine of integral development (Hristova et al., 2015, p. 2) and overcoming the crisis caused by the 2020 pandemic.

Culture is based on tradition, providing continuity in tangible and intangible heritage, from the perspective of its contemporary use, reuse and / or adaptation as a "natural" part of the cultural assets of communities and their places. Culture is perceived as a product of historical development, which is created by people and can be destroyed by them. This applies to both tangible and intangible culture. Tangible and intangible cultural heritage intertwine. Culture is integrated into the whole of humanity, technology and society. It is created through a historical process and developed further through the same process. That is why it is dynamic, it transmits artistic, scientific and technical knowledge through generations. In that sense, the events in the 21st century are significantly influenced by the overall cultural heritage.

The saturation with branded places and symbols is increasingly pronounced, thus opening up the chance to highlight and demand for authentic and different places of branded local character (Stojanović & Aldag, 2019). The creation of added value in gastronomic tourism is made possible by a series of local food initiatives that try to resolve and support mutual relations arising from the system of primary food production, catering, landscape and tourist attractions (Hjalager & Richards, 2002).

It is necessary to use new ideas successfully, using innovations and creativity. The role of innovation has certainly been the subject of interest for many years with the tourism industry being the launching site for new technological innovations that have created new markets and products (Álvarez-García et al., 2020). The tourism sector is constantly changing due to its ability to be creative and use new ideas, its sustainability and technological initiatives. Sustainability in tourism most often refers to environmental initiatives, but it also includes resource management in an efficient way. Technology initiatives typically involve the use of new media and internet applications such as social media and artificial intelligence (Álvarez-García et al., 2020).

"Food culture is an extremely important part of the overall cultural product of an area and many regions of many countries have very recognizable food cultures" (Hegarty & O'Mahony, 2001, p. 207). The traditional gastronomy associated with a particular place, besides its specificity and uniqueness as an advantage, has ecological and health potential, and some products, due to the way they are produced, their origin or other characteristics can help maintain environmental quality and rural diversity, providing "real benefits to the rural economy and local communities at the same time" (Hjalager & Richards, 2002, p. 207). As such, they can help the current situation in the time of the coronavirus pandemic and contribute towards restoring the environment and regaining balance in nature, as well as providing an opportunity for social distancing and spending more time in rural or natural surroundings, reducing the inevitable urban contacts, which are an integral part of urban life.

Good food produced in rural communities and from local ingredients, alongside hospitality and service, creates value as part of a rural tourism product (Hegarty & O'Mahony, 2001). If we want to understand the modern culture of nutrition, and thus our own behaviour, we must look into the recent, but also distant past (Hiršfelder, 2006). Mankind has had to cross the path from raw and unregulated food consumption to the current highly developed food culture, owing to which certain regions of Europe preserve their identity and specialties (Hiršfelder, 2006).

Pandemics, current trends in nutrition and alternatives

While we continue to hunt, the ways we do it and the methods we use to prepare meat are radically different from the methods used in the past (Wolfe, 2011). In his well-researched book "Lighting a Fire: How Cooking Made Us Humans", Richard Wrangham talks in detail about cooking and its consequences. When our ancestors began to cook extensively, in addition to the benefits that cooking offered them by making food more manageable and enjoyable, they also benefited from its remarkable ability to kill germs (Wolfe, 2011).

Are we going to learn anything from that? "Hegel wrote that the only thing we can learn from history" is that we never learn anything from history and so it is doubtful whether the epidemic will make us wiser, because we have to ask ourselves a key question: What is wrong with our system being caught unprepared for disaster after "scientists warning us about it for years" (Žižek, 2020, p. 11)? Historically, epidemics and pandemics are

"long-lasting phenomena" that date back to the distant past, and are caused by human and natural factors, because people have always faced epidemics and pandemics which have claimed a huge number of human lives, some of them destroying entire economies and states (Luburić, 2021).

Fruit gathering and hunting, without farming and animal domestication, still exist in some primitive tribes. Consumption of wild food, the source of calories for almost all other organisms on our planet, is now almost an unusual luxury for most people, e.g. wild salmon costs significantly more than farmed salmon (Wolfe, 2011). New ways of aesthetic design show that this type of cuisine can be made very exclusive, modern and innovative and they can offer a new trend and attractiveness to such a tourist offer, instead of untested collecting nature of finding food and insufficiently researched wilderness.

In the years to come we will face more and more pandemic threats, new pandemics will emerge as we enter deeper into the rainforests and release agents previously unrelated to international transport networks, in short, we will experience a wave of new epidemics, those that will destroy us if we do not learn to predict and control them in a better way. That is why we must be very careful with this new trend in nutrition. Taking virology into account and using exotic food under professional control, care and analysis is pivotal. It would be the safest to use past experiences and consider cooking and domestication to be the heritage of humanity without thinking that we are much smarter now.

By using a variety of strategies, they simultaneously counteract trends, often mitigating the socio-ecological destructive effects of neoliberal processes (Roy, 2011, p. 87). Due to the imbalance that exists between countries in relation to the levels of national environment control, the rich nations, which have relatively strict ecological legislation, export their hazardous waste to the poorer countries, in which the ecological legislation is relatively weak (Stojanović & Lošonc, 2017). "Scientific teams can highlight ethical considerations in local and natural resource management. The pandemic has exposed several sustainable and ethical challenges to the food system" (Kaiser et al., 2021, p. 4). Prerequisites for any cultural and economic business today are above all: creativity, innovation and risk (Hartley, 2007).

A thoughtful "framework for food systems would include these key elements" (Kaiser et al., 2021, p. 4):

1. Intersectoral, cross-cultural conversations and cooperation open to plural worldviews and values with ethical considerations of how to restructure the food system.
2. Find global benchmarks, but contextualized for specific regions. Look for custom options for specific target systems.
3. Assistance of science in transdisciplinary approach and scientific education for the purpose of social benefit. A transdisciplinary research approach can respond to the demands of dynamic spatial and cultural transformations and encourage the development of collaborative knowledge in various forms of action, from education, science, to professional action (Perović, 2016).
4. Use new approaches and innovations, creativity and technology in promoting tradition and authenticity, as motivators for accepting the "new normality", when global food trade is threatened by increased unpredictability and instability of financial markets, then when consumer dining patterns have moved to domestic cuisine and food "during the pandemic while restaurants and schools were closed, but it remains to be seen whether lasting trends in consumer food preferences will emerge in the post-pandemic era" (Kaiser et al., 2021, p. 3).
5. The need for "government to carefully combine governmental and non-governmental interventions in reducing food insecurity was emphasized" (Mishra & Rampal, 2020, p. 1).
6. Approach food systems in the context of the impact of a pandemic, because the facts are uncertain, the values are disputed, the stakes are high and decisions are urgent.
7. The explicit inclusion of scientific as well as social "uncertainties inherent in the plurality of values is crucial for this endeavor" (Kaiser et al., 2021, p. 2).

Tradition, local and repetition of the past

"Food, cuisine and culinary traditions are among the most important elements of culture, although there is a long tradition of identifying many places with their traditional food, cuisine is becoming an increasingly important part of contemporary cultural heritage" (Timothy & Ron, 2013, p. 2), in Serbia just as in other countries. Not only does food complement other elements of the cultural environment, but cuisine and food routes are themselves an important part of heritage because they reflect cultural norms and values and the physical reality of geography and places. They are part of intergenerational legacy and leave a mark "on other elements of human

heritage (e.g. religion, language, politics and power, agricultural landscapes and family relations)" (Timothy & Ron, 2013, p. 2).

"Native foods and their endemic ingredients, as well as the peasant or colonial origins of many popular foods today, contribute substantially to creating the identity of nations and peoples, and traditional cuisines can help preserve identity among diaspora groups and strengthen national solidarity". From a place promotion perspective, heritage cuisines can also help "branded" destinations (Timothy & Ron, 2013, p. 3). Initiatives "seek to facilitate such integration by developing local gastronomy", using local products to increase the area's attractiveness to visitors (Hjalager & Richards, 2002, p. 91).

People are constantly inventing and repeating their cuisines and cultures. Buffalo and ostrich meat, which used to be consumed in the Stone Age, is sold in supermarkets. Pomegranate juice, which was used in the Middle East 5,000 years ago, is sold as a powerful antioxidant health drink. Roman-era privileged foods have also been returned to widespread use; truffles, chocolate, caviar, wine or unripe grape juice, popular since the Middle Ages and commercially produced as a wine alternative to vinegar, then edible gold, the Aztec spirulina is now sold in healthy food shops, sweet and sour sauce is a combination from the Middle Ages, ice cream cones are now made as a salty cone for salmon tartare, etc. (Civitello, 2008, p. 361).

Ethnic food and ethnic restaurants persist in their own regional dishes to which people are accustomed, which are charged with symbolic value. The "future of food lies in preserving its past, and while some plants are grown in increasing numbers, hundreds of species become extinct each year", which is an ecological catastrophe, because we don't know what new food or medicine those plants which have disappeared forever could have become. As a result, there are more and more seed and cell stores. However, apart from "sustainable agriculture, sustainable livestock and fish are also important for the future of food" (Civitello, 2008, p. 363).

Aesthetics of gastronomy and new approaches to food as art and creativity

Gastronomy, "selection, preparation, presentation and participation with culinary and gastronomic aspects of food" belongs to the category of "fine arts", because most societies try to differentiate their food preparation into

purely useful or highly useful, developed and stylized methods of presentation and participation, which are in many cases designed not only for consumption, but also for status, ritual and aesthetic purposes (Hegarty & O'Mahony, 2001, p. 3).

In public discourses especially, aesthetic issues are often seen as something that relates exclusively to the appearance of things. Aesthetics, in fact, implies the exterior and the way it affects our senses, and aesthetic values are often associated with a sense of satisfaction. However, aesthetics is not limited to the external qualities of the objects around us. There is also the so-called deeper aesthetics, which constitutes a true aesthetic quality of life (Morgan et al., 2015, p. 147).

No element of the composition has its own consistency or meaning, it acquires them in relation to others. The symbolic scheme of heaven-man-earth is only an extremely clear and successful formula to point out this absence of autonomy that marks every element, but also every cosmic situation and state of life. The types of foods used best show their own transient and volatile character, which inevitably marks every material, physical or mental (Paskvaloto, 2006).

This character on the plate cannot be understood in the sense of "mortality", because this term, at least for most of our western tradition, hides the idea of loss and the feeling of melancholy. They appear as signs of disappointment in relation to the illusion of duration, which is often imagined as eternity. Here, on the other hand, we are in the domain of meaning in which we are aware that the only real state is instability. Therefore, the composition is not a concentrated manifestation, an aesthetically efficient distillate of that universal instability (Paskvaloto, 2006).

Gastronomy is interpreted as an art form, indicating the ubiquity of art and that any human activity, if performed "with sufficient skill, can be the subject of art" (Hegarty & O'Mahony, 2001, p. 12). In Ancient Greece, the word "beautiful" had a much broader meaning than today and it used to represent shapes, colors, thoughts and customs. Today, the fact is that all art, including the one based on food, must give birth to beauty.

Today's gastronomic menu is recognized by gastronomic regions; for example, the Pannonian gastronomic region in Vojvodina is recognized for being considerably influenced by European culture. According to research,

the western and central gastronomic regions are mixed with the Central Balkan and Dinaric gastronomic regions, the south and east of Serbia being even more authentic, where much of the Old Balkan cultural heritage in terms of nutrition is preserved (Stojanović & Đenadić, 2020).

The concept of Culinary Science - a combination of culinary art and food science - was introduced in 1996 by the Association of Research Chefs, which quickly changed the way the American food industry developed new food products (Hegarty, 2006). "For gastronomy, this translates into menu balance and harmony in areas such as colour, temperature, taste and texture, which in some cases can be determined by the aesthetic requirements of the raw materials used to create a gastronomic piece" (Hegarty & O'Mahony, 2001, p. 12).

Serbian and European traditional cuisine

The gastronomic characteristics of the European continent are very different, but some similarities can be noticed (Vojnović & Cvijanović, 2017). Western Balkan countries "have already recognized the potential of gastronomy as an experience for tourists and started to educate tourists and promote local food" (Čavić et al., 2020, p. 1283). The gastronomies of the world often have great overlaps, which were created by long-term influences, such as colonisation and the like. However, every gastronomy has managed to preserve something authentic. Serbian gastronomy has been influenced by many different countries, via long-term occupation or as a result of its multinationality. The diversity of Serbian cuisine has also been affected. It should be noted and pointed out that boundaries in gastronomy and cuisine are not clearly outlined, so there are no clear rules. The proof is the cuisine of our province of Vojvodina, which is characterized by the Hungarian type, while in another province, the cuisine is characterised by the oriental type and the like. It is characterised by strong spices, spicy and chilly flavours, the use of peppers (vegetables) and black pepper.

Of all these foods, some old Serbian food preparation technologies are on the list of Serbia's intangible cultural heritage:

1. Belmuž (traditional shepherd dish made from unripened cheese), proposed by Municipality of Knjaževac, in cooperation with Knjaževac Homeland Museum, Local Office in Kalna and Association for the Preservation of Tradition "Izvor" from Knjaževac

2. Production of Pirot hard cheese, proposed by Municipality of Pirot, in cooperation with Ponišavlje Museum in Pirot
3. Mantija (Pazar meat pie prepared in a traditional way), proposed by the City of Novi Pazar, in cooperation with Ras Museum in Novi Pazar and the Cultural Centre Novi Pazar
4. Rakija (plum brandy), proposed by National Museum in Čačak
5. Kajmak making knowledge and skills, proposed by Open-air Museum "Staro selo" in Sirogojno and National Museum in Čačak
6. Cipovka - knowledge and skills in preparing traditional bread in Vojvodina, proposed by Balkankult Foundation from Irig and Mlinpek Institute from Novi Sad
7. Cooking žmare (made from mutton, corn flour and leek), proposed by Municipality of Petrovac na Mlavi and Homeland Museum Petrovac na Mlavi.

Having all the characteristics in mind, a brand could be formed by combining them with a modern approach, avoiding the use of risky food sources during the pandemic.

Results

This chapter attempts to provide evidence of technological application in the current pandemic crisis impact scenario, paying attention to the gastronomic tourism experience (Garibaldi & Pozzi, 2020, p. 1). It is concluded that the selective nature of the effects of COVID-19 and measures to combat it may in some cases lead to a reorientation of tourism, but in others it will contribute to policies that reflect the selfish nationalism of some countries. However, responding to planetary constraints and sustainable tourism requires a global approach. Despite clear evidence of this necessity, the possibility of a comprehensive transformation of the tourist system remains extremely limited without a fundamental transformation of the entire planet (Hall et al., 2020; Žižek, 2020).

To prepare for an uncertain future, we must make the best assumptions based on the present, and for post-pandemic times, three possible future food scenarios can be predicted:

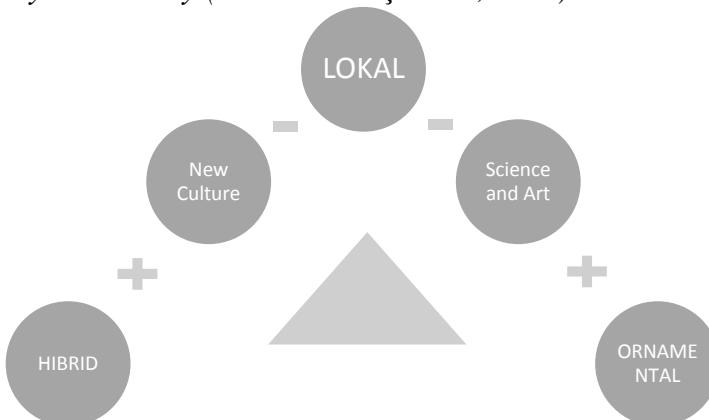
1. The situation before the pandemic will return after the end of the crisis.
2. Existing trends will accelerate and the foreseeable future will be achieved.
3. The "new normalcy" will burst from the past and will radically reset most of society (Kaiser et al., 2021, p. 12).

For the third prediction point, it is possible to suggest some new models, based on which this riset will be easier to accept.

Gastronomy represents a combination of food, art, pleasure, taste and science, while the experience of the culture to which food belongs also directs people to particular rural areas, regions and countries due to which food becomes an essential attraction for tourism (Polat & Aktaş-Polat, 2020, p. 243).

Levi-Strauss's research in structuralism resulted in a culinary triangle which, through analogy, uses food and cooking as a language in order to understand society, whereas Polat and Aktaş-Polat (2020) transform this triangle into a "new culinary triangle in gastronomic tourism in the context of cultural and artistic transformation" (p. 245).

Figure 1: *The new culinary triangle as an opportunity for Serbian traditional cuisine in a new context, according to The Culinary Triangle in Gastronomy Tourism by (Polat & Aktaş-Polat, 2020).*



Source: Author

The idea of this research is to use the results acquired so far and apply this new triangle to Serbian traditional cuisine in order to maintain its sustainability even within the global pandemic crisis in 2020.

Local cuisine, in this case Serbian, can be combined with tastes from other cultures, in which case it becomes a hybrid, whereas applying art and aesthetics can create decorative cuisine, where one should be careful not to slide into kitsch. The first precondition has already been fulfilled, by concluding on the basis of the previous chapter that the Serbian traditional

kitchen has been influenced by many different countries, i.e. different food cultures. The second precondition can be achieved through science and art, i.e. technology and new aesthetics.

Technology certainly provides new opportunities, not only in making it easier for tourists to access information but also in creating new experiences from home (Garibaldi & Pozzi, 2020, p. 1). "Online cooking sessions and tutorials, live tastings, virtual reality tours, remote social eating and drinking are current and sustainable applications that have managed to support and temporarily replace the traditional gastronomic tourism experience" (Garibaldi & Pozzi, 2020, p. 1), which is currently denied due to the pandemic. These are all areas that imply creativity and new aesthetics in order to attract consumers, their attention, and that virtual aesthetic is different from the one required live. New experiences and attracting attention, certainly come from the authentic, unknown, original, which traditional cuisines are, and this is evidenced by many studies (Apaduraj, 2013; Morgan et al., 2015, Rot, 2012).

Brillat-Savarin treated gastronomy as a science and defined it as a phenomenon that combines food with art (Polat & Aktaş-Polat, 2020, p. 244). The culinary study program includes elements from culinary art and food science, enabling the student to understand the science behind food while mastering culinary art. As a new academic discipline, culinary science will revolutionize the food industry and its experts will define the future of food in a pandemic and new challenges (Hegarty, 2006).

Gastronomic tourism acts as a bridge between the past and the future, protecting a living culinary culture and passing it on to future generations, and local culinary cuisine consists of food and drinks "specific to a particular area, region or country" (Polat & Aktaş-Polat, 2020, p. 248). Stereotypes related to the culture of nutrition can be found in everyday language, common phrases and jokes, literature and the world of imagination of a nation. Different ethnic, regional, national or religious groups are often categorized and separated by food, i.e. specific food culture.

Local cuisine preserves its roots through local flavors. The "demand for rural and natural products has increased in the kitchen due to the poor effect of industrial production" (Polat & Aktaş-Polat, 2020, p. 248), and is now an alternative in the pandemic crisis. It contributes to the existence of

cultural elements in everyday life and the creation of authenticity and identity.

Hybrid culinary food combines new experiences and transforms local culinary arts, while decorative cuisine, via combining science and art, offers tourists food as an element of social status. The fact that gastronomic tourism is maintained on the basis of artistic and cultural transformation makes it important to preserve and maintain local cuisine and pass it on to future generations (Polat & Aktaş-Polat, 2020, p. 252).

Innovations could also have a permanent impact on gastronomic tourism. First, it involves a reversal in "thinking away from product or service towards a more holistic approach to the entire experience" that also takes into account how "technology can transform tourism service ecosystems. With the technology that has the potential to enable dynamic real and virtual co-creation process, gastronomy tourism suppliers should be stimulated to include travellers into the process of experience design and development" (Garibaldi & Pozzi, 2020, p. 4), which makes an important link in bridging the current problem in gastronomic tourism caused by the inability to travel due to the COVID-19 pandemic.

Strategies and local development

In this paper, we have collected entry points for dialogue to re-imagine and restructure food systems in postpandemic times. "This will require transdisciplinary science in empirical study" (Kaiser et al., 2021, p. 14). The separation of the local and tourism, culture and economy, food and lifestyle are beginning to produce new hybrid forms of gastronomic experience, jointly created by food communities, which results in the development of creative tourism and holistic food policies of different destinations, requiring an increasing degree of multidisciplinary and transdisciplinary work in the future (Richards, 2015, p. 11).

Cittaslow's concept plays an important role in cities acquiring their own identities, branding and achieving advantages in the local development and it is based on three principles of (Özden et al., 2017):

"Good: The taste and aroma of food, recognizable by educated, well-trained senses, are the fruit of the producers' competence and the choice of raw materials and production methods which should in no way change its naturalness" (Cheng et al., 2011, p. 17).

"Clean: The environment must be respected and sustainable disarmament, livestock, processing, marketing and consumption practices must be seriously considered" (Cheng et al., 2011, p. 17). Each phase of the agro-industrial production chain, including consumption, should simultaneously protect ecosystems and biodiversity and the health of consumers and producers.

"Fair: Social justice should be sought by creating working conditions that respect human rights and that can create appropriate rewards, through the pursuit of balanced global economies, practice of sympathy and solidarity, and respect for cultural differences and traditions" (Cheng et al., 2011, p. 17).

Conclusion

The radical transformation of existing food systems emphasizes the need to recognize the truly pervasive insecurities and differences in values and cultures of food knowledge, which makes a universal vision of future food systems an illusion. Transparent debates are already taking place in some advanced parts of the world, "which mobilize diverse actors at local, regional and national levels" (Kaiser et al., 2021, p. 14). The sciences need to approach to a transdisciplinary mode of action in order to be a truly constructive partner in these considerations. It is suggested that in addition to science, creativity should be used in reorientation, in a way that is presented in detail in the paper, because it is currently a crucial source of advantage in a market (Hartley, 2007).

From the earliest times, "rules have combined with traditions, customs, religious beliefs, morals and ceremonies", in accordance with their own structure and value judgments, in accordance with the structures and values of societies, resulting in societies' own diets and culinary cultures" (Kiliç et al., 2017, p. 140). Geographical and climatic diversity, the influence of the Byzantine and Oriental culture and the European gastronomic heritage have significantly diversified the culinary culture of the Serbian society.

During this age of pandemic when we are isolated, closed in our communities, turning to the traditional national cuisine certainly contributes to cutting contacts around the world. This attitude seems contrary to cosmopolitanism, however, "cultural diversity is the common heritage of humanity". (Šobe & Marten, 2014).

It is important to nurture taste by encouraging progress and international exchange programs, "by supporting valuable projects, advocating historical food culture and defending old-fashioned food traditions" (Özden et al., 2017, p. 183). We can contribute to the preservation of Serbian traditional cuisine and help overcome the risk of the crisis caused by the pandemic.

This concept offers an alternative way against everyday sensory experiences and global capitalist consumption. Within this perspective, the Cittaslov concept supports local business which reveals that concepts such as fair trade, local trade and the agricultural market have been brought to the forefront. The slow movement of food has been cited as an ideological platform for a civic by-product which constitutes local codes of practice related to uninhabitability and quality of life (Özden et al., 2017).

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USING INNOVATIVE TECHNOLOGIES TO REDUCE HEALTH RISK AND RESTORE TRAVELERS' CONFIDENCE

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Abstract

During last year tourism and hospitality industry recorded significant losses due to the Covid-19 pandemics. One of the reasons is that indoor activities have been recognized as one of the main contributor to virus spread. Innovative technologies can play a key role in reducing indoor interaction between guests and staff, keeping social distancing, and providing a high level of cleaning standards. This research aimed to examine whether the implementation of innovative technologies may influence customers' perception of health risk and whether their implementation in hotels may lead to greater travelers' confidence in the COVID-19 era. An experimental study was conducted using online customer samples. The purposed questionnaire was developed based on preventive measures taken by leading hotels and hotel chains. The sample includes 180 examinees between 20 and 54 years of age. The results indicate that the implementation of innovative technologies in reducing contact and enhancing cleanliness have a significant impact on customers' perceived health risk and restoring travelers' confidence.

Key Words: *innovative technologies, robotics, artificial intelligence, COVID-19 pandemics, health risk*

JEL classification: *O31, I10*

Introduction

The coronavirus pandemic has caused great economic damage worldwide and many industries have recorded significant losses. One of the most affected industries is tourism and hospitality since it is an industry based on human mobility and close interaction. According to the Global

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Recovery Scenarios relished by the World Travel and Tourism Council (WTTC) in November 2020: nearly 143 million jobs worldwide are at risk, and an estimated global Travel & Tourism GDP loss in 2020 could be USD 3,815 billion as a result of COVID-19 according to WTTC's scenario (Global Recovery Scenario, November 2020). The COVID-19 pandemic forces the global population to adjust to life under travel restrictions. In such a "new normal" the hotel industry is among the most affected by the COVID-19 pandemics since indoor activities have been recognized as one of the main contributor to virus spread (Chan et al., 2020). Today, we are still witnessing that traveling, holidays, and various events are canceled, travel restrictions are still present and as a result, hotel occupancy rates drop rapidly. According to the survey represented in Sbai (2020), conducted by Global hospitality data company STR, hotel booking dropped significantly. For example, in the first quarter of 2020 compared to 2019, Italy recorded a 96% decline in hotel booking, China 68%, etc (Sbai, 2020). The main tourist concern, before COVID-19 pandemics was related to health risk, and health risk was always among the key factors that influence tourists' destination choice (Kozak, et al., 2007). Today this concern is greater than ever since the Covid-19 pandemic since the pandemic claimed millions of lives worldwide. Various researches indicated that tourists don't want to visit destinations that pose a risk to their health (Fuchs & Reichel, 2006; Visscher, 2017). The coronavirus pandemic has highlighted the issue of health and this issue will remain an important factor that will influence tourists' travel preferences even after the pandemic (Wen et al. 2020).

Table 1: *Total foreign and domestic tourists' arrivals and overnight stays*

Value	2019	2020	Decline
Total foreign tourists` arrivals	1,707,636	424,479	↓ 75%
Total foreign tourists` overnight stays	3,696,193	1,187,915	↓ 68%
Total domestic tourists` arrivals	1,712,925	1,306,900	↓ 24%
Total domestic tourists` overnight stays	5,691,295	4,738,695	↓ 17%

Source: *Statistical Office of the Republic of Serbia (2021)*

Tourism and hospitality in Serbia were the first to be hit by the devastating impact of the COVID-19 pandemics. Official statistical data, that are available on web site of the Statistical Office of the Republic of Serbia, show that the number of foreign tourist arrivals from January to November 2020 decreased by 75%, while the number of domestic tourists' arrivals decreased by 24%, compared to the same period last year. At the same time,

the number of overnight stays of both foreign and domestic tourists decreased by 68% and 17% respectively (Table 1).

The COVID-19 pandemics are forcing hoteliers to rethink their risk-reduction strategies and to react more quickly to innovations. Innovative digital technologies offer a new way of interaction and communication between guests and staff, as well as a new way of cleaning. Besides various examples that show how hotels and hotel chains implemented innovative technologies, there is a lack of evidence whether the innovative hotel technologies can help the tourist to feel more secure and protected during COVID-19 pandemics.

This paper aims to examine whether the implementation of innovative technologies in hospitality can reduce customers' perceived health risks and restore travelers' confidence in the COVID-19 era. The paper has four sections. After the introduction, theoretical foundations are presented and hypotheses are developed. After that Section 3 describes the method of research. Section 4 is devoted to the results of the research on the influence of implementation of innovative technologies on customers' perceived health risk in Serbia. The limitations and areas for further research and conclusion are given at the end.

Theoretical Foundations and Development of Hypothesis

Innovative digital technologies, have been disrupted and transforming various industries sectors for years, and hoteliers recognized the benefits of those innovative technologies and their application in the hotel business processes (Zabin, 2019). Leading hotels and hotel chains already use the Internet of things (IoT), artificial intelligence (AI), robots, and other innovative technologies to attract customers. AI involves various technologies like machine learning, knowledge reasoning, natural language processing, robotics, and computer vision that can match human capabilities, particularly in the domain of learning and problem solving (Gerasimovic, et al. 2011). AI proves to be an excellent tool for analyzing complex data, and therefore is used in various practical situations (Miljković et al. 2011). To use AI technologies, lots of data have to be collected. The innovative technology providing extensive data collection is known as the Internet of Things (IoT). IoT refers to the network (public or private) of interconnected devices or embedded systems equipped with sensors and actuators ("things"). These "things" in IoT can actively

exchange data and information over the Internet without human intervention (Stanojevic & Radanov, 2020).

Table 2: *Innovative technology in hotel services before COVID-19*

Company name	Type of services	Description
CitizenM Paris, Hilton, Le Bristol, Village Hotels, etc.	Rooms with innovative technologies	Adjusting room temperature, lightning, etc. through tablets or mobile phones, or by using digital assistant: Alexa or Siri.
Aloft, Cosmopolitan, Henna,	Artificial robots	Robot bellperson, robot concierges, assign a room to a guest,
Starwood Hotels, Eccleston Square	Smart mirrors	Flat TVs embedded in bathroom mirrors
Wynn Resort in Las Vegas	Voice assistant	AI-based on natural language recognition, that listen to guests needs through voice commands and accomplish them instantly
Marriot Hotels in China	Facial recognition	Used in the hotel check-in process by scanning guest face, identifies them, and provides them with a key card
Premier Inn Hotel in U.K.	Augmented reality (AR)	AR is used to create interactive wall maps. When guests point their smartphones at the wall, they can access more information about the local travel attractions and how to get there.

Source: *Author's research*

Before the COVID-19 pandemics AI, robotics, and IoT entered hospitality in many ways to enhance customer service experience and business process automation. As indicated in Linton & Kwortnik, (2015), customers like automated services and many hotels started to use self-service kiosks on their reception desks, so that guests can easily check-in and check out and create room keys (Ivanov & Webster, 2017; Naumov, 2019). By implementing IoT solutions and contactless technologies hotel chains like Loews, Marriott, Hilton, and Peninsula turned their room into smart hotel rooms providing their guests with greater control over the environment. Hotel guests can adjust lights and thermostats dynamically or lock doors and more through smartphone applications and tablets (Imbardelli, 2019). Also, robots have been introduced to serve as virtual assistance to customers, to act as a concierge, or tourist help desk (Trejos, 2016). In Japan, Hennana Hotel used the robot for process automation, implementing trolleys robots to carrying guest luggage and accompanying them to their

room. Furthermore, Hennana Hotel introduced for the same time the first humanoid robots at their reception desk (Kabadayi et al., 2019; Naumov, 2019). To deliver more personalized customer service, hoteliers use facial recognition, voice assistant, and augmented reality (Revfine, 2020). Innovative smart technologies based on AI, robots, and IoT solutions, used by hotels and hotel chains, before COVID-19 are presented in Table 2.

In a crisis like the COVID-19 pandemics, memorable customer experiences become less important. What comes first is health and safety. Relying on innovative smart technologies hotels are in the position to promote a safer way of cleaning and interaction with hotel staff to attract guests, reduce health risk and restore customers' confidence (Ali, 2020; Fox, 2020). To respond to the pandemics, most hotels and hotel chains (Marriott International, Hilton, Choice Hotels International, Hyatt, Yotel, etc.) are enhancing safety and sanitation protocols and have started using innovative technologies like electrostatic sprayers, cleaning robots, various IoT wearable for monitoring social distancing, and various software based on artificial intelligence to ensure employees obey coronavirus health protocols proposed by World Health Organization and keep guests safe amid COVID-19 and beyond (Miller, 2020). Furthermore, UVD robots are used in Yotel, Boston to clean and disinfect guest rooms with no employee contact, as a part of smart stay safety measures (Hotel Technology News, 2020).

Deploying innovative technologies for enhancing cleanliness and reducing guest interactions may influence customer decision-making processes and associated perceived health risks (Shin & Kang, 2020). Consumers perceived risk refers to uncertainty in decision-making that can lead to some negative outcome (Fuchs & Reichel, 2011). More specifically as indicated in Shin & Kang, 2020 "*perceived health risk is consumer's subjective feeling of uncertainty as a result of uncontrolled events associated with terrorism, political situation, natural disasters, and pandemic*". Furthermore, Yang and Nair (2014) pointed out: "*tourists' risk perception is influenced by both internal and external factors*". Frequently examined internal socio-demographic factors are gender, age, and income (Osland et al., 2017; Karl, 2018), and nationality and cultural orientation as cultural factors (e.g. Mariani et al., 2020, Grili et al., 2021). The research presented in this paper aimed to examine whether the implementation of innovative technologies, as an external factor, may influence customers' perception of health risk and restoring travelers' confidence. Besides concern about hygiene and safety measures, social distancing protocols can

also influence customers' choices. The innovative technologies that can monitor social distancing among guests can make customers feel safer and have confidence in hotel management (Kim et al., 2020). Hence, the author poses the following hypothesis that customers' perception towards using innovative technologies for cleaning and social distancing in hotels during COVID-19 pandemics will rise as health risk rises (H1).

Thus, to examine customers' health risk perception, and customers' perception towards using innovative technologies for cleaning and social distancing in hotels during COVID-19 pandemics, the additional research questions were put:

RQ1: How do customers perceive the risk of COVID-19, and how do they perceive health risk?

RQ2: What are customers' perceptions towards using innovative technologies for cleaning and social distancing in hotels during COVID-19 pandemics?

RQ3: Do demographic factors affect customers' perception towards using innovative technologies for cleaning and social distancing in hotels during COVID-19 pandemics, and the health risk of coronavirus?

Methodology

This research is based on the quantitative approach. For this research, an online questionnaire was developed according to the relevant study (Shin & Kang, 2020) to ensure content validity. Primary data collection was carried out in December 2020. The survey consists of four sections: socio-demographic questions, perception of COVID-19 (questions developed based on the previous study of Cahyanto et al., 2016), perception of health risk while visiting hotels, and perception of using innovative technologies to provide a higher level of cleanliness and social distancing (questions developed based on the previous study of Shin & Kang, 2020). Customers' attitude was measured by using a five-point Likert scale. All questions were ranked as follows: *Strongly disagree (1), Disagree (2), Neither agree nor disagree (3), Agree (4), Strongly agree (5)*.

In the introductory part of the questionnaire, participants were asked to answer questions based on the assumption that the pandemic of COVID-19 was not over and that the virus existed as a seasonal virus. All questions are related to staying at the hotel.

Results

The total sample included 180 respondents, 51% of women and 49% of men. According to their age, the respondents were classified into the following groups: 20-30 (38%), 31-40 (32%), 41-50 (20%), above 50 (10%). According to educational level, the respondents were classified as suggested in Neuburger & Egger (2020): "1 - No higher school, 2 – High school or equal, 3 - College, 4 -Undergraduate degree, 5 - Graduate degree, 7 - Other degrees".

In the sample, 1% of the respondents had lower than high school education, 57% had secondary education (High school, College) and 42% had tertiary education (Undergraduate, Graduate). According to travel frequency, the respondents were divided into the following groups, as suggested in Neuburger & Egger (2020): "1-2 times per year, 3-4 times per year, more than 5 times per year" (Table 3).

Table 3: *Frequency of variables*

	n	%
Gender		
male	92	51%
female	88	49%
Age		
20-34	85	47%
35-50	77	43%
>50	18	10%
Education		
No high school	2	1%
High school	70	39%
Collage	32	18%
Undergraduate degree	53	29%
Graduate degree	23	13%
Travel frequency per year		
1-2 times	93	52%
3-4 times	56	31%
More than 5 times	31	17%

Source: *Author's research*

The statistical analysis was carried out in Statistical Package for Social Science (SPSS). The Kolmogorov-Smirnov test was used to test normal

distribution and Cronbach's alpha was used for the reliability test, for each independent variable (Table 4).

Table 4: *Reliability and mean values*

	Mean	St.Dev	α
Attitudes towards COVID-19	3.44	1.09	0.875
The Coronavirus (covid-19) worries me	3.41	1.13	
The probability that I will be infected with the coronavirus is high	3.58	1.04	
The probability that an average person will be infected with the coronavirus is high	3.34	1.10	
Customers' health risk perception	3.81	1.012	0.882
Since many guests could carry the virus, visiting a hotel could pose a risk to my health.	4.01	0.98	
I feel uncomfortable about visiting the hotel since coronavirus is easily spread indoors.	3.98	0.87	
The probability of getting infected at the hotel is high	3.78	1.01	
I worry for my health during my stay in a hotel	3.45	1.06	
Customers perceptions' towards using innovative technologies for cleaning and social distancing in hotels during COVID-19 pandemics	3.72	0.91	0.856
I would likely visit a hotel with cleaning robots with advanced disinfection systems that perform housekeeping tasks (Ozone and xenon UV lamps).	4.02	0.91	
I would likely visit the hotel with cleaning robots that are engaged in maintaining hygiene. Advanced disinfection options are not necessary.	3.82	0.89	
I would likely visit a hotel with housekeeping staff that uses advanced disinfection systems (systems with Ozone and xenon UV lamps).	3.76	1.01	
I would likely visit the hotel with the usual housekeeping staff (innovative technologies are not applied for disinfection).	2.98	0.93	
I would likely visit a hotel that provides technologies for social distancing	4.01	0.81	

Source: *Author's research*

According to the results, the respondents think that the threat of Covid-19 is moderate (mean value of 3.44), but staying puts their health at a risk (mean value of 3.81). Looking closer to the values, respondents find that staying in hotels is risky since there could be many people in their

surroundings who could carry the virus, so visiting hotels could lead to a health problem.

The mean associated with customers' perception towards using innovative technologies for cleaning and social distancing in hotels during COVID-19 pandemics indicates a positive attitude towards its implementation. A great number of respondents agree that they would visit hotels with advanced cleaning technologies and technologies for social distancing, with a mean closer to the maximum. At the same time, they find robots more reliable in housekeeping tasks than hotel staff.

To answer research question 3, one-way ANOVA was used to determine whether there was any significant mean difference in

- [1] Perception of COVID-19,
- [2] Health risk perception while visiting hotels, and
- [3] Perception towards using innovative technologies for cleaning and social distancing, regarding age, education, and travel frequencies.

The results for age groups are presented in Table 5. Tukey's post hoc test was conducted to assess which age group showed the significant difference.

Table 5: ANOVA results for age groups

	Age groups						post hoc comparisons			
	20-34		35-50		>50		p	p	p	
	M	StDev	M	StDev	M	StDev				
[1]	3.34	1.10	3.41	1.13	3.58	1.04	0.000	0.651	0.001	0.000
[2]	3.43	1.134	3.62	1.311	3.86	1.345	0.000	0.752	0.000	0.002
[3]	4.01	0.816	3.93	1.115	4.1	0.756	0.102	0.192	0.091	0.103

Source: Author's research

The results revealed a significant difference in age group ($p \leq 0.01$) demonstrating that older respondents express greater concern toward covid-19 and the threat it poses to their health than younger ones. On the other hand, the impact of age on the respondents' perception towards using innovative technologies for cleaning and social distancing was not significant.

The results for educational groups are presented in Table 6. Tukey's post hoc test was used to assess which educational group showed the significant difference.

Table 6: ANOVA results for education group

	Education						post hoc comparisons			
	Lower sec. ed. (1)		High sec. ed. (2)		Tertiary education (3)		p	1 - 2	1 - 3	2 - 3
	M	StDev	M	StDev	M	StDev		p	p	p
[1]	3.42	0.506	3.49	0.411	3.69	0.951	0.003	0.543	0.002	0.001
[2]	3.43	1.124	3.62	1.221	3.86	1.345	0.002	0.423	0.001	0.003
[3]	3.1	0.716	3.93	1.315	4.01	0.556	0.001	0.655	0.001	0.000

Source: *Author's research*

The results revealed that the impact of education is significant and respondents with the highest education show more concern about COVID-19 and the risk it poses to health. The impact of education on the respondents' perception towards using innovative technologies for cleaning and social distancing was also significant. Respondents with the highest-level education were looking for an innovative and safer way of cleaning and social distancing than the less educated ones.

Table 7 represents ANOVA and Tukey's post hoc comparison that was used to discover whether there is a significant difference among different travel frequency groups.

Table 7: ANOVA results for travel frequency

	Travel frequency per year						post hoc comparisons			
	1-2 times (1)		3-4 times (2)		More than 5 times (3)		p	1 - 2	1 - 3	2 - 3
	M	StDev	M	StDev	M	StDev		p	p	p
[1]	3.41	0.606	3.11	0.488	2.79	0.841	0.002	0.234	0.001	0.001
[2]	3.11	1.113	3.02	1.121	2.86	0.945	0.000	0.123	0.002	0.001
[3]	4.1	0.816	3.93	1.115	4.01	0.756	0.132	0.416	0.201	0.067

Source: *Adapted from Neuburger & Egger (2020)*

Results revealed that respondents that frequently travel express less concern regarding covid-19 than those that travel less and do not insist on innovative technologies for cleaning and social distancing.

Table 8: Pearson correlation

Pairs	Coefficient	N	p
Preference for innovative technologies/ perceived health risk of Covid-19	0.75	180	0.000

Source: *Author's research*

Starting hypothesis was tested by Pearson correlation (Table 8).

The preference for innovative technologies has a high and positive relationship with the perceived health risk of COVID-19 (Table 8). The stated data are in line with H1, according to which: that customers' perception towards using innovative technologies for cleaning and social distancing in hotels during COVID-19 pandemics will rise as health risk rise (H1).

Discussion

Innovative technologies like AI, robotics, and IoT have been used in hospitality long before COVID-19 pandemics, to enhance customer service experience and business process automation and many authors foresee large utilization of these innovative technologies in tourism and hospitality in years to come (Cain et al. 2019; Ivanov, 2020; Shin & Kang, 2020). This research aimed to examine whether the implementation of innovative technologies for cleaning and social distancing has an impact on customers' perceived health risk during COVID-19 pandemics. The research was conducted in December 2020 during the third wave of coronavirus in Serbia. The results of this research indicated that the covid-19 pandemic put innovative technologies for cleaning and social distancing in front of human service (same in Kim et al. 2020, Shin & Kang, 2020), but different from most studies that were conducted before COVID-19 pandemics (Kattara, 2013; Choi et al. 2020; Ivanov et al. 2020). The threat to humans health caused by coronavirus pandemics influenced the acceptance of innovative technologies for cleaning and social distancing as means for reducing customers' perceived health risk.

When faced with various uncontrolled events, customers' may perceive health risks differently in different situations (Bentley & Page, 2008). This study revealed that pandemic influenced by a coronavirus (Sars-cov-2, or covid-19) has a consequential effect on tourists. The respondents associate staying in a hotel with a higher degree of health risk. When the perception of health risk is high, the customers express more tendencies towards innovative technologies for cleaning and social distancing. This is consistent with the findings of Shin & Kang, 2020, and Kim et al. 2020. After COVID-19 pandemics, customers' preferences may change, so that human service becomes more acceptable for customers over innovative technologies. To attract customers and restore their confidence, during and after COVID-19 pandemics, hoteliers need to adapt their business process

and ensure that customers feel a greater sense of safety. Innovative technologies for cleaning like xenon UV light disinfection systems and Ozone disinfection systems will be important for decreasing customers' health risks. Since there is a great fluctuation of hotel visitors there is a need for advanced disinfection in rooms as well as in other hotel areas. Furthermore, various smart-stay safety measures are needed to keep guests safe, like various IoT wearable for monitoring social distancing, and various software based on artificial intelligence to ensure employees obey coronavirus health protocols.

Implementation of innovative technologies is not without challenges. High cost, low-touch service experiences, and loss of employment are among them. While high cost should be considered as a long-term investment, an innovative managerial approach is needed to overcome the loss of employment. During COVID-19 pandemics remote working becomes the norm. Innovative technologies and Cloud-based software can transfer some hotel jobs to remote work such as sales-related jobs, digital marketing, e-commerce, etc. Innovative technologies are an industrial trend in hospitality, so creative solutions have to be found for hotel employees in the future.

Limitations and Areas for Further Research

This paper aimed to point out the importance of the usage of innovative technologies for decreasing customers' perception of health risk during COVID-19 pandemics. Further research is needed to investigate customers' reactions to the application of innovative technologies, not only during COVID-19 pandemics but beyond. This research focused on the influence of demographic factors (age, education) on perceived health risk and perception toward using innovative technologies in cleaning and social distancing. In the future additional research is needed to investigate the influence of other factors like cultural backgrounds of hotel customers, travelers' behavior, etc. on customers' perception toward innovative technologies and their use in the presented context.

Conclusion

Innovative digital technologies offer a new way of interaction and communication between guests and staff, as well as a new way of cleaning. They offer advanced disinfection ability and can help customers to feel safer while staying in the hotel. Furthermore, an intelligent indoor solution

like IoT controllable devices can offer a lower cost of running operations of hotel rooms. Although some of these technologies have been explored and adopted by some leading hotels, nowadays its implementation becomes more important as hotels are facing lower occupancy due to the COVID-19 pandemics.

The results show that customers' preferences for innovative technologies have a high and positive relationship with the perceived health risk of COVID-19. Furthermore, results show that demographic factors (e.g., age, education) have no significant impacts on perceived health risk, and while age has no significant factor on perception towards using innovative technologies in cleaning and social distancing, education and travel frequency do. Respondents with the highest education seek an innovative and safer way of cleaning and social distancing than the less educated ones. Results also revealed that respondents that frequently travel express less concern regarding covid-19 than those that travel less and do not insist on innovative technologies for cleaning and social distancing.

These findings could be used in hospitality industries for further promotions and to restore customers' confidence and ensure customers continue to use their services.

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THE STATE AND PERSPECTIVE OF TOURISM IN SERBIA: THE IMPACT OF THE COVID-19 ON THE TOURISM MARKET

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Abstract

The COVID-19 of significantly affects the global economic, health, political, socio-cultural systems. The impacts of COVID-19 show a tendency that this crisis may have long-term structural changes in tourism as a socio-economic activity and industry. The paper discusses the impact of COVID-19 on tourism in Serbia. The aim of the paper is to identify the fundamental values, institutions, challenges and limitations that the tourism industry and academia should perceive, in order to advance the research and tourism practice frontiers. It is necessary to investigate the state and perspective of the tourist market in Serbia, in order to give recommendations and contribution to the recovery of tourism activity after COVID-19.

Key Words: *Tourism, COVID-19, Tourism market, Crises, Serbia*

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

Introduction

The World Health Organization declared a pandemic of the Covid-19 virus on March 12, 2020, and since then, many institutions have been forced to organize their business differently. In most branches, faster or slower, the business process was adjusted and operations continued. However, with the pandemic, the growth and development of the world tourism industry was completely stopped. According to Deb & Nafi (2020) "the tourism and travel industry is one of the world's biggest industries, offering rich

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experiences to travelers and contributing to community development" (p. 1486). Closing borders, cities, ports, airports, hotels, restaurants, museums, isolation measures and social distancing have become insurmountable barriers to international tourism. The COVID-19 pandemic has affected people's lives and economic activity worldwide. It is clear that "the virus has been a major public health challenge in all countries and the governments have taken drastic measures to protect their citizens" (Mihai & Toma, 2020, p. 433).

Strategies and measures of health communication in Serbia (e.g. social distancing, contact bans, locking down in certain countries, stay- at- home campaigns, self-isolation or mandatory quarantine, limiting the number of people in a certain area, etc.) have stopped, above all, international traveling and tourism, but not the desires of the local population to spend a shorter or longer vacation in domestic destinations. During the summer season of 2020, as well as during the winter season of 2020/2021, it was difficult to find a vacancy in spa and mountain centers throughout the Republic of Serbia. The question is whether the growth of interest in domestic destinations is sustainable in the long run even after the pandemic, if it is possible for domestic tourism to use the indicated trust of tourists during COVID-19 and link them to itself. Is the behavior of domestic tourists affected by COVID-19 and in what way? Can future creators of the tourism industry estimate the consequences of COVID? This paper compares the effects of COVID-19 on global tourism with effects on domestic tourism and explores how the pandemic could change tourist behavior and tourism.

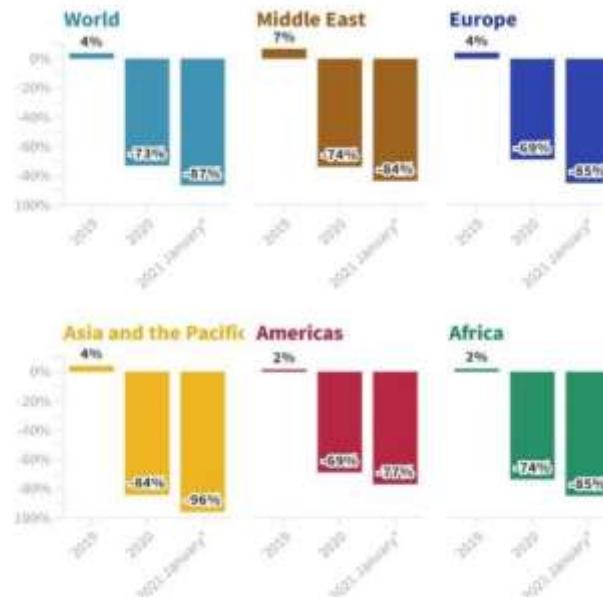
Pandemics, tourism and global change

Globalization, as an economic process, began to take place on the foundation of the new information and telecommunication technology at the end of the 20th and the beginning of the 21st century and enabled connecting the world into a whole (Mandarić & Sekulić, 2018). It has been noticed that "tourism has a significant impact on the economic, sociocultural, ecological and functional development of destinations" (Mandarić et al., 2017, p. 787). The pandemic spread rapidly and affected both developed and developing countries and underdeveloped countries, leaving consequences on the economies of all countries. The negative impact of the pandemic affected all sectors of the economy, and it turned out that tourism and hospitality were affected in particular. Tourism is the leading economic branch of the global economy that 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. For decades, "the global travel and tourism industry has experienced continuous growth and has contributed to approximately 10% of the global GDP" (Deb & Nafi, 2020, p. 1488) and 10% of employees worldwide work in tourism. Tourism is sector of the economy that is sensitive to numerous environmental, political and socio-economic risks, but it has managed to withstand numerous and various crises (e.g. terrorism, earthquakes, Ebola, SARS, etc.). In addition to COVID-19, which is currently the biggest challenge for the tourism industry, significant challenges for tourism are the health situation (in general) and climate change (Deb & Nafi, 2020). The impact of COVID-19 so far shows signs that this crisis is not only different from others, but that it will have far-reaching and numerous effects for tourism (Sigala, 2020). 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" (Deb & Nafi, 2020, p. 1488).

The negative impact of the pandemic on global tourism continues in 2021, compared to January 2020, the data show a decline in international tourist arrivals of 87% in January 2021 (UNWTO, 2021a). The first predictions made by the UNWTO were that international arrivals would fall between 20% and 30% compared to 2019 (Gossling et al., 2020). Nevertheless, data from The World Tourism Organization (UNWTO, 2021b) indicate that international tourist arrivals declined by 74% in 2020 compared to the previous year and "that equates to a decline of around 1 billion international arrivals, bringing the industry back to levels last seen in the late 1980s". The interruption of international travel represents an estimated loss of USD 1.3 trillion in export revenues. Also, pandemic has put between 100 and 120 million direct tourism jobs at risk, many of them in small and medium-sized enterprises.

In Figure 1. we can see that "Asia and the Pacific (-96%), the region which continues to have the highest level of travel restrictions in place, recorded the largest decrease in international arrivals in January. Europe and Africa both saw a decline of 85% in arrivals, while the Middle East recorded a drop of 84%. International arrivals in the Americas decreased by 77% in January, following somewhat better results in the last quarter of the year" (UNWTO, 2021a).

Figure 1: *Change in international tourist arrivals 2019-2021 January*

Source: *World Tourism Organization – UNWTO, (2021a), Tourist Arrivals Down 87% In January 2021 As Unwto Calls For Stronger Coordination To Restart Tourism, <https://www.unwto.org/news/tourist-arrivals-down-87-in-january-2021-as-unwto-calls-for-stronger-coordination-to-restart-tourism>, (04 April 2021)*

It is estimated that during the pandemic, about 90% of the world's population was forced to stay at home, which completely changed the tourism and hospitality industry. "Based on current trends, UNWTO expects international tourist arrivals to be down about 85% in the first quarter of 2021 over the same period of 2019. This would represent a loss of some 260 million international arrivals when compared to pre-pandemic levels" (UNWTO, 2021a).

Pandemics and tourism in Serbia

It is quite certain that the pandemic caused economic and social consequences for all countries in the world, but the greater impact of the pandemic was present in countries whose GDP is more dependent on tourism, especially in "small and less developed countries where tourism accounts for over 50% of gross domestic product" (Luković & Stojković, 2020, p. 83). In Serbia, the Republic Bureau of Statistics monitors only the

direct contribution of tourism to the gross domestic product (accommodation and food services), which is just a partial monitoring of this activity.

The impact of the pandemic on tourism in Serbia can be observed in two ways, through the reduction or complete cessation of business activities of certain economic entities in tourism (travel agencies, city hotels, etc.), but also through the prism of great interest of domestic tourists to stay and rest in domestic tourist destinations, which has caused for some tourist entities to suffer the crisis in business much less. Observing the official data on tourist turnover in Serbia in the first two months of 2021 compared to January and February 2019, it can be observed that domestic tourism, thanks to spa and mountain destinations, achieved a significantly smaller decrease in the number of guests compared to global tourism.

Namely, according to the Republic Bureau of Statistics (2021) in the Republic of Serbia in January 2021, compared to January 2020, the number of tourist arrivals decreased by 40.4%, and the number of overnight stays decreased by 34.8%. In January 2021, compared to January 2020, the number of overnights of domestic tourists decreased by 10.7%, and the number of overnights of foreign tourists decreased by 66.9%. In February 2021, compared to February 2020, the number of tourist arrivals decreased by 38.0%, and the number of overnights decreased by 34.9%. In February 2021, compared to February 2020, the number of overnights of domestic tourists decreased by 24.7%, and the number of overnights of foreign tourists decreased by 56.4%.

According to the data of the Ministry of Trade, Tourism and Telecommunications (2021), in the first two months of 2021, the total number of tourist arrivals in the Republic of Serbia was 276,094 (a decrease of 39.1% compared to the same period in 2020), out of which the domestic tourist arrivals accounted for 217,607 (a decrease of 14.8%), i.e. they participated with 78.8% in total arrivals. The number of foreign tourist arrivals was 58,487 (a decrease of 70.5% compared to the same period in 2020), which represents a share of 21.2% in total tourist arrivals.

The following is also interesting, in the first two months of 2021, Belgrade had a total of 40,447 arrivals, i.e. a decrease of 68.5%, while the number of arrivals of domestic tourists (15,027) decreased by 37.8% compared to the same period in 2020, and the number of arrivals of foreigners (25,420) by 75.6%. In Novi Sad, the tourist turnover expressed by the number of

arrivals amounted to 10,660, which is a decrease of 48.1%, where domestic tourists (6,980) decreased by 16.2%, and foreign (3,680) by 69.9%. However, in spas, there was a significantly smaller decline in the total number of arrivals (48,298) of 26.6%, of which domestic tourists (44,222) had a decline of 17.7%, and foreign (4,076) a decline of 66.1%. A total of 122,179 arrivals were registered in mountain centers, which is a decrease of 15.6% compared to the same period in 2020. The number of domestic tourists (108,946) decreased by 3.9%, while the number of foreign tourists (13,233) decreased by 57, 8%.

In such circumstances, when domestic tourists continue to travel during a pandemic, the question arises as to whether something changes in their expectations of travel, current behavior, and future behavior. Also, the question arises, whether the interest of tourists to visit domestic destinations is sustainable even after the pandemic.

The impact of COVID-19 on Tourist consumption behaviour

During and after the pandemic, it is necessary for tourism workers to manage the crisis in order for the industry to recover faster. One of the challenges they face is researching and understanding the behavior of tourists. Tourist behavior is the combination of interactions between internal factors, which depend on the personality of the tourist and external factors that depend on the environment. Collection and analysis of data on changes in tourist behavior will be crucial for success in tourism. Understanding fears, future expectations and knowing the factors that tourists consider as important when choosing a destination can help overcome the crisis. As a result of the crisis caused by the pandemic, people have begun to reconsider their way of life, pay more attention to health information and focus on how to improve physical and mental health. The relationship between the pandemic and travel is becoming the key to understanding the importance of health security and change in tourism (Gössling et al., 2021).

According to Jiang & Wen (2020) "due to the global health crisis caused by COVID-19, travelers are now likely to pay more attention to the availability and quality of medical facilities when making travel decisions" (p. 9). The results of the conducted studies indicate that, only "destinations can attract visitors if they provide a safe and secure environment in which travellers feel protected from threats during their stay" (Chebli & Ben, 2020, p. 197). Hygiene and cleanliness are common topics when analyzing

consumer behavior in tourism and hospitality literature (Kaushal & Srivastava, 2021). Hygiene and cleanliness will be increasingly important factors for successful business in the service sector, especially in tourism. When considering the recovery of tourism after COVID-19, the focus should be on hygiene and cleanliness as well as the safety aspect. The health aspects of the tourist offer will be crucial for the recovery of tourism after COVID-19 (Wen & Jiang, 2020).

People are expected to be afraid to travel far from home, and to prefer domestic destinations, relatively close to home. The personal car will be used for travel, rather than tourist transportation services. Also, sustainable tourism (ecotourism, rural tourism, medical, spa, mountain) will be in better position, because people after the pandemic will need to spend more time in nature, preferring outdoor activities where measures of social distance can be provided and where they feel safer (Mihai & Toma, 2020). Based on all the above, the goal of the research is defined.

Research methodology

The survey was conducted with the aim of investigating the attitudes of students at the Faculty of Hotel Management and Tourism in Vrnjačka Banja regarding the impact of the COVID pandemic on the behavior of tourists and domestic tourism. The students of the Faculty were chosen because they are the future creators of the tourist offer and demand in the Republic of Serbia. The study should also point out the factors that will influence the further development of tourism in Serbia. An insight into the literature has been observed that "tourism and hospitality related studies in light of COVID-19 crisis are only starting to emerge at this point" (Kaushal & Srivastava, 2021, p. 3). Studies have been published analyzing the impact of COVID on tourism, however there are no papers that have explored the perceptions of tourism and hospitality students about changes in tourism due to COVID.

The research is based on the review of relevant domestic and foreign literature and a similar research. A foreign study investigates changes in tourist behavior and the effects of COVID-19 on tourism, which relate to: the choice of destination near the region in which they live; the choice of a lesser-known destination, where there will be fewer tourists; avoiding group travels, checking the cleanliness conditions of the destination; informing about the quality of health care of the destination; careful examination of travel insurance choices (Chebli & Ben, 2020).

The questions in the questionnaire for our empirical research are tailored to the research objectives of students' attitudes about tourist behavior during and after COVID-19 and changes in tourism. The questionnaire is designed so that in addition to the part related to the questions about the respondent, it includes two more parts. The first three introductory questions within the first part of the questionnaire refer to the basic data of the respondents. The second part of the questionnaire covered statements related to the period during COVID-19 and the period after the pandemic, when tourists prepare for travel. The goal was to investigate the extent to which the health crisis caused by the COVID-19 pandemic will change the perception of travel and affect tourism in Serbia. The statements refer to changes in the behavior of tourists and the respondents were asked to express the degree of agreement with them. A five-point Likert scale was used, ranging from (1) I completely disagree, (2) I disagree, (3) I have no opinion (neither agree nor disagree), (4) I agree, to (5) I totally agree. The third part of the questionnaire included a question with multiple answers related to the factors influencing changes in domestic tourism. The validity of the survey content was applied when changes were made to the survey structure.

The survey was generated using Google questionnaires and distributed via email. The survey was sent to all undergraduate, master's and PhD students at the Faculty of Hospitality and Tourism in Vrnjačka Banja, University of Kragujevac in March 2021. The reason why it was distributed to students of all levels of study is the following: in addition to wanting to have as many respondents as possible, we thought that students at different levels of study would have different perceptions of changes in tourist behavior due to the pandemic. A total of 202 students participated in the research and after checking the answers, it was determined that all completed questionnaires were valid.

Data analysis and discussion of results

The sample was observed according to the following characteristics: gender, age and level of study. When it comes to the observed characteristics of the sample, the majority of the sample are female respondents 149 (73.8%) compared to 53 of male (26.2%) who participated in the study. Students of the Faculty of Hotel Management and Tourism ranged in age were from 18 to 61, while the average age of students was 24.33 years. By observing the respondents according to the level of study, it was determined that most of them are undergraduate students, 143

(70.8%), followed by master students, 33 (16.3%) and the fewest were PhD students 26 (12.9%).

Data processing is performed with the support of the Statistical Package for Social Sciences IBM SPSS Statistics, Version 23. The significance level $\alpha = 0.05$ and the p value less than 0.05 were used to determine the statistical significance. All tests were performed with a 95% confidence interval. For descriptive presentation of data, for categorical variables (gender of respondents, level of studies, etc.), values of absolute and relative frequency were used, while data were graphically presented using a pie diagram. For variables whose answers were defined by the Likert scale, tables and histograms were used. The mean value and standard deviation, as well as the median, were used to describe the variables whose answers were defined by the Likert scale, while the data were graphically represented using histograms.

The reliability of the observed statements is measured and based on the value of the Cronbach's alpha coefficient. The value of the Cronbach's alpha coefficient, observed for the group of questions related to the period during the COVID-19 pandemic is 0.721 and for the group of questions related to the period after the COVID-19 pandemic is 0.802. The obtained values indicate high reliability and consistency of the statements, since the values are higher than the recommended minimum value of 0.7 (Nunnally, 1978).

The paper analyzes the characteristics of the sample using descriptive statistics and significance tests. The Man-Whitney test, the one-factor ANOVA, and the Wilcoxon test were used to analyze the difference in statements. Testing the direction and strength of the relationship between statements is performed by applying correlation analysis.

Table 1: *Behavior of tourists during and after a pandemic*

Statements	During the pandemic			After the pandemic		
	Mean	Std. dev.	Median	Mean	Std. dev.	Median
Q1. They choose a destination near the region in which they live.	3,78	1,13	4	2,59	1,35	2
Q2. They choose a destination they haven't been to before.	3,50	1,14	4	4,05	1,13	4

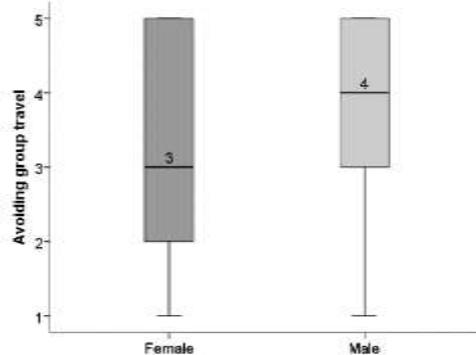
Q3. Choose lesser-known destination, where less tourist crowds.	3,65	1,22	4	3,05	1,27	3
Q4. They avoid group travel by bus, boat, plane...	3,50	1,30	4	2,72	1,35	3
Q5. They follow health information related to a destination where travel.	3,87	1,08	4	3,55	1,24	4
Q6. They choose accommodation facilities that take special care of health and hygiene and check sanitary conditions (hygiene, cleanliness).	4,00	1,08	4	3,88	1,15	4
Q7. They choose carefully travel insurance.	3,93	1,09	4	3,88	1,11	4

Source: *Authors*

Observing the results of descriptive statistics (Table 1.) during the pandemic, we can notice that the greatest value of the arithmetic mean has the statement "They choose accommodation facilities that take special care of health and hygiene and check sanitary conditions (hygiene, cleanliness)" (Mean = 4). After the pandemic, the statement "They choose a destination they haven't been to before" has the highest value of the arithmetic mean (Mean = 4.05). The lowest rated statements (during COVID) are "They choose a destination they haven't been to before" (Mean = 3.5) and "They avoid group travel by bus, boat, plane... etc." (Mean = 3.5). The lowest rated statement (after COVID) is "They choose a destination near the region in which they live" (Mean = 2.59). It is interesting that, while the best rated statement after the pandemic is "They choose a destination they have not been to before", at the same time it is the lowest rated statement during the pandemic. The results support the conclusion that the respondents believe that tourists during the pandemic are ready to stay in places where they have already been before, but that after the pandemic they will want to visit some new places where they have not yet been. This behavior is expected because the current restriction of movement and the special effort that the tourist should invest in checking health, but also other travel information regarding the new destination significantly affects the choice of destination.

The Mann-Whitney test was used to analyze the difference in attitudes during and after the pandemic between women and men.

Graph 1: *Difference in statements before the pandemic*

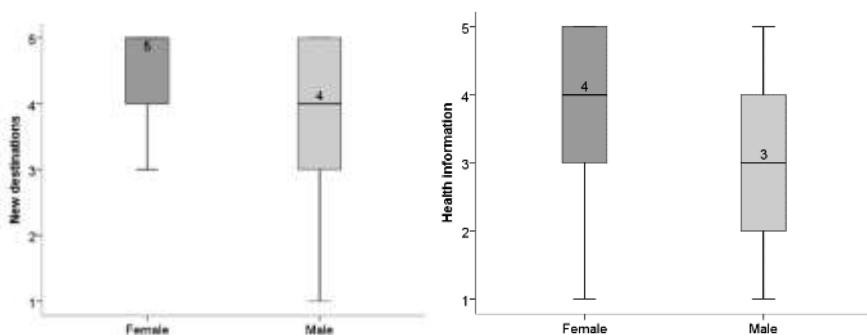


Source: Authors

The results show (Graph 1) that during the pandemic, there is a statistically significant difference ($p = 0.025$) in the attitudes between men and women about avoiding group travel, with men ($M = 4$) more than women ($M = 3$) believing that they should be cautious.

The results of the Mann-Whitney test show that, after the pandemic, there is a statistically significant difference in attitudes on the two issues.

Graph 2: *Difference in attitudes after a pandemic*



Source: Authors

According to Graph 2, when choosing destinations where they did not stay before (new destinations) ($p = 0.025$), it is more important for women (M

= 5) than men ($M = 4$). Also, it can be noticed regarding the monitoring of health information related to the destination where they travel and informing about the quality of the health care system at the destination ($p = 0.007$), women ($M = 4$) take greater care of this point than men ($M = 3$).

To analyze the relationship between attitudes during and after the pandemic with the age of the respondents, we used the correlation method, i.e. we interpreted Spearman's correlation coefficient (Table 2). There is a statistically significant ($p = 0.000$), positive and medium correlation between the attitude of students that tourists choose a destination near the region in which they live and their age ($\rho = 0.275$), i.e. with age, this attitude increases. There is a statistically significant ($p = 0.019$), positive and weak correlation between the attitude of students that tourists avoid group travel (by bus, plane... etc.) and their age ($\rho = 0.165$), i.e. as they get older, this attitude intensifies.

Table 2: Relationship between respondents' attitudes and age

Questions	During COVID-19			After COVID-19		
	Ro	N	p	Ro	N	p
Q1	0,275**	202	0,000	0,084	202	0,234
Q2	-0,003	202	0,968	-0,084	202	0,232
Q3	0,119	202	0,091	0,115	202	0,103
Q4	0,165*	202	0,019	0,064	202	0,369
Q5	0,151*	202	0,032	0,054	202	0,448
Q6	0,005	202	0,941	-0,096	202	0,172
Q7	-0,026	202	0,713	-0,052	202	0,466

Source: Authors

Also, there is (Table 2) a statistically significant ($p = 0.032$), positive and weak correlation between the attitude of students that tourists follow health information related to the destination where they travel and their age ($\rho = 0.151$), i.e. as they grow older this attitude intensifies. After a pandemic, there are no statistically significant correlations.

To analyze the difference in the attitudes of respondents during the pandemic in relation to the level of studies among students and education among citizens, we used a one-factor ANOVA for different groups with subsequent.

There is (Table 3) a statistically significant difference in attitudes for three questions between undergraduate and master's students (during a pandemic), as follows:

- When choosing a destination near the region in which they live ($p = 0.000$), significantly more attention to that matter is paid by master's students ($M = 4.36$) compared to undergraduate students ($M = 3.59$);
- When avoiding group travels ($p = 0.018$), significantly more attention is paid to that matter by master's students ($M = 4.00$) compared to undergraduate students ($M = 3.34$);
- When monitoring the quality of health care at the destination ($p = 0.013$), significantly more attention is paid to this matter by master's students ($M = 4.30$) compared to undergraduate students ($M = 3.73$).

Table 3: *Difference in respondents' attitudes*

Questions	During COVID-19			After COVID-19		
	F	p	Note	F	p	Note
Q1	8,107	0,000	1-2 0,001	1,879	0,156	
Q2	1,246	0,290		0,795	0,453	
Q3	2,647	0,074		3,971	0,020	1-2 0,022
Q4	4,080	0,018	1-2 0,022	0,737	0,480	
Q5	4,439	0,013	1-2 0,016	0,716	0,490	
Q6	0,952	0,388		1,148	0,319	
Q7	2,631	0,074		1,421	0,244	

*1 - undergraduate; 2 – master studies

Source: *Authors*

After the pandemic, there is a statistically significant difference in attitudes when choosing lesser-known destinations where there are fewer tourists and it is less crowded ($p = 0.022$), with significantly more attention paid to that matter by master's students ($M = 3.61$) compared to undergraduate students ($M = 2.96$). It can be noticed that master's students are more careful in understanding the current and future behavior of tourists, which is somewhat expected. Education in a certain area implies greater responsibility of the professionals.

The Wilcox test was used to analyze the difference in attitudes during and after the pandemic, since we compared the responses of the same respondents.

The analysis (Table 4) showed that students believe that tourists will pay less attention to the factors listed in the research after the pandemic. It was

determined that there is a statistically significant difference in responses during / after the pandemic in five questions, as follows:

- When choosing a destination near the region in which they live ($p = 0.000$), where they consider that this factor is more important during ($M = 4$) than after the pandemic ($M = 2$);
- when choosing a destination where they have not stayed before ($p = 0.000$), where they consider that this factor is equal during ($M = 4$), and after the pandemic ($M = 4$);
- when choosing lesser-known destinations ($p = 0.000$), where they consider that this factor is more important during ($M = 4$) than after the pandemic ($M = 3$);
- when avoiding group travel by bus, plane... ($p = 0.000$), where they consider that this factor is more important during ($M = 4$) than after the pandemic ($M = 3$);
- when monitoring health information related to the destination where they travel ($p = 0.001$), where they consider that this factor is equally important during ($M = 4$), and after the pandemic ($M = 4$).

Table 4: *Comparison of respondents' attitudes*

Questions	p	Median	
		During COVID-19	After COVID-19
Q1	0,000	4	2
Q2	0,000	4	4
Q3	0,000	4	3
Q4	0,000	4	3
Q5	0,001	4	4
Q6	0,073	4	4
Q7	0,477	4	4

Source: Authors

In order to better understand the way to how to keep domestic tourists in domestic destinations even after a pandemic, a multi-answer question was offered that reveals the reasons why students believe that tourists will be interested in domestic tourism. The largest number of students, 92 of them (45.3%) believe that the greater interest of tourists in domestic tourism, after the pandemic, will be most caused by a richer and more diverse offer of tourist destinations, 56 students (27.7%) believe that lower prices of tourist services can motivate tourists to remain loyal, 29 students (14.4%) believe that the state incentive through vouchers with a larger amount of money per voucher can support the further development of domestic

tourism and only 25 students (12.4%) believe that increasing the quality of services is crucial for the development of domestic tourism.

After the end of the Covid-19 pandemic, the tourist industry in Serbia will certainly experience changes as a result of modified attitudes and behavior of tourists. What will certainly be taken into account when tourists are in question is a long-term respect for health and safety measures. Considering the potentials of Serbia for the development of rural tourism and the tendencies of development of all forms of sustainable tourism, even after COVID, domestic tourism has a good perspective, but it is necessary to prepare and provide tourist capacities to meet the highest health and hygiene standards.

Conclusion

This paper presents the review of the current situation in global and domestic tourism and the main possible consequences of the COVID-19 pandemic on tourist behavior now and in the coming period, using the forecasts of the students of the Faculty of Hotel Management and Tourism. The paper analyzes the possible effects of COVID-19 on domestic tourism and provides an overview of research results from the aspect of future destination selection, ways of traveling, the importance of hygienic accommodation conditions and health, safety and cleanliness at the destination.

It is difficult to estimate what the further development of tourism will be both on a global and national level, if the virus will be completely destroyed and how the states will regulate travel conditions. The world has experienced many epidemics and pandemics throughout history, but none has had as such serious consequences for the global economy as Covid-19. The global tourism industry has faced a huge crisis due to the global COVID-19 outbreak. What is noticeable, based on the insight into statistical data, is that global tourism is in a far bigger crisis than domestic tourism. The closure of borders, the abolition of international routes and the "stay at home" recommendations and measures had a negative impact on international tourism and affected the great interest of tourists to stay in domestic destinations, especially spas and mountain resorts in Serbia, during the pandemic.

The qualitative analysis carried out in the paper has a significant scientific contribution. The theoretical and practical contribution of the paper is

reflected in a better understanding of the current situation in tourism, which is an important precondition for undertaking future measures. The paper starts from the assumption that due to the Covid-19 pandemic, tourism is undergoing certain transformations and thus the behavior of tourists is changing and new tourism strategies are needed. The results of the research showed that people will most likely avoid distant and new destinations during a pandemic and, conversely, after a pandemic, they will want to travel to new destinations, and their proximity will not be crucial. The reason for choosing less distant destinations during a pandemic is probably to reduce the risk of infection, but also the safety of travel in the country (crossing one or more borders increases the risk of some of them being closed). Such attitudes significantly affect domestic tourism. Avoidance of group travel, hygiene and health conditions of tourist destinations and accommodation facilities are becoming important factors influencing tourist decision-making.

Although the impact of the Covid-19 pandemic on the global economy and tourism is attracting the attention of many researchers, this research topic is still inadequately explored in the relevant literature. Certain limitations are noticed in the conducted research. The basic limitation is a sample made up of students, which is why the results of the research are limited to this population. In this regard, this paper can be the basis and a guideline for some future research. For example, it would be useful to conduct a comparative analysis of the attitudes of the students and the citizens (tourists), with a special emphasis on their behavior on tourism. Certainly, the crisis caused by COVID-19 should be seen as an opportunity for a detailed analysis in the tourism of each country, especially with an emphasis on the future development of domestic tourism.

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MATHEMATICAL MODELLING AND STATISTICAL ANALYSIS IN POST - COVID-19 TOURISM RECOVERY

Marija Paunovic¹

Abstract

The COVID-19 pandemic, along with responses to pandemic control in the form of a national blockade with widespread application of travel restrictions, has made tourism one of the most vulnerable sectors. With increasing mitigation measures in many countries regarding tourism and travel restrictions in some segments, different tourism recovery programs are being launched according to the specifics of each country. The paper will consider various proposed measures through different impact factors set in order to accelerate the recovery of the tourism sector. Selected mathematical models will be presented and discussed.

Key Words: *Mathematical modelling, Markov chain, Stringency Index, forecasting, pandemic effects, government policy*

JEL classification: *C02, C3, C63, D8, Z3*

Introduction

The outbreak of Covide-19 has affected countries in different times, in different ways and to varying degrees. The response of states was also different in terms of pandemic control and turned into national blockades and widespread application of travel restrictions and border closures, making tourism one of the hardest hit sectors. It has been shown that the impact of the crisis needs to be viewed through interconnected systems and stakeholders. The tourism sector is very sensitive to shocks such as the pervasiveness of pandemics due to a sudden decrease in demand (Chang et al., 2020). Special, the hotel industry suffers dramatic losses as the occupancy rate has fallen mainly due to social distance and a drastic drop in the number of tourists. (Sobieralski, 2020).

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Goverment policy regarding lockdown has a direct impact on the hospitality industry. No universal procedures have been set for actions during a pandemic, but on the other hand, this problem and the impact of a pandemic have been little discussed in the literature, especially to reduce the negative effect of a pandemic on the hospitality industry. Objectives and strategies should be purposely developed and coordinated and should not just derive from day-to-day operating decisions (Marjanović, 1999).

One of the key goals is revitalization and stabilization of economy. Stabilization includes eliminating unfavourable trends in the economy as a whole, or in the particular sector. Management must ensure that a minor external disturbance causes only a minor deviation from the equilibrium and that, once the disturbance ends, the system returns to equilibrium (Đorđević et al., 2014).

Even before the pandemic, modern working environments faced the uncertainty due to technological progress, changes in economic, and political unreability (Etehadi & Karatepe, 2019). The influence of pandemic on the tourism sector is reflected not only in lower supply-side revenues, but also at the individual risk perception on demand-side. Security issues are a key factor in willingness of tourists to travel and strongly influence tourist demand. Until recently, tourism security experts were concerned about incidents such as physical attacks on guests, personal robberies, acts of violence, and cyber theft.

As a very complex system which is practically connected to many aspects of modern life, tourism must be observed through interdisciplinary studies (Paunović & Vasović, 2020). Uncertainties and vagueness are the most common reasons for errors in evaluation of characteristics and values of certain occurrences, because clear and accurate information on the environment is not often available. In decision-making processes, including tourism, decisions are usually made in terms of uncertainty or absence of information or knowledge of a particular problem, so it is necessary to make different assessments and to make proper solutions to the problem (Paunović & Vasović, 2020).

The biggest concern of the people and the government about the influence of this pandemic on people's lives and the world economy was the pandemic peak, the duration and the number of infected people. Scientific communities from different fields, and in many cases in joint cooperation, sought to contribute to the effort to cope with the current pandemic using

the principles of applied mathematics, statistics and artificial intelligence (AI) and machine learning techniques to construct predictive models.

Tourism is among the most complex industries from the point of view of integrating, analyzing and processing data. Having in mind specific features of tourism services, the assessments are based on objective and subjective standpoints of service users. Therefore, in addition to classical mathematical and econometric models, as well as statistical analysis, the techniques of the fuzzy mathematics and the theory of uncertainty will be used for the purpose of quantification and prediction in accordance with the requirements of certain project tasks. "Soft computing techniques are a group of unique methodologies, often complement to each other, and prepare extensible knowledge handling efficiency in solving real-life issues" (Paunovic et al., 2018, p. 122). The special contribution of these techniques is in information analysis and decision making in complex systems (Paunović et al., 2020a).

In this research, the author will model influence of the government response in terms of pandemic control through Markov chains modelling and OxCGRT Stringency Index (SI) base on tracks of the individual policy measures through 19 indicators, for the short-term forecast in new Covid 19 cases in Serbia.

Statistical analyses literature review

There are many researches that have dealt with the influence of Covid 19 on the tourism sector from different points of view. In this section, we will single out papers based on statistical tools, the results of which can help local authorities and government in policy setting.

Methods and tools of qualitative word frequency analysis words are increasingly used in various disciplines, including pandemic research and the impact on the travel industry. Methods do not generate a meaningful big picture even if they have a significant frequency, so it needs to be combined with other methods. The concept of text mining, which is accepted as a specific type of data mining, can be defined as "the process of extracting hidden information from textual data" (Feldman & Sanger, 2007, p. 1).

The authors (Uğur & Akbıyık, 2020) investigated pandemic travel using this method. The word analysis lists 500 words with the highest tf * idf

value and the highest frequency. Result of analyzes are words people, travel, virus, day, case, time, cancellation and travel stand out, as well as the words flight, week, coronavirus, China, post office, country and good. The highest frequency has the term Corona and then travel insurance.

Similary, term frequency analysis was done for cruise ship traveling in Pan et al. (2021). Authors investigated external factors (passenger restrictions), passenger behavior, attitudes and intentions of after pandemic demand. Pan et al. used Structural equation modeling (SEM). The attention was to assess connection between hidden variables without the influence of measurement errors. SEM was applied to test the measurement model through confirmatory factor analysis (CFA), and the hypotheses test with a structural model. Model fit was measured using χ^2 -distribution, comparative fit index (CFI), normalized fit index (NFI), and mean square approximation error correction. Basic statistical parameters were determined as cell statistics, and ANOVA was implemented too in this research. Substantial subjects (e.g. Covid 19, health, cleanliness) have the upmost frequency, while items related to price and costs (eg facilities, accommodation) are on the second place.

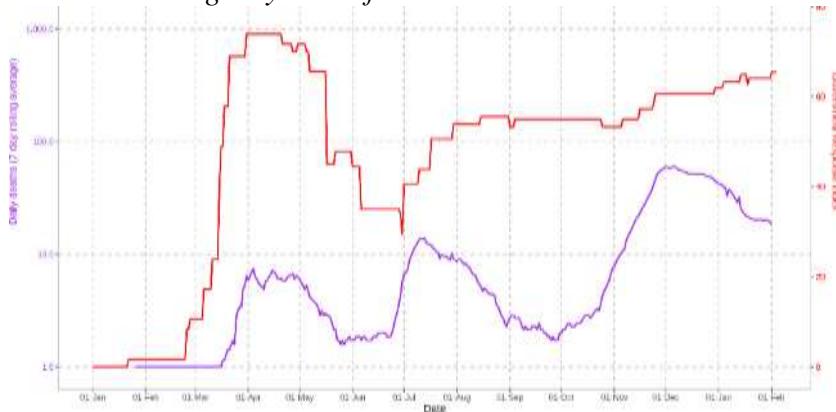
The study (Qiu et al, 2020) estimated the social costs related to residents in tourist destinations in the midst of the epidemic applying the contingent valuation (CVM) model. In particular, the willingness of local residents to pay (WTP) to reduce risk of COVID-19 was assessed, including the aim to minimize negative effects and social costs in tourism sector. The values, curves of demand and social costs of tourism were compared applying the model of triple bounded dichotomous selection of contingent and induced WTP. One of the findings implies that younger generations want to pay more to reduce risk, so government together with tourism entities should include younger people, who are more motivated and more versed in post-pandemic crisis recovery programs.

Ming et al. (2020) explore the influence of government measures to pandemic on the stock returns of selected tourism entities listed on the stock exchange together with Stringency Index. Conclusion points to decrease in stock returns of those entities. Stocks of small entities with less tangibility, and more reserves are flexible to the situation and vice versa. There is a noticeable greater influence on entities from the tourism sector, airlines, as well as the casinos and similar operation.

Stringency Index

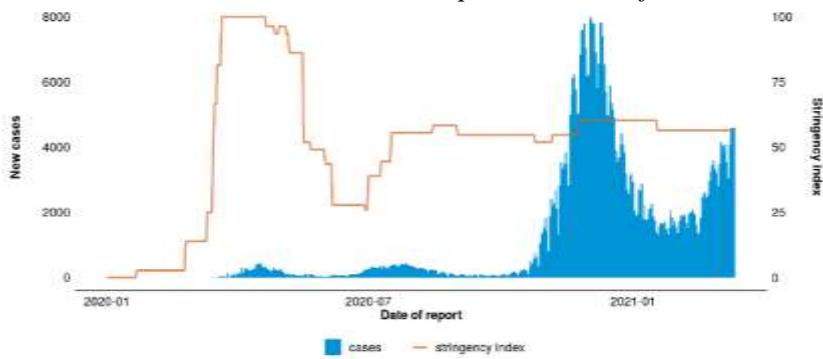
Project The Oxford Coronavirus Government Response Tracker (OxCGRT) calculates a Government Stringency Index (SI) base on tracks of the individual policy measures through 19 indicators. The index is the average of the indicators of individual components, and the daily index is determined as an average rate of 9 indicators, each of which takes a value between 0 and 100. The authors emphasized that the index records the rigor of government policies, not the appropriateness or efficiency of the country's response. A higher value does not necessarily imply that the country's response is "better" than the other lower ones in the index. Figure 1a shows SI index, that is, Serbia's Covid-19 trajectory along with daily deaths, in the period from Jan 01, 2020 - Feb 13, 2021.

Figure 1a: The Stringency Index for Serbia



Source: *The Oxford COVID-19 Government Response Tracker (OxCGRT), 2021*

Figure 1b. Coronavirus Government response tracker for Serbia



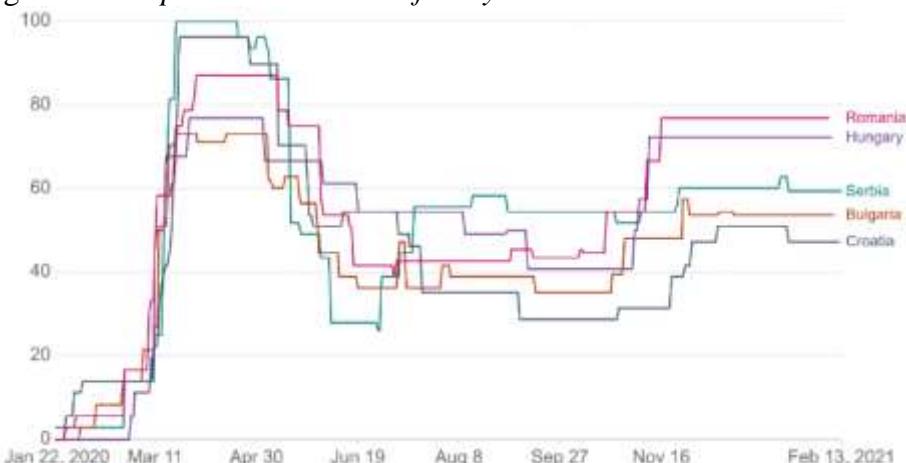
Source: *The Oxford COVID-19 Government Response Tracker (2021)*

Table 1: *SI index for Serbia (OxCGR)*

No.	Policy	Current index
1	Oxford Stringency Index	56
2	School closing	33
3	Workplace closing	67
4	Cancel public events	100
5	Restrictions on gatherings	100
6	Close public transport	0
7	Stay at home requirements	33
8	Restrictions on internal movement	50
9	International travel controls	25
10	Income support	100
11	Debt/contract relief	50
12	Public information campaigns	100
13	Testing policy	67
14	Contact tracing	100

Source: *The Oxford COVID-19 Government Response Tracker (2021)*

The following figure gives a comparative overview of the SI for Serbia, Romania, Hungary, Bulgaria and Croatia. It can be noticed that at the beginning of the epidemic, Serbia had the strictest measures (i.e. 100 = strictest response), and mostly until the end of November and the beginning of December. Relaxation of measures was recorded in June. In the last few months, SI has been at a medium level compared to selected countries. More about the index and methodology can be found in OxCGR project.

Figure 2: *Comparative overview of SI by countries*

Source: *The Oxford COVID-19 Government Response Tracker (2021)*

The SI index was further used in the proposed model.

Mathematical modelling

Great influence on the complex business systems have its subsystems, as well as relations between them. The availability of information and experience generated from historical data, and often constrained time period, effect the final decision of selection. Also, "some unknown and rare situations and problems may arise in practice that can neither be foreseen nor prevented, but can have impact on the work of business systems". (Paunovic et al. 2018, p. 3). Some flexible models introduced in (Gajović et al., 2018; Paunović et al., 2020b) can help to model uncertainty and can be used in different disciplines.

In decision-making processes, the decision is usually made in conditions of uncertainty, i.e. the absence of information or knowledge about a particular problem, so it proved necessary to make different assessments and find different solutions to a given problem. Uncertainty implies phenomena whose outcomes cannot be accurately predicted in advance. Uncertainty theory is a part of mathematics that, among other things, deals with modeling the degree of belief.

The fuzzy measure theory is the generalization of the classical theory of the measure. This generalization is achieved by substituting the additive axiom of classical measure with the weaker axioms of monotonicity and continuity. The development of this theory arise from the fact that the property of additive in some applications is too restrictive and, therefore, unrealistic.

Credibility measure (Liu & Liu, 2002), as a concept for the measure of a fuzzy event, is a set function satisfying normality, monotonicity, self-duality and maximality. Generalized credibility theory is proposed by Ralević & Paunović (2019). A new fuzzy measure is introduced, called c-credibility measure as aggregation of possibility measure and necessity measure. The generalization of this measure in fuzzy environment is achieved through the aggregation function. "Aggregation of information takes a significant place in many knowledge based systems, where aggregation of data or values is needed." (Paunović et al., 2020b, p. 131). In general, aggregation, simultaneously, using various parts of information from different sources, in order to perform a satisfactory solution. These measures are increasingly used in real life problems and will be considered

in future research by those authors related to topics of the post Covid 19 and tourism industry.

The DEMATEL (Decision-Making Trial and Evaluation Laboratory) method is very suitable in designing and studying a structural model. This is achieved through the definition of causal relationships among complex elements (Pamučar & Ćirović, 2015). The The model uses graph theory as a basis and enables visual planning and problem solving. Thus, the relevant elements can be splitted into causal and consequential in order to better understand the interrelationships. This achieves a better understanding of the complex composition of the considered problem, determines the relationships among factors, the relationships among the levels of composition and the strength of element's influence.

Fuzzy DEMATEL methodology was used to calculate the cause and effect relationship among the chosen indicators and to provide guidelines for decision makers to propose appropriate quarantine measures due to the COVID-19 pandemic. Findings regarding the COVID-19 pandemic effect may indicate on the hospitality industry perspective and challenges.

Proposed Model for Serbia case

An important role in the description of various events in the nature belongs to discrete Markov processes with a discrete parameter.

Definition 1. (Markov property) Future development of the process at time $t+1$ depends only on state of the process at time t , and not on past development times. For all $t=0,1,2,\dots$ and all states $i, j, i_{t-1}, \dots, i_0 \in S$ is

$$P(X_{t+1} = j | X_t = i, X_{t-1} = i_{t-1}, \dots, X_0 = i_0) = P(X_{t+1} = j | X_t = i).$$

Markovian conditional probability of any future event, given any past event and the present state X event and depending only upon the present state.

The conditional probabilities $P(X_{t+1} = j / X_t = i) = p_{ij}(t, t+1)$ is transition probabilities from state i at time t to state j at time $t+1$.

The conditional probabilities $P(X_{t+s} = j / X_t = i) = p_{ij}(t, t+s)$ is transition probabilities from state i at time t to state j at time $t+s$.

Definition 2. If $\{X_t; t \in [0; \infty)\}$ is a discrete Markov process and if probabilities of transition $p_{ij}(t, t+s)$ do not depend on t and $t+s$, but only

on the difference s , thus random process is called a homogenous Markov process.

We introduce the following notation:

$P(X(0)=i) = p_i(0)$, initial probability of state i ,

$(p_1(0), p_2(0), \dots, p_n(0)) = p(0)$, initial distribution of MC states,

$P(X(t)=i) = p_i(t)$, absolute probability of state i at time t ,

$(p_1(t), p_2(t), \dots, p_n(t)) = p(t)$, absolute distribution of MC states at time t .

Probability of transition after one step, $p_{ij}(t, t+1)$, can be write as $n \times n$ matrix called Transition Probability Matrix (TPM) as

$$P = \begin{pmatrix} P_{11} & P_{12} & \cdots & P_{1n} \\ P_{21} & P_{22} & \cdots & P_{2n} \\ \vdots & \vdots & \ddots & \vdots \\ P_{n1} & P_{n2} & \cdots & P_{nn} \end{pmatrix}$$

TPM $P = (p_{ij} : i, j \in S)$ with $p_{ij} \geq 0$ for all i, j , is a stochastic matrix, meaning that $p_{ij} \geq 0$ for all $i, j \in S$ and $\sum_{i=1}^n p_{ij} = 1$ (i.e. each row of P is a distribution over S). TPM ensures a precise characteristics of the behaviour of a Markov chain. Each element in the matrix presents the probability of the transition from a particular state to the next state. The transition probabilities are commonly determined empirically, that is based solely on experiment and observation.

Given the initial distribution $p(0)$, let us treat it as a row vector, and using matrix P , we can describe dynamics of the process $X(t)$

$$P(X(0)=i_0, X(1)=i_1, \dots, X(k)=i_k) = p_{i_0}(0)p_{i_0 i_1} \cdots p_{i_{k-1} i_k}$$

We denote transition probability from the state i to the state j after s steps

$$p_{ij}^s = p_{ij}(t, t+s) \text{ for } s = 1, 2, \dots, p_{ij}^0 = \begin{cases} 0, & i \neq j \\ 1, & i = j. \end{cases}$$

and transition probability matrix of the homogeneous Markov chain after s steps

$$P^s = \begin{pmatrix} p_{11}^s & p_{12}^s & \dots & p_{1n}^s \\ p_{21}^s & p_{22}^s & \dots & p_{2n}^s \\ \vdots & \vdots & \ddots & \vdots \\ p_{n1}^s & p_{n2}^s & \dots & p_{nn}^s \end{pmatrix}$$

$$\begin{aligned} p_{ij}^{(2)} &= P(X(t+2)=j | X(t)=i) \\ &= \sum_{k=1}^n P(X(t+2)=j | X(t+1)=k, X(t)=i) P(X(t+1)=k | X(t)=i) \\ &= \sum_{k=1}^n P(X(t+2)=j | X(t+1)=k), P(X(t+1)=k | X(t)=i) \\ &= \sum_{k=1}^n p_{kj} p_{ik} = P^{(2)} = P^2. \end{aligned}$$

Similarly, continuing process we get the matrix $P^{(s)} = P^s$.

For initial vector

$$\begin{aligned} p_i(t) &= P(X(t)=i) = \sum_{k=1}^n P(X(0)=k) | P(X(t)=i) | X(0)=k \\ &= \sum_{k=1}^n p_k(0) p_{ki}^t = p(0) P^{(t)} = p(0) P^t \end{aligned}$$

Put differently, the n-step transition probability of a Markov chain is the probability that going from state i to state j in n transitions.

In the literature the terms equilibrium, stationary, and steady state are used to mean the same thing.

In terms of long-term of the chain $X(t)$ it is useful to determine absolute probability of states $p_i(t)$ for large t ($t \rightarrow \infty$), then

$\lim_{t \rightarrow \infty} p_{ik}^{(t)} = \pi_k$ and $\lim_{t \rightarrow \infty} p_k(t) = \pi_k$, $i, k \in S$ and $\pi_1, \pi_2, \dots, \pi_n$, are unique solutions of $\pi_k = \sum_{j=1}^n \pi_j p_{jk} \wedge \sum_{j=1}^n \pi_j = 1$.

Now, the stationary probability distribution vector $\pi = (\pi_1, \dots, \pi_n)$, is

$$\Pi = \begin{pmatrix} \pi \\ \pi \\ \vdots \\ \pi \end{pmatrix} = \begin{pmatrix} \pi_1, \pi_2, \dots, \pi_n \\ \pi_1, \pi_2, \dots, \pi_n \\ \dots \\ \pi_1, \pi_2, \dots, \pi_n \end{pmatrix}$$

limits are the matrix form as follows

$$\lim_{t \rightarrow \infty} p^{(t)} = \lim_{t \rightarrow \infty} p^t = \Pi \text{ and } \lim_{t \rightarrow \infty} p(t) = \lim_{t \rightarrow \infty} p(0) P^t = \pi,$$

where π is unique solution of

$$\pi = \pi P, \sum_j \pi_j = 1.$$

If the initial probability distribution is stationary, ie. $p(0) = \pi$, then all absolute probability distributions $p(t)$ are stationary, the chain is in the statistic equilibrium. Remarks that can be made are that a homogeneous MC is characterized by the fact that the transition probabilities and consequently also the transition matrices only depend on the size of the time increment and that for homogeneous MC one can simplify the Chapman – Kolmogorov equations to the semi group property

$$P(s+t) = P(s) \times P(t).$$

The forces of transition and the transition probability functions are related by Kolmogorov equations.

In our research we used Markov process and panel data techniques. Process is used on rate of confirmed cases. The prediction of the rate of cases with and without government measures in the periods of their adoption is modelled. The OxCRD data shown in the figure were used as a starting point. Predictive data in periods and without government measures were compared with actual data.

The Markov prediction process have selected input variable, data processing, classification of states, and construction of state process, state probability, state transition probability matrix and forecasting the subsequent state probability of return.

Based on new cases, index for every day is calculated as ratio

$$I_{i,t} = \frac{N_{\text{new pos cases}}}{N_{\text{new test made}}}$$

Index r for every day is calculated by using a logarithmic approximation

$$r_{i,t} = \ln \left(\frac{P_{i,t}}{P_{i,t-1}} \right)$$

On each day, index $(r_{i,t})$ was compared to the index from previous day $(r_{i,t-1})$, and then all indexes were classified in categories, i.e. intervals.

We shall mark states in the observed period with S_i and the state-space with $S = (S_1, \dots, S_n)$.

Probability of the state is a possibility of occurrence of various states of the system. Each state of the index was allocated with the initial probability vector by calculating relative frequencies of index in each of the stated states.

Then, the state vector is:

$$p(i) = (p_1, p_2, \dots, p_n) \text{ for } i = 1, 2, \dots, n,$$

where p_j are probabilities of the state x_j , $j=1, 2, \dots, n$.

For the observed period T , initial state vector is

$$p(0) = (x_1 / T, x_2 / T, \dots, x_n / T)$$

Matrices of transition states are created on the basis of the previous state of the system and probabilities of the next state are defined depending on the current state of the system. Creation of vectors and matrices of transition states can enable further forecast of probabilities of the state of index in future, especially for each day (date). Vectors of current states and transition matrices are created in MS-Excel, while calculation of transition matrices is done in the software package Matlab.

Model is characterised by 5 states of the system:

S1 – index is less than -20%

S2 – index is in interval [-20%; 0),

S3- index is 0 or unchanged,

S4- index is in interval (0; 20%]

S5- index is higher than 20%

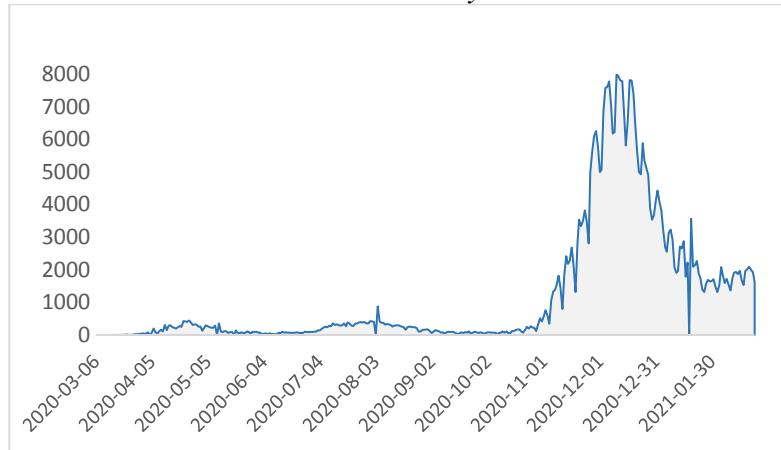
Input data are taken from covid19.rs, based on data of Institute of Public Health of Serbia "Dr Milan Jovanovic Batut".

Upon observing distribution vectors, Steady state vector is

$$[0.02038 \ 0.08333 \ 0.00086 \ 0.394208 \ 0.501222].$$

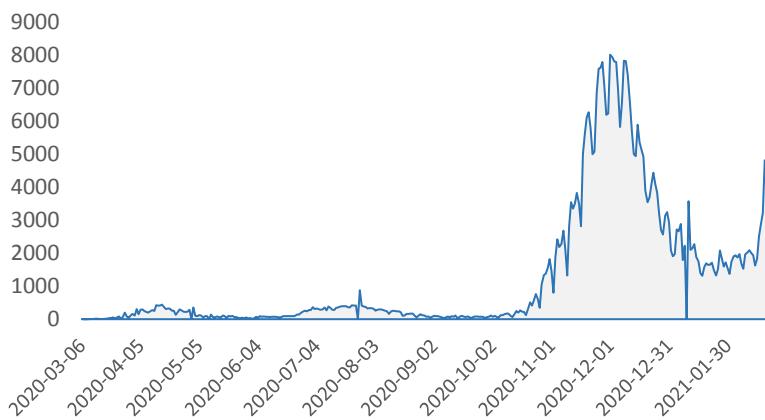
Next figures show a comparative overview of real data for new cases on Feb 13 2021 and result prediction obtained through the proposed model.

Figure 3a: *New Covid 19 cases in Serbia by dates*



Source: Authors, based on data World Health Organization – WHO, 2021

Figure 3b: *New Covid 19 cases in Serbia by dates – proposed model prediction*



Source: Authors

Since methodology of Markov chains assumes that Markov matrix remains unchanged in time, it can be concluded that observing a long period by using this methodology is not recommended. Therefore, analysis needs to be focused on the short-term forecast, and it indicates increase in new Covid 19 cases in Serbia.

Conclusion

According to the results of the proposed model, government measures throughout the country are yielding slow and weak results. Implementing measures to evade causing unnecessary economic damage, in some circumstances targeted regional blockades, may be a better solution. It is necessary to keep in mind the specifics of different industries, because the impact arising from COVID-19 also differs in industries. Therefore, policymakers need to be aware of the short-term economic consequences of restrictions. Also, conventional policy restriction may not be able to overcome this situation according to established dynamics, because people's perception of the public health risks is complex. Presented model based on Markov chains modeling and OxCGRT Stringency Index (SI) can be a guideline for short-term forecast changes in Covid 19 cases.

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THE IMPORTANCE OF RURAL AREAS IN THE CREATION OF TOURISM OFFERS DUE TO COVID-19 EXPANSION

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Abstract

The Covid-19 virus pandemic has so far affected all aspects of human life and activity around the planet in an extremely invasive way. What has significantly attracted the attention of the general public is the impact of Covid-19 on the tourism sector, which, last year, suffered daily immeasurable losses. During the crisis caused by the Covid-19 pandemic, areas with relatively low population density came to the forefront in the domain of creating a tourism offer. In times of crisis, rural areas with open, unpolluted spaces, such as protected natural areas, become very attractive and sought after. Bearing in mind that, rural areas are those parts of the territory that has a relatively low population density, but may also have certain characteristics in terms of natural, geographical, and climate specifics, also in terms of the economy, etc. The research part of this paper will deal with the ratio of tourist arrivals and overnight stays, and indexes of tourist demand in 2020 in comparison to 2019, as well as the analysis of the frequency of visitation of tourist spots in Serbia.

Key Words: *tourism, rural areas, Covid-19, The Republic of Serbia*

JEL classification: *Q10, R11, Z30, Z32*

Introduction

The pandemic caused by Covid-19 is of unprecedented proportions. The spread of the virus has an extremely invasive effect on all aspects of human life and activity around the world.

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The pandemic caused by the Covid-19 virus and all the measures taken in response to it, both in the world and in Serbia, have an extremely strong effect on many aspects of the daily life of the population. What has significantly attracted the attention of the general public, in addition to the impact on the health aspect and the socio-economic aspect in a broader sense, is the impact of Covid-19 on the tourism sector, which recorded daily immeasurable losses last year. According to a study by Rupasinghe et al. (2020), "Covid-19 has radically changed lives across the region and raised issues of funding, service delivery and governance that health system managers must answer" (p. 4).

The crisis caused by Covid-19 "has had severe consequences for the entire economy of the Western Balkans, as both supply and demand have declined simultaneously" (World Bank Group, 2020, p. 1). In this context, Praščević (2020) states that the announcement of the Covid-19 pandemic indicated a significant impact on economic events and trends, primarily through the possible emergence of an economic recession that would be global and different from the previous ones due to the unusual factor causing it."(p. 9). According to Tucaković (2020), "certain branches of the industry have been extremely hard hit and the question is how long it will take them to recover." This primarily refers to the aviation industry, tourism and service industry" (p. 2).

In theory, it is further stated that the pandemic "can certainly be considered a negative exogenous shock whose effects spread through the economic system, causing an economic downturn and recession. In the case of Covid-19, there is uncertainty regarding the duration and intensity of the shock" (Praščević, 2020, p. 9).

According to research by the World Travel and Tourism Council, it is estimated that the current pandemic will "cause the loss of about 100 million jobs in the tourism sector in the world, with about 3/4 of those jobs in G20 member states (comprised of 19 countries with the most developed economies in the world, and the EU as a separate member)" (Jovičić, 2020, p. 7). Furthermore, "it is estimated that the negative impacts of the pandemic on tourism will be manifested in the reduction of global gross domestic product by 2.7 trillion US dollars, which will mostly affect the economies of Asia, Europe, and North America, as key contributors of global tourist movements" (Jovičić, 2020, p. 8).

During the crisis caused by the Covid-19 pandemic, areas with relatively low population density came to the forefront in the domain of creating a

tourist offer. In times of crisis, rural areas with open, unpolluted areas, protected natural areas, and mountains become very attractive and sought after. Rural areas are those parts of the territory of a state that has a relatively low population density, but may also have certain characteristics in terms of nature, geography and climate, economy, and culture, etc.

Therefore, in the conditions of the Covid-19 pandemic, rural areas are becoming primary in the field of creating a tourist offer in Serbia because, according to many experts, the emerging crisis has had a much lesser impact on this small segment of tourism than other sectors, which makes it a topic that deserves a more careful scientific review. Having in mind the topic of the paper, in the research part, the paper will deal with the ratio of tourist arrivals and overnight stays, and quarterly indexes of tourist overnight stays for the previous two years, as well as the analysis of the frequency of overnight stays in certain tourist spots in Serbia for the period between January and September of 2020.

Significance of Rural Areas and Rural Tourism in the Conditions of Covid-19 Pandemic - Literature Review

According to Počuća and Matijašević Obradović (2019), "tourism is one of the most complex economic and sociological phenomena of the modern world" (p. 554). It should be noted that "the biggest importance for the development of tourism is certainly the tourist destination/attraction" (Petrović et al., 2016, p. 62), whose popularization and intensity of visits are influenced by numerous factors. Certainly, the determining factor is "the attitude and opinion of tourists about the quality of the tourist destination. In this regard, tourist traffic is a significant indicator of the number of visits to a tourist destination" (Počuća & Matijašević Obradović, 2020, p. 336).

However, the frequency of users of tourist services, and the occupancy of accommodation capacities are strongly influenced by the seasonality of the tourist economy, given that the highest percentage of active service is recorded during certain months. The seasonality of the tourism industry in connection with the potentially available stimulus that tourism as a commercial branch can achieve from the overall economic potential of the country significantly influences several other aspects. Thus, this combination of factors has a direct impact not only on the quantitative aspects of the tourist offer, in terms of the number and variety of tourist services, but also on the quality of offered tourist services, which again

manifests itself in a gradual increase or decrease in interest of users of tourist services.

Thus, tourism has gradually become "recognized, not only as a consequence of economic development but also as a factor of economic development" (Stanić & Vujić, 2016, p. 14).

Thanks primarily to the preserved natural resources and other aspects of a healthy environment, Serbia has significant advantages and numerous opportunities for the continuous development of tourism, especially in the field of rural tourism. As Cvijanović et al. (2017) state, significant potential for the development of tourism in Serbia concerns precisely rural areas (p. 872). The fact that tourism has a great influence on the development of rural areas is pointed out in Ćirić et al. (2014, p. 26). Therefore, the positive effects of tourism are numerous, not only locally but also globally. Tourism, with its primary concept, encompasses four important aspects of sustainable development: ecological, social, cultural, and commercial (Počuća et al., 2017).

Đorđević Milošević and Milovanović (2012) point out that rural tourism in Serbia is defined as tourism that offers the visitor a "rural environment" by enabling him to experience the synergy of life of nature, culture, and people in a unique way. "This implies that the visitor is offered an authentic, original experience and a return to the roots or essence of the rural way of life" (p. 47).

Analyzing the concept of rural development, it can be said that "comprehensive rural development includes demographic revival, use of available resources for healthy food production, development of non-agricultural activities, urbanization in terms of infrastructure development, education, culture, and environmental protection" (Veselinović & Ignjatijević, 2013, p. 146). That being said, rural tourism is based on "principles of sustainability and implies a series of activities and services that the local population in rural areas organizes just based on the elements that characterize these rural areas. The offer in rural tourism includes not only tangible characteristics of nature, architecture, folklore, gastronomy but also more abstract ones such as, for example, traditional hospitality, customs, a culture of relations with nature, culture of communication, beliefs, and legends of local nationalities and religions that have influenced a specific way of life in a specific area" (Đorđević Milošević & Milovanović, 2012, p. 47).

According to Pejanović and Vujović (2008), "rural tourism is a form of tourism focused on essential issues, healthy nutrition of tourists and living in a healthy environment, through the integrated development of agriculture, with the respect towards aspects of sustainability" (p. 6). The main attractions of rural tourism are the experience of living and working in a rural household and authentic products, together with accompanying services (Lobo et al., 1999).

Table 1: SWOT analysis of rural development for the period 2014-2024 in the Republic of Serbia

Strengths	Weaknesses
Rural Development	
Diversity and attractiveness of the rural environment; Rich cultural heritage; Preservation of traditional knowledge and technologies; Examples of good practice; Started initiatives on the formation of local social networks; Adequate state of infrastructure in some rural areas;	Adverse demographic trends; Lagging labor market; Unfavorable social structure; Inadequate diversification of income on farms; Insufficient use of cultural heritage; Low infrastructure equipment; Difficult access to social services; Low level of social capital;
Opportunities	Threats
Rural Development	
Creation of new products and services; Public-private partnerships; Resource revitalization; Regional cross-border cooperation; Use of the pre-accession period for the growth of competitiveness, application of standards with the use of EU funds (IPARD); Development of all types of tourism-related to rural areas.	Insufficient recognition of rural uniqueness; Low investor interest; Rural poverty; Insufficient recognition of the uniqueness of small farms; Stagnation in the EU integration process; Lack of state funding.

Source: *Strategija poljoprivrede i ruralnog razvoja Republike Srbije za period 2014-2024 [Agriculture and Rural Development Strategy of the Republic of Serbia for the period 2014-2024], Službeni glasnik Republike Srbije, br. 85/14, p. 54-56*

The Strategy of Agriculture and Rural Development of the Republic of Serbia for the period 2014-2024 (2014) contains a SWOT analysis which

systematizes data about the advantages and possibilities of improving the situation, among others, in the field of rural development, but also about opportunities and threats in this area. In the following table, the mentioned SWOT analysis is presented. Following the emergence and pandemic expansion of the Covid-19 virus, the tourism sector and the concept of tourism offerings have suffered major losses and significant changes.

Dealing with the situation in the European Union, Praščević (2020) points out that, "The European Union as a leading tourist destination, with 40% of total international arrivals, is particularly affected. Some countries are especially endangered because they depend on tourism, and at the same time, they are significantly affected by the pandemic. Thus, the number of tourist reservations was reduced by 90% compared to the same period last year, it is estimated that as many as 6 million jobs were lost in the EU, with a large decline in tourism revenues: hotels recorded a decline of 85%, tour operators 85%, 85% decline in train travel, 90% decline in the cruise line and air travel industry" (p. 16).

In the Republic of Serbia, the situation in the tourism sector has changed significantly after the appearance and expansive spread of the Covid-19 virus.

According to Luković and Stojković (2020), one of the more important changes is that "people will most likely avoid distant tourist destinations. The reason for choosing closer tourist destinations is reflected in the reduction of the risk of infection, but also in the reduction of the possibility of border closing (crossing many borders increases the risk for quarantine). Decisions made by tourists in favor of shorter routes can, among other things, significantly contribute to the more intensive development of domestic tourism" (p. 84).

To recall, the restrictive measures during, and immediately after the lifting of the state of emergency (March 15, 2020 - May 31, 2020), were reflected in the following (UNDP, 2020, p. 17):

1. "police curfew, including a ban on the movement of citizens on weekends and between 5:00 pm and 5:00 am on weekdays";
2. "complete restrictions on movement, including a travel ban for citizens over 65 (or over 70 for more rural, sparsely populated areas)";
3. "closure of all border crossings, including air, land and river border crossings, all of which were closed, except for transport crews and persons with special permits";

4. "airport closures, except for cargo and mail transport, search and rescue operations, humanitarian flights and emergency medical transport";
5. "closing of schools: kindergartens, schools and universities, all of which were completely closed";
6. "closure of public spaces: cafes, bars, restaurants, shopping malls and markets (or "farmers markets") were closed, except for pharmacies and supermarkets, as necessary";
7. "the closure of public transport, which was completely banned, except for food delivery and transport, which were still allowed as necessary".

In the conditions of the Covid-19 pandemic, rural areas are coming to the forefront in the field of creating a tourist offer in Serbia because, according to many experts, the new crisis has had a much smaller impact on this small segment of tourism than other sectors. As some studies point out, "during the crisis and in the post-crisis period, cities with a large number and density of inhabitants are much less in demand. Therefore, in Serbia, the offer should primarily focus on rural areas in open, unpolluted spaces, protected natural areas, mountains, and "remote" places (such as Pešter)" (Krasojević, 2020, p. 3).

On the other hand, intensifying the development of rural tourism creates numerous benefits for rural areas that can be revitalized in a certain, very concrete way, under the influence of more pronounced interest of tourists, greater investment in infrastructure and accommodation facilities, etc. In that sense, "Serbia as a country of rural character is one of the most agricultural countries in Europe. Rural development, as one of the areas of regional policy, is a key instrument for restructuring the agricultural sector whose task would be to allocate and strategically use the potential of attractive tourist villages" (Muhi, 2013, p. 131).

With this in mind, it is clear that rural areas that have become highly sought after and competitive in the tourism market in the context of the spread of the Covid-19 virus, have significantly higher opportunities to create a better and more comprehensive tourist offer to a large number of interested tourists and position themselves in the tourist market while providing quality tourist service to a large number of domestic tourists, who decided not to take risks with a tourist arrangement that would include crossing the state border and staying abroad.

In that sense, the importance of tourist offers in rural areas is emphasized, in conditions when the stay of our citizens abroad is almost impossible, or associated with high risks of transmitting the infection or limited movement

in a certain time interval after returning to Serbia. Also, given the occupancy of accommodation in mountainous, rural, and spa areas in recent months, it is clear that quality and competitive tourist offer for predominantly rural areas (which until the outbreak of the pandemic were not nearly as attractive) can largely compensate for the preferences of domestic tourists in the desire to organize and spend their free time.

According to Ivanović (2020), "rural tourism suffers significantly fewer consequences due to the spread of Covid-19. Rural tourism is reserved for domestic guests everywhere in Europe, even in our country, so it depends less than other sectors on arrivals from abroad, which makes it more immune to the consequences of such negative events. Also, rural tourism is not burdened with numerous overhead costs such as employees, rents, loans, and interest rates, and therefore it can be stopped more easily, and also easier to start. There is little risk and it is easy to adapt to changes in demand, which makes it a segment of tourism that will survive more easily or will return more easily in such crisis periods" (p. 19).

Methodology and Data Sources Used

In order to specifically elaborate the topic of the paper, the research part of the paper will analyze the ratio of tourist arrivals and overnight stays on a monthly basis in the Republic of Serbia for the period between January and November of 2019 and between January and November of 2020, then, quarterly tourist overnight stays indicators for 2020 in relation to 2019, as well as the frequency of overnight stays in certain tourist places in Serbia for the period between January and September of 2020. The paper applies the analytical method in the theoretical analysis of content, the deductive method in drawing conclusions, and the basic quantitative analysis of data in the part dealing with the research. The research in this paper is based on the official data of the Republic Bureau of Statistics.

Research Results and Discussion

First, the concepts of tourist arrivals and overnight stays should be explained. Hence, "arrivals mean the number of tourists staying in the accommodation facility, and overnight stays include the number of overnight stays realized by tourists in the accommodation facility during the calendar year" (Lekić & Perunović Ćulić, 2019, p. 157).

The following table will present the ratio of arrivals and overnight stays of tourists on a monthly basis in the Republic of Serbia for the period between January and November of 2019 and January and November of 2020. The stated period was taken into account in this research because the last available data for 2020 by the Republic Bureau of Statistics, in this domain, was published in November.

Table 2: *Tourist arrivals and overnight stays on a monthly basis in the Republic of Serbia for the period between January and November of 2019 and January and November of 2020.*

*(in thousands)

	Republic of Serbia			
	Arrivals		Overnight stays	
	Total	Domestic	Total	Domestic
2019				
I	177.7	94.8	551.2	320.8
II	195.9	115.4	607.7	409
III	233.3	121.3	634.8	377.5
IV	300.9	169.7	776.5	491.5
V	384.8	220.8	980.1	643.3
VI	358.5	174.4	988.6	606.4
VII	391.4	175.5	1150	692.3
VIII	448.3	210.5	1302.8	812.5
IX	344	148.9	906	508.1
X	332	157.6	8456	473.8
XI	253.5	124.0	644.1	356.1
2020				
I	220.7	114	689.6	393
II	233	141.6	729.7	494
III	102.6	64.3	344.6	237.2
IV	6.3	5.2	41.7	29.7
V	47.7	44.1	170.7	151.9
VI	170.4	146	560.2	501.9
VII	193.9	169.6	737.4	670.2
VIII	294.3	263.7	1080.7	1000.5
IX	195.6	162.2	698.2	603.9
X	168.5	124.9	528.8	403.2
XI	98.2	71.4	345.2	253.2

Source: Šutić, V. (Ed). (2021). *Monthly Statistical Bulletin 11/2020, Statistical Office of the Republic of Serbia, Belgrade, p. 59*; Šutić, V. (Ed.) (2020). *Monthly Statistical Bulletin 01/2020, Statistical Office of the Republic of Serbia, Belgrade, p. 59*

The following table (Table 3) will present the quarterly indexes of tourist nights in the Republic of Serbia for 2020, as well as for 2019, while Table 4 will express numerical and percentage data on the frequency of overnight stays in individual tourist destinations in Serbia, for the period between January and September of 2020.

Table 2: *Quarterly index of tourist overnight stays in the Republic of Serbia for 2019 and 2020 (%)*

	Quarterly index of tourist overnight stays for 2019				Quarterly index of tourist overnight stays for 2020		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total	103.9	107.2	105.6	116.6	98.3	28.1	74.9
Domestic tourists	101.3	107.6	105.4	113.6	101.5	39.3	113
Foreign tourists	108.3	106.4	105.8	120.6	93.2	8.9	17.9

Source: Stančić, K. (Ed.) (2020). *Trends – III quarter of 2020, Statistical Office of the Republic of Serbia, Belgrade*, p. 51

Table 3: *Frequency of overnight stays in certain tourist destinations in Serbia, for the period between January and September of 2020*

Tourist destinations in the Republic of Serbia							
Spa centers		Mountain regions		Other tourist destinations		Other destinations and cities – Belgrade and Novi Sad	
Num.	%	Num.	%	Num.	%	Num.	%
1.8 mil.	36.4	1.528 mil.	30,9	807 thousand	16.3	811 thousand	16.4

Source: Stančić, K. (Ed.) (2020). *Trends – III quarter of 2020, Statistical Office of the Republic of Serbia, Belgrade*, p. 52

Until 2019, tourist activity in Serbia was recording a stable increase. However, this positive trend did not continue in 2020, when, due to a pandemic caused by the Covid-19, there was a decline in tourism.

If the data from Table 1 is analyzed in more detail, can be seen the monthly continuity in the number of tourist arrivals and overnight stays in Serbia during 2019.

However, from April and May 2020, there are major changes not only in the number of tourists who came and/or spent the night in Serbia, but also in the structure of tourists whose arrivals were officially recorded and statistically analyzed. From April 2020, the number of domestic tourists is much higher in the total values of arrivals and overnight stays, than before.

So, as a consequence of the spread of the Covid-19 virus, it can be noticed two trends, in the first place, a significant decrease in the number of tourists who visited our country and decided to spend the night, and in the second place, a change in the structure of tourists who chose tourist places in Serbia. In other words, in the structure of tourists who came and/or spent the night in Serbia, the focus has shifted to domestic tourists, who, for the reasons already mentioned, still prefer domestic tourist destinations.

If the quarterly indexes of tourist overnights stays in the Republic of Serbia for 2019 and 2020 are considered, it can be seen that the indexes of overnight stays of domestic and foreign tourists in the second and third quarters of 2020 recorded extremely low values, having in mind the same quarterly periods in the previous year. If, for example, is considered the second quarter of the index of tourist overnight stays in both years, it can be seen that in 2019 it amounted to 106.4, while in 2020 it amounted to 8.9.

As noted in the official report, "after extremely poor results in the second quarter of 2020, when the number of overnight stays of foreign tourists compared to the same period in 2019 dropped by 91.1%, in the third quarter the number of overnight stays of foreign tourists was somewhat higher (241,565), which is 82.1% less than in the same period in 2019" (Stančić, 2020, p. 51).

If the data from Table 3 are analyzed, it can be noticed that the largest number of tourists opted for spa and mountain destinations in the period between January and September of 2020. Expressed by the number of tourist overnight stays, the most frequently visited tourist places in the period between January and September of 2020 were spa centers, with about 1.8 million overnight stays, which represents 36.4% of the total number of tourist overnight stays in the Republic of Serbia.

According to official data, "out of that number, 1.2 million overnight stays were realized in Vrnjačka Banja and Sokobanja. The visitors of the spa centers were mostly domestic tourists (95%)" (Stančić, 2020, p. 52).

According to the frequency of visits to tourist destinations, mountain regions and other tourist destinations follow, with about 1.528 (mil.) or 807 thousand overnight stays. According to official data, "in mountainous regions, the majority of visitors are domestic tourists (87,4% of the total number of overnight stays). The most visited mountains were Zlatibor (about 478 thousand overnight stays) and Kopaonik (about 394 thousand overnight stays)" (Stančić, 2020, p. 52).

Conclusion

Tourism in the world, and even in Serbia, has been recording almost continuous growth in the past few decades (except for occasional crises at the global level), which has shown this sector's strength, resilience, and adaptability.

The Covid-19 virus pandemic is the biggest challenge the world has faced since World War II. Tourism needs open borders, and stable political and socio-economic climate, and, above all, safe health and security conditions. The collapse of such stability at the global level at the beginning of March last year led, *de facto*, to the complete disappearance of tourist movements and tourist business (Jovičić, 2020, p. 6).

In order to analyze the demand for tourist offers and a comparative overview of the degree of their utilization for the previous two years, but also the position in which rural tourism as a branch of tourism has reached the opportunity to significantly develop in the new conditions of tourist functioning the paper analyzes tourist arrivals and overnight stays on a monthly basis for the previous two years, then, quarterly tourist overnight stays indexes for 2019 and 2020, as well as the frequency of overnight stays in certain tourist destinations in Serbia for the period between January and September of 2020.

In conclusion, after analyzing the available statistics, it can be said that as a consequence of the spread of the Covid-19 virus, there is, in the first place, a significant reduction in the number of tourists who visited our country and decided to spend the night and secondly the structural change of tourists who have decided to travel in/to Serbia.

Primarily, from April 2020, the number of domestic tourists is much higher in the total values of arrivals and overnight stays, than was the case before.

Furthermore, the most frequently visited tourist destinations in the period between January and September of 2020 were spa resorts and mountain regions, with about 67,3% of the total number of tourist overnight stays in the Republic of Serbia for the entire observed period.

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INCREASED DEMANDS FOR NATURAL IMMUNO- BOOSTERS IN SELECTED TOURISM AREAS

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Abstract

Rural areas have been facing distinctive challenges during the COVID-19 pandemic. As in other parts of the world, in the Republic of Serbia noticed movement of people from places with high concentration of settlements, like cities, into less densely populated communities. Searching for rural, natural, wild areas far away from cities, tourists made different pressures on local environment (sound, litter, pressure on natural resources, pollution) but also increased demands for healthier way of living in accordance with World Health Organization recommendation during the Covid 19 period. Besides a clear environment, they would like to enjoy locally produced food and wild edible plants as a source of minerals, vitamins and other functional substances for strengthening immunity. Using standard botanical questionnaire, the research was conducted in selected rural areas with the aim to create a list of the most wanted wild edible plants by tourists and to overview their potential contribution to immune system strengthening in the COVID-19 pandemic period.

Key Words: *wild edible plants, tourist mobility, COVID-19*

JEL classification: *I12, Q57*

Introduction - Covid-19 basic information and pandemic impact on movement habits (from urban to rural)

The global response to the COVID-19 pandemic, based on previous experiences from other epidemics, is an activated R&D plan to accelerate diagnosis and therapy with research and development of a coronavirus

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vaccine. The two main goals are after the discussion on February 11 and 12 at the World Health Organization headquarters in Geneva on critical issues are defined. The first goal is to improve patient care and accelerate research in innovative technologies. The second goal is to define and support research priorities. A very important thing is the timely sharing of valid information between countries (World Health Organization, 2020). A vast number of pneumonia were emerged in Wuhan at the end of 2019. and at the beginning of 2020, a new virus was identified as the cause of pneumonia known such as (SARS-CoV-2) (Huang et al, 2020). In the February 2020 the illness caused by the SARS-CoV-2 virus was named by WHO officials as "COVID-19", and by third month of the same year when more than 100 countries were involved with more than 100,000 cases and several thousand dead a pandemic was declared by the WHO (World Health Organization, 2020). SARS-CoV-2 is crown-like RNA virus (Perlman & Netland, 2009).

The SARS-CoV2 virus has probably a natural and zoonotic origin. Natural selection in humans is taking place before zoonotic transfer (Lu et al, 2020). The clinical picture may be asymptomatic or severe (Phan, 2020). A serious clinical picture may require artificial ventilation and this may be associated with sepsis, septic shock and multi-organ damage (Lupia et al, 2020). The typical manifestation of this disease is pneumonia characterized by difficulty breathing, high temperature, cough and typical bilateral infiltrates seen on chest scans. Symptoms may include sneezing, red throat, and headache. Less frequent occurrence symptoms were rhinorrhea, sore throat, headaches, nausea and diarrhea in some patients. Person-to-person contact was the main way of disease transfer (Lupia et al, 2020).

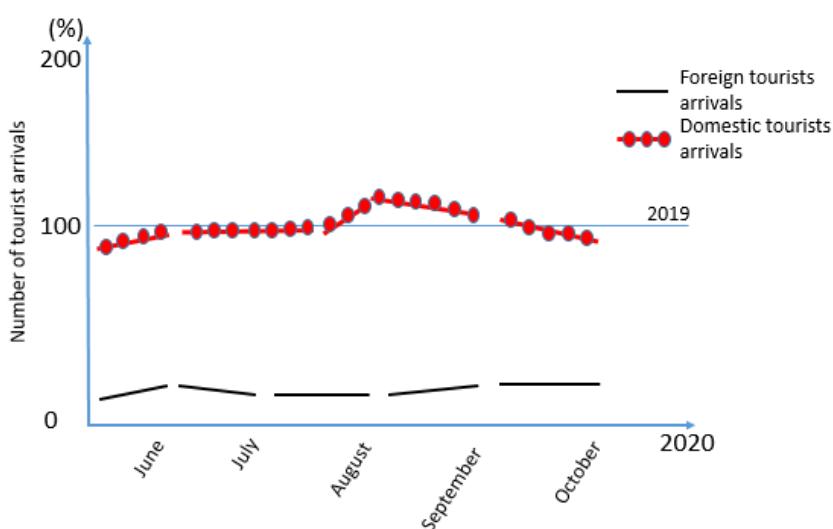
In addition to the symptoms of the respiratory and digestive tract (World Health Organization, 2020),, the severity of the clinical picture is also affected by comorbidities (chronic obstructive pulmonary disease, high blood pressure, fatness and diabetes mellitus (Sanyaolu et al, 2020).

Cities are primarily, due to the high concentration of people, vulnerable to natural and man-made disasters and their impacts (Sharifi, 2020). Many times in history, cities have been hit by pandemics, so that made urban vulnerability as a current research topic. Climate changes and human influences to environment may be a factor of pandemics frequency increasing in the future so adaptation measures and necessary preparation is needed (Connolly et al., 2020). It is important to understand how this can

affect cities during pandemics and what measures are important for decreasing of its impacts.

The new coronavirus pandemic brings serious changes around the world in terms of way of living and working. The biggest innovations reflect to the jobs in the sense of remote work like never before in history, with almost seven of ten workers were included in this transformation. According to "Coronavirus Moving Study" (Bowman P.C., 2021) it was documented that people localize public locomotion with strict distance level between each other in order to stop virus spreading. Daily activities were reduced to mandatory like school, shopping, hospital visit etc. The whole new modality of living based on internet connection. Bearing in mind this moving phenomenon and remotely job options, people could afford themselves to leave crowded cities and move to the less density areas such as rural places.

Figure 1: Number of tourist arrivals in 2020 compared to the same months in 2019



Source: Authors (According to available data in Monthly statistical bulletin)

According to Monthly Statistical Bulletin data for 2020, it is evident declining trend in foreign tourists arrivals in the Republic of Serbia for about 80% related to same months in 2019, but also it is noticeable increase

in local movements. During August and September happened sudden increase (about 20%) of domestic tourist's arrivals in national touristic destinations, especially in rural areas. Caused by closed borders for travel or fear of travelling abroad, domestic tourists decide to spend most of time in the country destinations.

Return to herbal traditional immune boosters in the pandemic period

During the last year, the world and the entire tourism industry faced the COVID-19 pandemic, which has spread across 206 countries. Although COVID-19 significantly influenced global tourism with tourist journeys decrease 60–80% during 2020 (UNWTO, 2020), local tourist mobility increased. People from cities find “health refugees” in rural areas to escape virus and boost immunity. Many human activities (e.g. changes in costal or sand dunes tourism areas, etc.), affected by different natural and social factors, like ecological disturbances or demographic pressure (Šilc et al., 2020), rural areas as well as faced to sudden changes (litter pollution increased or impact on plant resources) caused by people movement phenomenon.

Public health and safety measures were recommended by the WHO over the world. Besides a range of measures from a high level of hygiene to face mask or self-management to minimize physical contact among each other, isolate and screen the infected people during initial stages, there is set of applicable measures to boost immune system. During the beginning of pandemic, was lack of approved drug therapy, lack of vaccines and people start searching alternative way to strengthen immunity. One group of people used recommended vitamins or minerals artificial supplements, while on the other side people decide to raise immunity staying in natural environment, far away from cities and using domestic food based on traditional knowledge. In last year, from the beginning of pandemic till now there are numbers of articles dealing with increased demand for herbal medicine. The focus were on confirm tradition medicine procedure like Ayurveda, Chinese medicine, wild edible plants in terms of respiratory system improving, plants reach in minerals and mixtures of plants with other compounds (honey, fungi, beverages). According to global report on wild plant trade (Timoshyna et al., 2020), during the initial COVID-19 pandemic period was noticed the increased interest for wild plants as herbal compounds in Traditional Chinese Medicine formulations and other herbal products around the world. This report indicate that from the beginning of pandemic period in China, 80% of natural products are based on wild

plants, and one of studies estimate 125 plant based products in COVID-19 treatment. It is evident that volume of use and trade with wild herbs increased in last year. Between used plants it is found number of threatened (11%) with extinction in the wild based on IUCN Red List criteria (IUCN, 2018).

Traditional Indian plant based medicine (e.g. Ayurveda, Yoga and Unani, Siddha, Naturopathy and Homeopathy, acr. AYUSH) play important role in global herbal therapeutic sector (Ravishankar & Shukla, 2007; Gomathi et al., 2020; Khanna et al., 2020). By official India Ministry of AYUSH it was suggested to consummate plant based extracts such as Kadha or Sunthi for strengthening immune system. Also, it was recommended to use several plant species with potential prevention effect on COVID-19 such as *Zingiber officinale*, *Syzygium aromaticum*, *Piper nigrum*, *Curcuma longa*, *Cydonia oblonga*, *Andrographis paniculata*, *Zizyphus jujube*, *Cordia myxa*, *Tinospora cordifolia*, etc. (Khanna et al., 2020). The most of the mentioned plants have effect on respiratory infections, immune reaction, enhancing antioxidant, for chronic fever, and cold, anti-allergic or anti-influenza activity.

Chinese traditional medicine suggesting utilization of herbal extracts from *Azadirachta indica*, *Camellia sinensis*, *Ocimum sanctum* and *Agremone mexicana*, *Zingiber officinale*, *Tinospora cordifolia*, *Alium sativum*) and *Ocimum basilicum* etc. with confirmed antimicrobial effect (Gupta et al., 2017; Varshney et al., 2013; Khanna et al., 2020). While *Exocarpium Citri grandis*, traditional Chinese herb, was found as very efficient in prevention or treating infections caused by COVID-19 (Khanna et al., 2020).

Despite limited success in finding effective therapy, using wild plants is increased trend, especially in low income countries, but COVID-19 treatment is still unproven and without scientific base or from clinical results. In electronic media, was appeared information on healing effects of *Artemisia annua*. This plant is rich in range of bioactive compounds, and with confirmed positive effect on uncomplicated malaria disease, but its effect on COVID-19 infections is not approve and require further researches (Kapepula et al., 2020). The World Health Organization (WHO) warns that the effects and nus-effects of medicinal plants, such as sweet wormwood (*Artemisia annua*), which have recently been advertised as a potential medicine for COVID-19, need to be investigated. The WHO emphasizes that it supports the scientifically proven efficacy of traditional

medicines and adds that complementary and alternative medicine have numerous advantages in the treatment of various diseases.

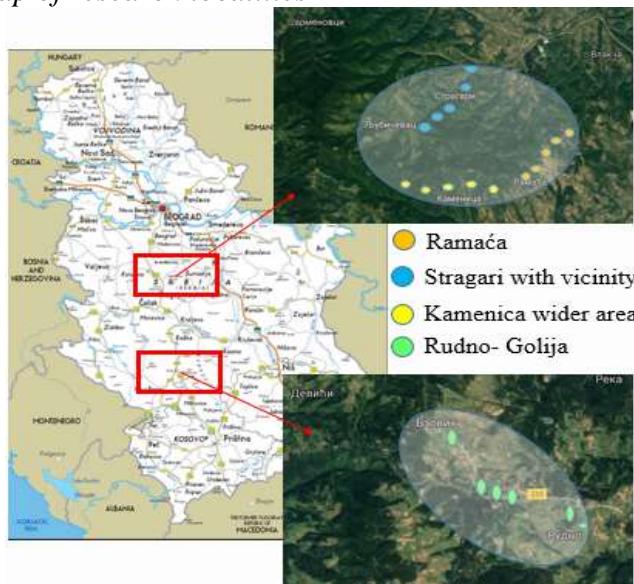
Research methodology

The research methodology was a combination of literature data collecting, analyzing and comparing gained ethnobotanical survey results with similar researches.

Study area

The fieldwork research was conducted from June to autumn season 2020 in Šumadija region and Golija Mountain. These areas include 4 villages distributed in attractive mountains: Rudnik slopes and Golija-Radočelo (Figure 1). Chosen villages (Ramaća, mountain villages of Stragari, wider area of Kamenica and Rudno with surroundings) have long history and knowledge in wild herb collecting, and also in the early phase of tourism development in Šumadija region and well developed tourism infrastructure in Golija mountain. During the last year, number of inhabitants significantly increased in both areas and made pressure on natural resources.

Figure 1: *Map of research localities*



Source: Authors

During the research it was spreaded 57 ethnobotanical questioners. The survey includes tourists and persons with temporary residence in targeted areas. Questioner aim to document wild plant species that are frequently used in period of COVID-19 pandemic as a tool for the improvement of immunity and diminishing potential virus deseases.

Data analysis

The collected ethnobotanical data were quantitatively analyzed using indices of Relative Frequency Citation (RFC). This index shows the local importance of each species and it is given by the frequency of citation (FC, the number of informants mentioning the use of the species) divided by the total number of informants participating in the survey (N-57), without considering the use categories. This index mostly used in different ethnobotanical studies (Appiah et al., 2017; Bano et al., 2014 etc.)

$$\text{RFC}=\text{FC}/\text{N} \quad (0 < \text{RFC} < 1)$$

According to the value of RFC, 17 wild plants and 4 natural based products with the highest frequency number were selected and a table with species list and literature data of traditional/current use was created (Table 1).

Results

The most frequently used plants/products by tourists in the pandemic period

It is known that approximately 390 000 species of vascular plants distributed around the globe, while 60 000 of total plants are evaluated with potential use for medicinal purposes, and finally almost 26 000 have well-documented healing effect. Nearly 3 000 plant species (10%) of these are in the international trade market. Along the global geographic gradient and economic sectors about 60–90% of these species are wild-collected, and not in commercial cultivation (Timoshyna et al., 2020). The Balkans represent one of the most important vascular plant diversity centers counting 6340 species, in comparison to Europe it is about 50% of total European flora (Šavikin et al., 2013). In Serbian centuries old folk traditions, more than hundreds of plants were used as food, beverage, herbal medicaments, natural dyes, additives, and food preservatives, as well as textile or fibers, shelter or fuel, for traditional customs, religious purposes, and magical rites (Dajić Stevanović et al., 2014).

Table 1: High frequently wild plants/natural products use

Species	Eng./Local name	RFC	Purpose of use by informants
<i>Achillea millefolium</i>	Yarrow/ Hajdučka trava	0,47	Tea, mixed with honey
<i>Allium ursinum</i>	Wild garlic/ Sremuš	0,68	Fresh salads, processed food
<i>Althaea officinalis</i>	Marsh-mallow/ Beli slez	0,43	Tea, throat rinsing
<i>Carum carvi</i>	Caraway, cumin/ Kim	0,36	Spice, tea
<i>Cornus mas</i>	Cornel/ Dren	0,75	Juice, jam, fresh
<i>Matricaria chamomilla</i>	Chamomile/ Kamilica	0,42	Tea, addition to juice
<i>Melissa officinalis</i>	Motherwort/ Matičnjak	0,52	Tea, fresh, with honey
<i>Mentha piperita</i>	Mint/ Nana	0,59	Tea, salads, addition to sweets
<i>Origanum vulgare</i>	Oregano/ Vranilova trava	0,48	Spice, tea, processed food
<i>Rosa canina</i>	Dog rose/ Šipak	0,63	Jam, tea, fresh, addition to meat
<i>Teucrium montanum</i>	Mountain/ germander Trava Iva	0,29	Tea, spice, mixture
<i>Thymus vulgaris</i>	Thyme/ Majčina dušica	0,63	Fresh addition to salads, tea, spice
<i>Valeriana officinalis</i>	Valerian Root/ Odoljen	0,26	Tea
<i>Pinus nigra</i>	Black pine/ Crni bor	0,49	Tea, with honey
<i>Urtica dioica</i>	Nettle/ Kopriva	0,74	Processed food, juice, tea
<i>Sambucus nigra</i>	Black elder/ Zova	0,70	Juice
<i>Taraxacum officinale</i>	Dandelion/ Maslačak	0,57	Fresh salads, honey, tea
Other			
<i>Allium sativum</i>	Garlic	0,91	Range of use, food, fresh, spice
Commerical spices	/	0,85	Spice, addition immune drinks, tea
Edible Fungi	/	0,80	Processed, tea, jam
Local-growing salads	/	0,75	Addition to food, fresh salads

Source: Authors

According to results, the most frequently used plant species are *Urtica dioica*, *Allium ursinum* and *Sambucus nigra*, while the highest RFC index have a group of commercial and affirmed wild/domestic product with safe and known use procedure (Table 1). *Allium sativum* (garlic) is traditionally

trusted more than any other plant, the most important folk prophylactic, spices, and also known as the "food of the poor" in the Serbian history (Dajić Stevanović et al., 2014). Under the influence of the media range of commercial spices (*Cinnamomum verum*, *Zingiber officinale*, *Curcuma longa*, *Elettaria cardamomum* etc.) daily were used as fresh drinks with lemon, honey or addition to tea. Between interviewed tourists the most of them mentioned possession of knowledge in fungi collecting and processing. They rather use known and proven species like *Cantharellus cibarius*-lisičarka, *Amanita caesarea*-blagva ili jajčara, *Boletus edulis*-hrastov vrganj, as well as very healthful *Ganoderma lucidum* as tea.

The skills of traditional use of plants and processing is based on local knowledge and available information. Tourists show great interest in wild plant collecting, processing and use for changing life habit. Besides the most frequently used wild products, with high RFC were mentioned range of wild berries and its use (blackberry, raspberry, blueberry, chokeberry - fresh, salads, sweets, juice, smoothie, jam, liqueur etc.). Like global data shows (Timoshyna et al., 2020), new pandemic trend in Serbia has made significant pressure on natural resources in searching immunity boosters.

Medicinal effects of selected plant species

For resisting viruses the immune response is very important and immune system mediators play a significant role (Calder et al., 2020). Hydrophobic binding, shown through the effect of lipophilicity, is the result of water molecules interacting after they leave the nonpolar surface (Stojanović et al., 2020). Mathematical analysis was important for optimization and individualization of the methods we used (Rosic et al., 2011).

The use of fat-soluble vitamins (A, D, E, K), vitamin C, minerals and trace elements are important in the fight against viruses (Gunville et al., 2013).

Vitamin A and D have an important influence on humoral immunity (Patel et al., 2019). The combined effect of vaccination and Se is significant in the fight against influenza (Ivory et al., 2017). Vitamin A is important for the regulation of vision, epithelial integrity, maturity and growth (Huang et al., 2018). Vitamin C as one of the important enzymatic cofactors and antioxidants is essential for boosting immunity (Kim et al., 2013).

Zinc affects the regulation of the immunomodulatory response (Read et al., 2019), the differentiation and growth of immune cells is affected by

copper (Li et al., 2019), selenium with his anti-inflammatory and antioxidative role (Rayman, 2012) were important for enhanced cellular immune response. Low concentrations of Se are associated with increased mortality, while higher concentrations have an antiviral effect (Rayman, 2012).

The group of medicinal plants that have been most studied includes garlic, and in addition to it, other plants that are a significant source of minerals and are therefore important for nutrition.

Garlic has several pharmacological effects: it acts against bacterial infections (its action as a powerful natural antibiotic does not affect the flora of our body), acts against intestinal parasites, has the role of antioxidant (neutralizes the action of free radicals and thus prevents dementia and premature aging), antispasmodic (relieves cramps, convulsions and muscle spasms), has anticancer effect, acts as an anticoagulant (prevents the formation of blood clots), has an antiseptic effect (destroys pathogenic bacteria and prevents their growth), has an antitumor effect (inhibits the formation of tumor cells), destroys viruses, has a beneficial effect on the digestive system, has a diuretic effect, acts as an expectorant (facilitates the expulsion of secretions from the respiratory tract), lowers fever, stimulates tissue activity. For medical purposes, we use: garlic oil, dried and fresh bulbs (Tattelman, 2005).

Althaea officinalis is traditionally used for the treatment of the irritation of oral, pharyngeal mucosa and associated dry cough, gastritis, skin burns and bites made by insects. Pharmacological effects of *Althaea officinalis* were: antimicrobial activity, antiinflammatory and antittusive effects (European Medicines Agency, 2009). Part used: Leaf, root, flowers

Wild garlic (*A. ursinum*) is mostly used for the prevention and treatment of infections and cardiovascular diseases. It has been proven to have a significant reduction in serum lipids and cholesterol, as well as a reduction in high blood pressure, inhibits platelet aggregation and prevents progression of atherosclerosis (Sobolewska et al, 2015). Many studies point to the fact that wild garlic can be used for treatment bacterial and fungal infections (Mihaylova et al, 2014). Allicin is a substance contained in this plant, to which these properties are attributed (Sobolewska et al, 2015).

In men who have adenoma or prostate cancer, nettle root extract (*Urtica dioica*) reduces nocturia (Musette et al, 1996). Specific *Urtica dioica*

agglutinin (UDA) causes the inhibition of HIV-1 and 2, influenza A and respiratory syncytial virus (Gansser & Spiteller, 1995). It also affects systemic lupus erythematosus by inhibiting its development (Farzami et al, 2003). Aqueous extract of nettle leaves has an effect on diabetes, which has been proven in studies (Riehemann et al, 1999). So, this plant not as just a simple weed.

Conclusion

Forced by pandemic circumstances, people moving from cities to less density areas. Reasons for moving in pandemic period are different: available online jobs, classes, escape infection, less contacts, as well as wide range of advantages of natural environment. Besides other habits that were changed during the pandemic period, tourists changed their nutritional patterns aiming to strengthen the immune system. According to questioner, the most used natural boosters were traditionally known wild plants and local products such as *Allium sativum*, *Urtrica diorica*, *Allium ursinum* and *Sambucus nigra* or a range of spices, salads, berries prepared in traditional way in the forms of juice, jam, liqueur, tea, fresh or addition to processed food. All these products have specter of vitamins, minerals or other compounds –nutraceuticals important for immune system. It is expected that new tourist's food demands will have a future effects on local rural gastronomy offer.

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TOURISM POLICY CHALLENGES AMID COVID-19

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Abstract

The COVID-19 pandemic devastated tourist turnover and caused a crisis of unprecedented proportions in the tourism economy. The strong impact of the pandemic on the tourism sector requires even stronger response of tourism policy, whose primary task is to mitigate the negative effects of the pandemic and, firstly, to propose measures to support the current tourism sector, and then measures aimed at recovering this activity and increasing its flexibility and resistance to future challenges. In this regard, the aim of the paper is to emphasize the importance of effective and responsible tourism policy in crisis situations and point out the numerous challenges faced by tourism policy makers when defining measures to support the tourism economy. By applying qualitative economic analysis, it was concluded that there is no single solution, i.e. universal measures and universal packages of assistance to the tourism sector equally applicable and effective for all countries, but that each country, when creating tourism policy, should respect its own specifics and strive to create a package of measures that will generate the best results in the national framework.

Key Words: *tourism policy, COVID-19 pandemic, health security, UNWTO recommendations*

JEL classification: Z32, Z38

Introduction

The coronavirus pandemic is a global health crisis, which has resulted in a global economic crisis with the most severe disorders since World War II

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(Gössling et al., 2021). The combined health and economic crisis has made a severe impact on modern society, questioning the health and economic security of the population. According to Hanić (2020), "the pandemic has completely changed the economic and social aspect of human civilization" (p. 9).

The first case of coronavirus infection was recorded in December 2019 in the Chinese city of Wuhan, and only a few months later, on 11th March, 2020, the World Health Organization declared a pandemic, which speaks more than enough about the speed of virus transmission (Chen et al., 2020) and the fact that the global health, and soon the global economic system, faced a great challenge overnight.

The tourism industry has suffered a particularly strong impact and severe consequences caused by the COVID-19 pandemic, and especially the countries that, using abundant natural potentials and resources, base their economic development excessively on the tourism development ("Dutch disease")³. Numerous authors (Collins-Kreiner & Ram, 2020; Strielkowski, 2021) agree that the pandemic had a devastating impact on tourism, causing several months of closure of this industry in 2020. Endangered health security of tourists, limited international travel, and often travel within national boundaries, contactless and remote provision of services and health protocols, or "life under masks" in general, have caused a sharp decline in tourist turnover. According to the analysis by the Pew Research Center (2020), as of 31st March 2020, 91% of the world's population has lived in countries completely or partially closed to non-residents. This had a strong negative implications for international tourism trends, which were almost globally disabled even a year later.

In short, the pandemic brought to the surface all the weaknesses of the tourism economy and indicates that in the period that follows, it is necessary to make tourism sector stronger, more resilient to shocks and generally more sustainable in crisis conditions. According to Gössling et al. (2021), "there is an urgent need not to return to business-as-usual when the crisis is over, rather than an opportunity to reconsider a transformation of the global tourism system more aligned to the SDGs (Sustainable Development Goals)" (p. 15). This can only be achieved through an efficient and consistent tourism policy.

³ "Dutch disease" is a term used in the relevant literature for the country's economy over-reliance on a single resource and activity (Čavrak, 2020).

In this regard, the subject of the paper are the challenges tourism policy is facing during the COVID-19 pandemic. The aim of the paper is to acquaint the academic society more closely with the role and importance of tourism policy, which is especially evident in times of crisis situations such as the current coronavirus pandemic. The motive for conducting the research results from the fact that there is a lack of studies in the domestic literature that deal with this issue. Due to the intention of the authors is to encourage future research in this subject area.

In order to achieve defined aim of the paper and draw valid conclusions concerning research subject, a qualitative research methodology based on the study of relevant and current literature in this field will be applied.

The effect of the COVID-19 pandemic on tourism

The effects of the COVID-19 pandemic on tourism have undoubtedly captured the attention of tourism researchers (Collins-Kreiner & Ram, 2020; Gössling et al., 2021; Luković & Stojković, 2020; Strielkowski, 2021; Škare et al., 2021), as evidenced by the dedication of numerous scientific conferences to this issue, but also special editions of the world's most influential scientific journals, whose focus is precisely the effect of the current crisis on the tourism industry. For example, in late 2020, the scientific journal *Tourism Geographies* published a special issue entitled "Visions of travel and tourism after the global COVID-19 transformation of 2020". It is not difficult to conclude that the academic society is trying to determine the consequences of the crisis, examine the causes of high tourism sensitivity, but also suggest steps and directions to mitigate the negative effects of the pandemic and increase the tourism sector resilience to future challenges.

Although in the new millennium tourism has shown satisfactory resilience during mild health crises of small scale (SARS, H1N1, MERS) and the global financial and economic crisis from the end of 2007, the current coronavirus pandemic has "brought this activity to its knees" and represents "an unprecedented crisis for the tourism economy" (OECD, 2020, p. 4). In many countries of the world, in the first half of 2020, an emergency situation of different time frames was declared, which prevented tourist movements and implied a complete closure ("lockdown") of the tourist market with unforeseeable consequences. In this way, a strong strike was dealt not only to international, but also to domestic tourism as the last

refuge of tourist activity, which partially and in one period withstood the crisis.

The effect of the COVID-19 pandemic on the global tourism industry is best reflected in the following data (UNWTO, 2021; WTTC, 2021): 1) the number of international tourist arrivals in 2020, as the first year of the pandemic, decreased by 1.1 billion (drop of 74%) compared to 2019 (1.5 billion visitors during 2019 compared to 381 million visitors during 2020), 2) the share of tourism in global gross domestic product (GDP) has decreased from 10.4% in 2019 to 5.5% in 2020, 3) 62 million tourism employees lost their jobs during 2020 (the number of employees decreased from 334 million in 2019 to 272 million employees in 2020).

When it comes to individual tourist destinations, the pandemic certainly affected to a greater extent those which development strategies were focused on international tourism and which are predominantly visited by foreign tourists. Also, those destinations whose development is based on the concept and philosophy of mass tourism are affected to a greater extent. In this regard, Gössling et al. (2021) point out that "the COVID-19 crisis should be seen as an opportunity to critically reconsider tourisms growth trajectory, and to question the logic of more arrivals implying greater benefits" (p. 13).

Besides the fact that tourism is a labor-intensive activity (Milutinović & Stanišić, 2019), it is also characterized by a pronounced fragmentation which is reflected in the business of a large number of small and medium enterprises which are more sensitive to crisis shocks compared to a large ones. If the pandemic lasts, many tourist companies will not survive despite state aid, which will result in a reduction in tourist capacity and further complicate the return of tourist turnover to the level that existed before the pandemic. In that sense, it is important to point out the importance of returning the trust not only of tourists, but also of investors, without whose capital it is not possible to renew the extinguished tourist capacities. Therefore, in the framework of tourism policy and planning, post-covid encouragement of investments in the tourism industry is highly recommended.

The most common types of struggle of tourist companies with the pandemic are drastic reduction of prices and promotion of high hygiene standards and health safety. Since young people on average have less aversion to all types of risks, including health risk, the promotional

activities of tourism companies are increasingly aimed at the younger population, and are realized by applying all available modern means of communication. Reliable and accurate informing in order to reduce uncertainty is an important prerequisite for the return of tourist confidence and increase of tourist turnover in the near future.

At the time of the coronavirus pandemic, health care measures have no alternative. However, a special problem is reflected in the fact that mitigating the health crisis and implementing health measures, such as restricting movement, further deepen the economic crisis and, within it, the crisis of the tourism sector. The solution to the problem can be seen in the mass vaccination of the world's population, which would mark the end of the pandemic and create conditions for economic recovery, while "intermediate measures" only slow down the pandemic without indications of its end and global recovery. Additional uncertainty is generated by coronavirus mutations, which threaten to challenge the effectiveness of currently available vaccines and jeopardize the recovery of the world's population. According to Fotiadis et al. (2021), "without the medical solution to the pandemic, tourists will be reluctant to travel, despite the protective measures taken by transport and hospitality companies" (p. 13).

Based on the above, it could be concluded that the duration and depth of the tourism economy crisis are predominantly determined by the duration of the current pandemic. Unfortunately, no pandemic can be stopped overnight, due to which the crisis in the tourism sector will certainly last and leave serious economic consequences, especially for those national economies that rely heavily on this activity. Even when the pandemic ends, the newly adopted health protocols will continue to slow tourism recovery. The fact that the tourist activity is extremely suitable for the spread of the virus is also the biggest obstacle to the rapid and complete recovery of this activity. For this reason, it can be expected that tourism will be one of the sectors with the slowest recovery.

Finally, in addition to numerous negative effects, it is possible to single out a couple of positive impacts of the pandemic on tourism, such as raising awareness of: 1) tourism policy makers about the importance of increasing resilience and flexibility of the tourism sector in crisis situations, 2) all tourism actors about the importance of respecting and further improving hygiene standards and health safety and 3) the importance of further application of modern information technologies and achieving a higher

level of digitalization of tourism sector (virtual visit to galleries, museums, theme parks, cultural monuments).

Challenges faced by tourism policy makers amid COVID-19 pandemic

The current crisis of tourism sector, due to the speed of occurrence, devastating consequences and uncertainty in terms of duration, certainly represents a great challenge for tourism policy creators. The uncertainty of the crisis duration in the tourism economy arises from the uncertainty of the COVID-19 pandemic duration, as an external cause of the crisis that feeds and encourages it. Crisis situations result in the creation of a "vicious circle" from which individual companies, economic activities, economic sectors, national economies and the overall world economy find a way out with difficulty.

An efficient tourism policy is a precondition for tourism development, and the tourism development itself gives impulse to further improvement of tourism policy. The efficiency of tourism policy is achieved through meaningful, integrated and coordinated action of all its participants. Tourism policy should define short-term, medium-term and long-term development goals, specify a list of priorities, but also define instruments and measures for their implementation and operationalization.

According to Ubavić (2015), tourism policy "is part of the general economic policy and as such includes a set of measures and instruments of conscious state influence aimed at developing and improving tourism, raising and maintaining its competitiveness, and achieving a number of economic and non-economic goals of tourism development" (p. 20). In short, tourism policy is "the state's attitude towards tourism in a particular country" (Bartoluci, 2013, p. 237).

It is important to point out that the tourist activity originally functioned according to market laws (Stanišić & Milutinović, 2016), without the influence and intervention of the state, which subsequently, after realizing the impact of tourism on the national economy, started the process of planning tourist activity. Since tourism policy is primarily focused on the tourism development, and indirectly on the overall economic development, its basic feature is the development feature (Bartoluci, 2013), where development must be based on the principles of sustainability (Ristić et al., 2016).

Tourism policy does not have a universal character, but differs from country to country, trying to take into account the specifics of individual countries and their economies. Also, tourism policy is a dynamic category accessible to changes in time that occur due to changes in the circumstances in which tourist activity takes place. In short, the tourist thought and policy of an era should be appropriate to that era, given circumstances and specifics of a particular country and its tourism sector.

In crisis circumstances, in addition to tourism policy, which with its instruments and measures acts at the macro level, the indispensable role of crisis management stands out, which at the level of individual tourism companies should amortize crisis shocks, protect vital interests, ensure survival and propose the exit path and strategy of a specific tourist entity from the crisis. It is important to point out that the effectiveness of tourism policy and crisis management is hampered by numerous difficulties, among which some authors, such as Čavrak (2020), pointed out "cognitive gap and time gap of decision making and implementation" (p. 9).

Tourism policy and its creators faced a special challenge at the time of the current pandemic, which required prompt and efficient action. The precondition for formulating an effective and efficient tourism policy is deep understanding of the basic features of the crisis, the mechanisms through which it operates and the consequences it creates for the tourism sector. Due to the unpredictable future, tourism policy makers must be vigilant and strive for a solid foundation and improvement of tourism resilience and sustainability.

The usual response of tourism policy to crisis strikes is to take measures that will amortize the shock, then to take measures of financial support to the tourism sector, then to implement a strong marketing response to restore tourist confidence and restore the attractiveness of the tourist destination, and finally, to take preventive measures that will prevent or at least mitigate the negative effects of future crisis events.

In 2020, as the first year of the pandemic, the tourism policy of most countries in the world was aimed at taking short-term direct measures in the form of one-time state aid, primarily financial, to the tourism sector. In addition to the package of financial assistance to the overall economy, and thus to the tourism sector, which most often contained fiscal relief (tax exemptions, deferral of tax payments, suspension of compulsory social security contributions, abolition of tourist tax) and liquidity injections

(grants, interest-free loans, credit lines, credit guarantees), tourist activity as one of the most affected and most endangered, often received special additional assistance and state support (payment of the minimum wage for employees in tourism, payment of special financial assistance to unemployed tourist workers, subsidizing insurance policies, special credit lines, introduction and legal regulation of "substitute" travel).

Obtaining financial support from the state was, among other things, conditioned by keeping existing workers employed. This condition refers especially to labor-intensive activities that include tourism, because the crisis of these activities can strongly affect the increase of one of the key macroeconomic problems - the problem of unemployment, which growth would nullify the positive effects of financial support.

It is important to point out that, unlike the "white" economy, the "gray" economy is left at the mercy of the crisis, i.e. without state support and assistance, which is understandable since it is under the radar of state bodies and does not contribute to the state budget. However, since the "gray" economy has a significant share in both global and individual national economies, the deep crisis of this economy segment, left out of the state support program, further deepens the overall economic crisis and hinders economic recovery. In this regard, some authors, such as Williams and Kayaoglu (2020), paid special attention to persons who were informally employed before the pandemic and who lost their income during the crisis, but also the opportunity to apply for state aid. Since the "gray" economy has a strong influence in seasonal activities such as tourism (Leković et al., 2020), tourism policy creators should pay special attention to this issue in the months ahead.

With the slowdown of the pandemic and the opening of countries announced for the second half of 2021, it is to be expected that the focus of tourism policy will shift from direct financial support to measures that will indirectly, but long-term affect the recovery of tourism sector and contribute to increasing its resilience and flexibility in crisis conditions. The backbone of the tourist activity recovery should be the recovery of domestic tourism, because the trust of tourists is gained faster in the national than in the international framework. Recovery can be achieved only through joint and coordinated action of all actors in the tourism industry at the national, regional and local levels. In addition to coordination, the precondition for a successful recovery is a gradual and

balanced action, because a sudden opening and radical turns would be counterproductive.

In connection with the foregoing, in the first months of the post-covid period the destination is expected to rely more strongly on domestic tourism, which has shown greater resilience and flexibility and "kept alive" the tourism of many countries. At the same time, it should not be forgotten that domestic tourism is only one side of the tourist medal, which is why the complete recovery of tourism, in the true sense of the word, requires revival and accelerated multiplication of international tourist trips, return of foreign tourists and recovery of international tourism in general. Therefore, the initial post-covid tourism policy, and within it the tourism development strategy, should be focused not only on strengthening domestic tourism, but also on the targeted attraction of foreign tourists vaccinated against COVID-19 (virus-free tourists). In this regard, it is important to devise an internationally accepted way of proving the validity of foreign tourists' claims about the received vaccine. One of the solutions offered by the European Union whose introduction is announced are covid passports.

The introduction of covid passports is primarily advocated by those European Union member states that are highly dependent on tourism, such as Greece, Italy and Spain. However, at the same time, this solution opens up numerous problems, such as endangering the right to choose and discrimination against persons who have not been vaccinated. In addition to the introduction of covid passports, some authors, such as Strielkowski (2021), point out that the introduction of modern technological solutions such as smart tracing, health tracking bracelets and various useful applications that would help identify healthy, vaccinated and, in a word, risk-free passengers, should be considered.

Moreover, within the tourism policy framework, consideration should be given to selecting those segments of the fragmented tourism sector that are more strongly affected by the pandemic and allocating them greater financial aid and support. The negative effects of the pandemic are, for example, more pronounced in the case of luxury hotels, since most of their guests are foreign tourists. In addition to turnover drop, luxury hotels have also been hit by a sharp drop in stock value.

Also, in times of crisis, solidarity, empathy and joint action gain special significance and weight. Therefore, state support measures should be more

generous in the case of those tourism companies that showed solidarity during the pandemic, such as hotels that ceded their accommodation facilities to care of sick people infected with coronavirus.

Finally, it should not be forgotten that, in addition to taking care of the visitors' (tourists') health safety, taking care of the tourist workers' health safety is equally important. By studying the relevant literature, one gets the impression that insufficient attention has been paid to this issue and that the safety of tourists is in the foreground. Health and tourism policy creators must not lose sight from the fact that virus-free tourism workers are a prerequisite for the existence of virus-free tourists. Virus-free tourism workers are at the same time a precondition for the tourism recovery, which is why they should certainly take one of the priority places on the scale of collective vaccination against COVID-19.

Recommendations for mitigation and gradual exit from the crisis in the tourism economy

In April 2020, the United Nations World Tourism Organization (UNWTO) instructed 23 recommendations to tourism policy makers around the world for mitigation and gradual exit from the crisis, grouped into three action strategies (UNWTO, 2020, pp. 11-13):

- **managing the crisis and mitigating the impact:** "1) incentivize job retention, sustain the self-employed and protect the most vulnerable groups; 2) support companies' liquidity; 3) review taxes, charges, levies and regulations impacting transport and tourism; 4) ensure consumer protection and confidence; 5) promote skills development, especially digital skills; 6) include tourism in national, regional and global economic emergency packages; 7) create crisis management mechanisms and strategies";
- **providing stimulus and accelerating recovery:** "8) provide financial stimulus for tourism investment and operations; 9) review taxes, charges and regulations impacting travel and tourism; 10) advance travel facilitation; 11) promote new jobs and skills development, particularly digital ones; 12) mainstream environmental sustainability in stimulus and recovery packages; 13) understand the market and act quickly to restore confidence and stimulate demand; 14) boost marketing, events and meetings; 15) invest in partnerships; 16) mainstream tourism in national, regional and international recovery programmes and in Development Assistance";

- **preparing for the future:** "17) diversify markets, products and services; 18) invest in market intelligence systems and digital transformation; 19) reinforce tourism governance at all levels; 20) prepare for crisis, build resilience and ensure tourism is part of national emergency mechanism and systems; 21) invest in human capital and talent development; 22) place sustainable tourism firmly on the national agenda; 23) transition to the circular economy and embrace the SDGs".

The question that logically arises from the previously listed recommendations is the question of their adoption by individual countries. This issue has captured the attention of authors Collins-Kreiner and Ram (2020) who, on the example of seven countries from different parts of the world, examined the degree of adoption of UNWTO recommendations. The research results showed that the first strategy "managing the crisis and mitigating the impact" was partially accepted, that the second strategy "providing stimulus and accelerating recovery" was adopted only to a lesser extent, while the third strategy "preparing for the future" was not adopted, given that only one in seven countries adopted one of the seven recommendations of the third strategy. Among the recommendations contained in the first strategy, the most widely accepted are: "incentivize job retention, sustain the self-employed and protect the most vulnerable groups" and "support companies' liquidity", within the second strategy: "review taxes, charges and regulations impacting travel and tourism" and "advance travel facilitation", while within the third strategy the only accepted recommendation (by only one country in the sample) is "invest in human capital and talent development".

The different adoption degree of the UNWTO recommendations is, among other things, the result of different reactions of individual countries to crisis situations. Different countries adopt UNWTO recommendations to different degrees, as their tourism sectors have been affected by the crisis to varying degrees and in different ways. Also, when creating a tourism policy, each country respects its own specifics and creates a package of measures that gives the best results within the national framework.

Earlier in the paper, it was emphasized that the pandemic and economic crisis particularly affected those countries that suffered from the "Dutch disease", i.e. which, using abundant natural potentials and resources, based their economic development excessively on the tourism development. A study conducted by Khalid et al. (2021) on the example of 136 countries shows that countries with a strong reliance on the tourism sector, aware of

their vulnerability, reacted more decisively and extensively, implemented stronger measures and singled out a more generous package of economic assistance compared to other countries.

Also, if the epidemiological situation is under control in some neighboring countries, but not in other parts of the world, the executive authorities of individual countries do not rule out the possibility of creating a "travel bubble" within which tourist turnover will be allowed only between neighboring countries that have acquired the status of virus free destinations. The creation of a travel bubble is in the interest of both outbound tourists and inbound tourist companies. At the same time, this is important not only for tourism, but also for many other activities whose development has been slowed by the absence of cross-border cooperation.

Based on the above, it can be concluded that there are no universal measures and universal aid packages equally applicable and effective for all countries and all parts of the world. Despite the undeniably good intention of the UNWTO to help individual countries, their tourism sector and tourism in general, by proposing measures for mitigation and a gradual exit from the crisis, the conclusion is that "there is no single solution for all" (Collins-Kreiner & Ram, 2020).

The tasks that are set in the post-covid period before the tourism policy creators, holders and subjects, but also before tourism companies and tourism workers are:

- to build a more resilient and flexible post-covid tourism economy,
- to invest more in health safety and ensure compliance with hygiene standards,
- to increase investment in digitalization and virtualization of tourism experiences,
- to provide timely, reliable and accurate information as a basis for the tourists' trust,
- to rebrand tourist destinations which are insufficiently attractive to domestic and foreign tourists,
- to promote, in some countries underused, and in the world popular tourist niches,
- to improve tourism offer, tourist infrastructure and the quality of the tourist service.

Fulfilling these tasks is a challenge that can be overcome only by responsible tourism policy and joint and coordinated action of all relevant actors at the local, regional, national and global levels.

Finally, it should be noted that, starting from drastically changed circumstances and the need to improve the resilience and flexibility of the tourism sector, tourism policy makers around the world have recognized the importance of auditing and supplementing existing tourism development strategies. For example, Australia has started to develop a long-term strategy for tourism development - Tourism 2030, Estonia has developed a medium-term national strategy for tourism development for the period 2021-2024, Finland has supplemented the existing tourism development strategies 2019-2028 in the part 2020-2021, and countries such as Hungary, Ireland and Iceland have developed Tourism Recovery Plan (OECD, 2020). In the coming period, it is to be expected that, due to the strong impact of the pandemic on the tourism sector, most countries in the world will start revising and supplementing existing tourism development strategies, taking into account comparative advantages, local specifics and differences, therefore the development strategies will also differ between individual countries.

Conclusion

All crisis situations lead the tourism policy creators to think about the ways and methods of amortization of crisis strikes and recovery of tourism activity. The current pandemic is "an opportunity to rethink tourism for the future" (OECD, 2020, p. 2). It is important that the tourism policy creators are aware of the fact that after the pandemic, nothing will be the same, and especially the habits, expectations and behavior of tourists will change.

The focus of all tourism economy actors should be, first the return, and then maintaining the tourists' trust, primarily in terms of hygiene standards and health safety. This was, for example, recognized by the Portuguese Tourist Organization, which applies the approach and slogan "Clean and Safe" (Dupeyras et al., 2020). At the same time, it is important to restore the trust of the local community, which at first will not look favorably on the mass visits of tourists. The return of trust and goodwill of the local community is a precondition for the recovery and development of tourism of a specific destination.

In addition, it is important that tourism policy makers learn lessons from the current crisis in which tourism finds itself, in order to complete this industry with the missing elements and make it more resilient to external shocks. Some authors, such as Prideaux et al. (2021), point out that the lessons learned during the current pandemic can serve to more successfully coping with climate change as a great challenge, whose culmination is a matter of time if the current practice of insufficient care for the environment and insufficient application of circular economy principles continues.

It is necessary to emphasize that, unfortunately, during the pandemic, numerous weaknesses of modern society "surfaced", such as inefficiency of the health system, lack of empathy and solidarity, insufficient expediency and determination in taking unpopular measures. The response of the European Union was especially disappointing, which for years and decades has declaratively "inherited" the equality and solidarity of the union members as the greatest value.

Of particular concern is the fact that the economic crisis, and within it the crisis of the tourism economy, will last longer than the health crisis, because achieving health security is only a starting point on the way to economic recovery and solving economic problems. The health crisis will end at some point, that is, health security will be achieved (by vaccinating the population or creating collective immunity), but the economic crisis and its consequences will have a prolonged duration.

The limitation of the paper is reflected in the fact that it has a more theoretical than research character, i.e. it provides insight into the challenges faced by tourism policy, but not into the effectiveness of newly adopted measures and instruments. In future research, the qualitative analysis conducted in this paper should be supplemented by an adequate quantitative analysis in order to determine the real effects and effectiveness of tourism policy in crisis situations.

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THE IMPACTS OF COVID-19 PANDEMIC ON THE TOURISM DEVELOPMENT

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Abstract

The COVID -19 pandemic made 2020 a devastating year for the tourism industry. To stop the spreading of the virus the restrictive measures such as lockdowns, have affected many economies, from which tourism suffers directly and greatly. The purpose of this study is to analyze the state of tourism at the international level and tourism in the Republic of Serbia during the pandemic, by examining the tourist arrivals and overnight stays in 2020. At the international level, the loss in tourism arrivals and receipts experience even the leading regions in tourism. Also in Serbia, there is a noticeable decrease in foreign tourist arrivals and overall tourist arrivals in 2020.

Key Words: *COVID-19, pandemic, international tourism, Serbia, tourism development*

JEL classification: *L83, Z30, Z32*

Introduction

At global and local levels tourism is a significant wealth creator (Milićević et al., 2020a), and it has many economic benefits for host communities, organizations, and the whole country (Milićević et al., 2020b; Milićević et al., 2021a), which is one of the reasons why international tourism until 2020 has continuously grown. In 2020, the COVID-19 outbreak lockdown measures and travel bans, have forced many tourism destinations to cancel

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bookings and limit logistics and all operations considering tourism (Fotiadis et al., 2021).

"Coronavirus disease (COVID-19) is an infectious disease caused by a newly discovered coronavirus" (World Health Organization - WHO, 2021a). The first case of this virus was identified in the city of Wuhan, China, in 2019 (Gössling et al., 2021). According to the data of WHO (2021b), until 1 March 2021, there have been 113,820,168 cases of COVID-19, and 2,527,891 deaths, globally. The first case of coronavirus in Serbia had appeared on 6th March 2020, and until the 1st March 2021 there were 462,728 confirmed cases and 4,459 deaths (Ministry of Health of the Republic of Serbia, 2021).

To stop the virus from spreading, social distancing and wearing a face mask in public became everyday life. Besides this, various measures were applied such as: banning public gatherings, different restrictions for public and private organizations (e.g. shops, banks, hotels, restaurants, etc.) lockdowns, etc. Such measures made consequences for many economies, especially for tourism. During pandemic cruises are canceled, airlines also canceled staffing and flights, many tourism destinations have fewer tourists than before, and hotels and restaurants are being closed (Cvijanović et al., 2021).

The focus of this paper is the impact of COVID-19 on the tourism industry. The aim is to analyze tourism during the pandemic at the international level and in Serbia. The impacts of a pandemic on tourism at the international level and in Serbia are analyzed by examining tourist arrivals and overnight stays in 2020, with special attention to the possibilities to recover the tourism industry.

Tourism and health crises

In the 21st century, there are many changes in the business environment and they are rapid (Brinkley, 2008). In such an environment, there are also frequent and intense crises that affect the tourism industry (Scott et al., 2008) and there is growing interest to present valuable frameworks for crises management in the tourism industry (Faulkner, 2001; Ritchie 2004; Paraskevas & Arendell, 2007; Hystad & Keller, 2008; Paraskevas et al., 2013). According to Faulkner (2001) crises or catastrophes are sudden challenges, a temporarily difficult situation after which a solution or failure is expected. Tourism crises can be defined as an unexpected event, which

can affect the tourists' confidence in the destination and which interferes with the normal business operations (Milićević & Ervačanin, 2016).

The competitiveness of the tourism destination depends on its ability to provide a safe and enjoyable place for tourists (Breda & Costa, 2006). It is known that in addition to economic factors, the scope and intensity of tourist demand are affected by non-economic factors, such as co-political crises, war conflicts and natural disasters (earthquakes, floods, droughts, storms, etc.), psychological factors and propaganda that stimulate consumers on the go (Vujović et al., 2012).

There are different sorts of crises according to their cause, which can be natural (tsunamis, hurricanes, floods, earthquakes, etc.) or human activity (terrorist attacks, criminal activities, etc.). There are also those that are of a combined character, which is natural in their appearance and caused by human activity, such as environmental pollution, or vice versa, such as epidemics. Therefore, risks in tourism can be classified as (Milićević & Štetić, 2017):

- Natural risks;
- Health risks;
- Risks from terrorism and criminal.

Incidents that have happened in the recent past like Tsunamis in Asia, terrorist attacks in Spain, Turkey, Russia, Egypt, United Kingdom, France, and many other countries, SARS are just several examples of tourism crises that caused great loss in the millions or even billions of U.S. dollars (Glaesser, 2006). The impacts of crises on tourism development are rather investigated at the destination level, than at the industry level (Ritchie et al., 2013). Tourism crises affect not only tourism industries but also tourists and the local population (Mansfeld & Pizam 2006). Even neighboring countries or regions are affected by the tourism crises that redirect tourism flows away from a particular tourism destination (Cavlek 2002).

Although tourism contributes to the well-being of mind and body, international and domestic tourists can be confronted with many health hazards, that have the potential to become crises that impact destination image (Henderson, 2007). The source of health problems for tourists might be the different time zones, hygiene in the accommodation facilities, unsafety food and drinks, lack of information about tourism destination, etc. Also, traveling may bring the spreading of the virus and bacteria, just as it happened in 1969 when one Yugoslavian tourist had been infected

by the smallpox virus on his pilgrimage trip (Milićević & Štetić, 2017). Therefore, tourists may be infected in their place and country, also in the tourism destination, and spread it further if they visit other destinations (Monterrubio, 2010).

The epidemics may have somewhat surreal economic costs and may affect nations and even the entire global economy (MacKellar, 2007). Some health crises have led to a great loss of tourism arrivals and spendings. Based on the report of Global Rescue & World Travel and Tourism Council (2019) about impacts of several past disease crises on tourism, the Saudi Arabia MERS (Middle East respiratory syndrome coronavirus) led to the greatest loss of visitors arrivals (5,599 thousand), while China SARS (Severe Acute Respiratory Syndrome) led to the greatest loss of spendings (US\$4,410.7 million) (Table 1). As Hung et al. (2018) state, the travel industry contributed to the speed SARS virus that first appeared in Guangdong Province in China. On the other side, this epidemic affected tourism in China by causing cancellations of scheduled flights, a decline in domestic tourism, and in hotel occupancy rate, etc. (Dombey, 2004). Similar effects on the tourism industry had the H1N1 (swine flu) pandemic that first was identified in April 2009 in Mexico and the USA, and leads to a decrease of hotel occupancy rates and massive cancellations of scheduled flights (Monterrubio, 2010). In the 21st century besides these viruses, the on-going pandemic of the COVID-19 virus appeared and exposes the tourism industry to great challenges and the consequences are huge.

Table 1: *Previous health crises and their impacts on tourism*

Disease crisis	Recovery time (months)	Lost arrivals (thousands)	Lost spendings (US\$ millions)
UK foot-and-mouth	35	3,347	2,598.3
China SARS	16	4,588	4,410.7
Singapore SARS	17	1,472	1,172.7
Taiwan SARS	25	871	1,154.3
HK SARS	14	1,362	1,000.6
Saudi Arabia MERS	-	5,599	2,444.1
Sierra Leone Ebola	23	101	67.0
Guinea Ebola	23	-	75.0
Miami Zika	10	78	98.1

Source: *Global Rescue & World Travel & Tourism Council, 2019*

In general, the recovery time from disease crises is from 10 months to 34.9 months, loss of arrivals from 78 to 5,599 thousand, loss of spendings from US\$67 million to US\$4,411 million which is comparing to political turmoil, environmental disasters, and terrorism crises the highest minimum and lowest maximum for recovery, loss of arrivals and spendings. Comparing averages for recovery, loss of arrivals and spendings the disease crises are in the second place, after leading political crises (Table 2) (Global Rescue & World Travel & Tourism Council, 2019).

Table 2: *Crises impacts on tourism and time recovery*

Recovery time (months)	min	avg	max
Crises caused by disease	10.0	19.4	34.9
Crises caused by ecological disaster	1.0	16.2	92.8
Crises caused by political disturbance	10.0	22.2	44.9
Crises caused by terrorist attacks	2.0	11.5	42.0
Total	1.0	17.7	92.8
Lost arrivals (thousands)	min	avg	max
Crises caused by disease	78	2,177	5,599
Crises caused by ecological disaster	3	761	7,824
Crises caused by political disturbance	72	2,415	18,435
Crises caused by terrorist attacks	2	1,481	17,815
Total	2	1,550	18,435
Lost spendings (millions)	min	avg	max
Crises caused by disease	\$67	\$1,447	\$4,411
Crises caused by ecological disaster	\$2	\$1,168	\$10,971
Crises caused by political disturbance	\$43	\$2,146	\$16,426
Crises caused by terrorist attacks	\$2	\$861	\$10,658
Total	\$2	\$1,335	\$16,426

Source: *Global Rescue & World Travel & Tourism Council, 2019*

To recover from a crisis is of great importance for organizations and tourism destinations as it is important to plan how to respond to a crisis (Pelfrey, 2005), and both actions are challenging (Becken & Hughey, 2013). In recovery from crises, tourism destination must find a way to restore to pre-crisis levels the business operations that were disrupted by the crises (Campiranon & Scott, 2014). According to Jamal and Budke (2020), there are some lessons that must be learned from the past pandemics in order to make a proactive strategic response plan in tourism to such health crises, and those lessons are:

- the residents need responsibility and care in the beginning of the pandemic;

- those who provide services and hospitality workers must be prepared to deal with the guests in an appropriate way because fear that they might be infected can be present.
- between regional and local public health authorities and key tourism stakeholders, the communications channels must be open;
- help from global institutions like the World Tourism Organization (UNWTO) and the World Travel and Tourism Council (WTTC) to tourism is a necessity in order to react adequately and recover from health problems around the world.
- further researches are needed about the impacts of disease crises in tourism destinations that are vulnerable.

International tourism and the COVID-19 pandemic

Farzanegan et al. (2020), state that it might be that international tourism has contributed to the strength of the COVID-19 pandemic and the spread of the virus. On the other side, a great number of tourism destinations had to stop their tourism activities because of the canceled bookings, limited logistics, travel bans, and lockdown measures due to the COVID-19 outbreak (Fotiadis, 2020). The pandemic may change national economies and society, and it has great negative impacts on the tourism in the poorest countries around the world (Gössling et al., 2021). As Stergiou and Farmaki (2020) point out that the negative effects of the pandemic might be even worse if the work behavior in hotels changes. The findings of the Qiu et al., (2020) research indicate that social costs to the residents might be created by tourism during the COVID-19 pandemic and because of it, the involvement of residents in the recovery of the tourism industry is critical.

The WTTC (2021) points out that during the pandemic there were 11.5 million losses of jobs and US\$670 billion GDP in the European travel and tourism industry. According to the data of UNWTO (2021a), the COVID-19 pandemic is the greatest crisis for the tourism industry. In 2020 there was a decrease of 74% in international tourism arrivals and a loss of USD 1.3 trillion in export revenues (more than 11 times than the global economic crisis loss in 2009). The greatest loss of international tourist arrivals has the Asia and the Pacific region of even 83%. The decrease of 75% has the regions Middle East and Africa. America has the lowest loss of 69%, while European international tourist arrivals decreased by 70% (Figure 1) (UNWTO, 2021a).

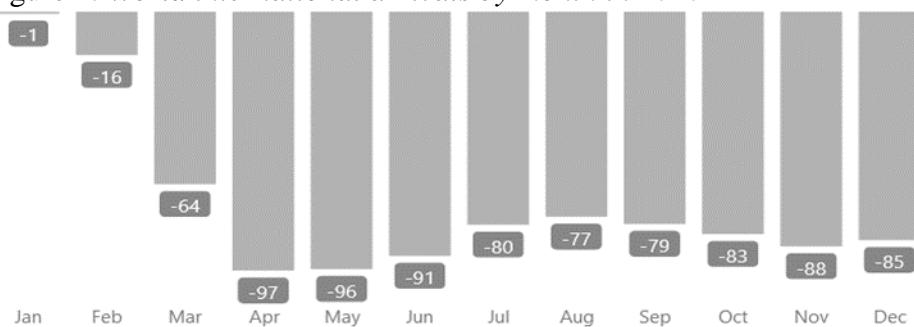
Figure 1: International tourist arrivals in 2020.



Source: World Tourism Organization – UNWTO, 2021a

When it comes to the report of world international tourist arrivals by months, the largest drop-down was in April (97%) and May (96%). During the summer months Jul (80%), August (77%), and September (83%), the decrease was 80% and lower. After the summer season, the decrease was again above 80% (Figure 2) (UNWTO, 2021b).

Figure 2: World international arrivals by month in 2020

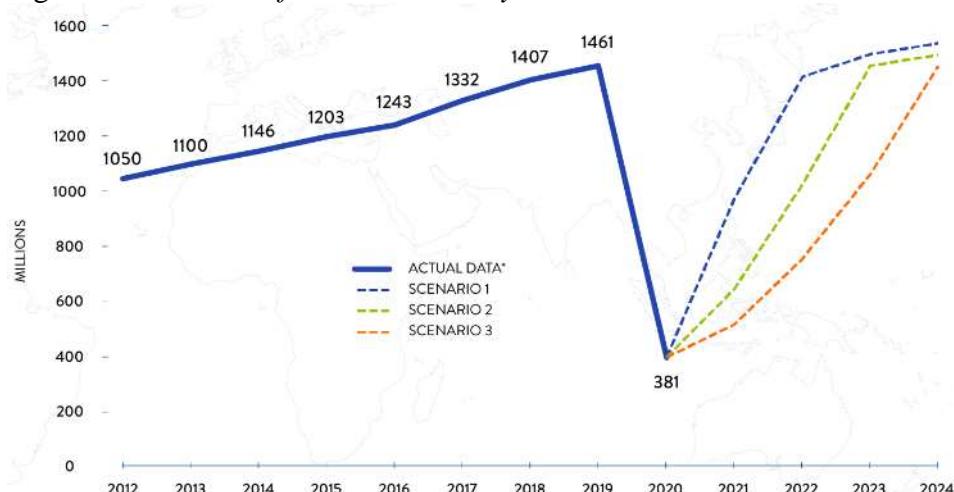


Source: World Tourism Organization – UNWTO, 2021b

Strielkowski (2021) states that the tourism recovery from this pandemic will come, as the COVID-19 virus is not dangerous as Black Death Plague, i.e. that infected people will recover quickly, and there are many of them

would never be infected at all. To recover from pandemic tourism destinations must moderate perceived risk among potential tourists by creating stronger risk management and control (Perić et al, 2021). The recovery strategies for the tourism industry should be more aligned to the sustainable development goals (Gössling et al., 2021). According to the UNWTO (2021a), there are possible scenarios of tourism recovery, from which Scenario 1 is the most positive one (Figure 3).

Figure 3: Scenarios of tourism recovery



Source: World Tourism Organization – UNWTO, 2021a

Tourism in Serbia and the COVID-19 pandemic

During the COVID-19 pandemic, the measures in order to stop the spreading of the virus included (Organisation for Economic Co-operation and Development - OECD, 2021): "bans on public gatherings involving more than five people, indoors or outdoors, and limits on the number of people present at all times in relation to the square footage of a facility; mandatory use of protective face masks in all public spaces, both outdoors and indoors when the area is crowded".

Such a situation during 2020, create a decrease in total tourist arrivals in Serbia by 50.7%, comparing to total tourist arrivals in 2019. The number of domestic tourist arrivals decreases by 25.4%, while the number of foreign tourist arrivals drops down by an incredible 75.9%. The number of overnight stays was 38.4% lower during the pandemic than in 2019. Regarding the great decrease in foreign tourist arrivals, the drop-down of

the number of their overnight was bigger (68.5%) than the drop-down in overnight stays of domestic tourists (18.6%) (Table 3) (Statistical Office of the Republic of Serbia, 2020a; Statistical Office of the Republic of Serbia, 2020b).

Table 3: *Tourist arrivals and overnight stays in Serbia, 2019 and 2020 (in thousands)*

Year	Tourist arrivals			Overnight stays		
	Total	Domestic	Foreign	Total	Domestic	Foreign
2019	3,689	1,843	1,846	10,073	6,063	4,010
2020	1,820	1,374	446	6,201	4,937	1,265

Source: *Statistical Office of the Republic of Serbia, 2020a; 2020b*

In 2020, Belgrade remained the most visited tourism destination, and Vrnjačka Banja remained as the second most visited tourism destination (Statistical Office of the Republic of Serbia, 2020b). Nevertheless, compared to 2019 all tourist places in Serbia experienced a decline in tourist arrivals. In *Belgrade – urban settlements* there was a decrease of 74.0% in total tourist arrivals, 49.1% less domestic, and even 78.4% fewer foreign tourist arrivals. *Novi Sad – urban settlements* in 2020 visited 65.4% fewer tourists, i.e. 46.7% less domestic and 75.0% less foreign tourist arrivals. The decline in total tourist arrivals in *spas* (22.0%) and *mountain places* (27.8%) and in their domestic tourist arrivals (*spas* – 10.1%, *mountain places* – 19.0%) were some lower than in all the rest tourist places, while there was also a great decrease in foreign tourist arrivals (*spas* – 74.7%, *mountain places* – 60.6%). There was a large drop-down in tourist arrivals also in *other tourist places*, i.e. some small cities in Serbia (total – 53.2%, domestic – 37.1%, foreign – 74.3%) and *other places* (total – 55.0%, domestic – 32.1%, foreign – 79.8%). *Spas* were the most visited tourist place in Serbia in 2020 with a total of 522,947 tourists and had the highest number of domestic tourist arrivals 491,879. In second place are *mountain places* with a total of 460,892 tourist arrivals in 2020 (Table 4) (Statistical Office of the Republic of Serbia, 2020a; Statistical Office of the Republic of Serbia, 2020b).

Considering the decrease in tourist arrivals, the numbers of overnight stays of tourists by tourist places in Serbia during pandemic also were much lower than in 2019. *Belgrade - urban settlements* had the highest drop-down of total overnight stays of 65.2%, while *spas* had the lowest from all the rest tourist places (21.5%) (Table 5) (Statistical Office of the Republic of Serbia, 2020a; Statistical Office of the Republic of Serbia, 2020b).

Table 4: *Tourist arrivals by tourist places in Serbia, in 2019 and 2020*

Tourist places	Year	Tourist arrivals		
		Total	Domestic	Foreign
Belgrade - urban settlements	2019	1,205,183	183,183	1,022,000
	2020	313,753	93,172	220,581
Novi Sad - urban settlements	2019	204,473	69,867	134,606
	2020	70,875	37,212	33,663
Spas	2019	670,044	547,239	122,805
	2020	522,947	491,879	31,068
Mountain places	2019	638,521	502,607	135,914
	2020	460,892	407,375	53,517
Other tourist places	2019	799,111	450,944	348,167
	2020	373,923	283,841	90,082
Other places	2019	172,651	89,592	83,059
	2020	77,631	60,831	16,800

Source: *Statistical Office of the Republic of Serbia, 2020a; 2020b*

Table 5: *Overnight stays by tourist places in Serbia, in 2019 and 2020*

Tourist places	Year	Overnight stays		
		Total	Domestic	Foreign
Belgrade - urban settlements	2019	2,487,922	377,752	2,110,170
	2020	865,530	288,843	576,687
Novi Sad - urban settlements	2019	393,112	129,396	263,716
	2020	169,429	89,357	80,072
Spas	2019	2,781,627	2,427,434	354,193
	2020	2,184,602	2,075,951	108,651
Mountain resorts	2019	2,302,273	1,919,201	383,072
	2020	1,747,172	1,530,741	216,431
Other tourist places	2019	1,705,309	980,527	724,782
	2020	1,031,807	788,763	243,044
Other places	2019	403,056	228,611	174,445
	2020	202,750	163,077	39,673

Source: *Statistical Office of the Republic of Serbia, 2020a; 2020b*

According to the results of the study of Perić et al. (2021), people from Serbia will be mainly focused on travel within their country. Similar results are presented in the study of Cvijanović et al. (2021), that tourists from Serbia plan to travel within the country and the preferred destinations to travel are rural tourism destinations in Serbia. This is not surprising considering the great attractiveness of rural tourism offer in Serbia (Podovac et al., 2019), and that rural areas are not anymore only for

agricultural activities, but also for tourism development (Rokvić-Knežić et al., 2020).

Conclusion

The tourism industry is experiencing hard times due to the greatest health crisis in the 21st century. The COVID-19 pandemic causes measures that limited the tourism industry from the usual growth. The new coronavirus crisis led to a great loss of tourist arrivals and overnight stays at the international level. This also triggers the loss of jobs and revenue in the tourism industry. The situation was not different for tourism in Serbia. The great decreases in tourist turnover, especially in foreign tourist arrivals and their overnight stays, confirm the strength of the crisis.

However, even before the crisis is over the tourism destinations management must think about strategies for recovery. Also, there must be a plan to react according to the current pandemic consequences. Although COVID-19 is a confirmed threat to the tourism industry with devastating effects, there must be a way to find a chance and use such a situation for better progress of tourism. This chance could be to make recovery strategies for sustainable tourism growth.

During the pandemic, the most visited places in Serbia were spas and mountains. Domestic tourism and rural destinations might keep the tourism industry in Serbia during the hard times. Still, more planned measures for recovery must be set in advance, in order to use the best chances from the current position. Therefore, future studies should focus on finding a way to create and use recovery strategies after the end of health crises caused by the COVID-19 pandemic.

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THE IMPACT OF THE CRISIS CAUSED BY COVID-19 ON WOMEN'S ENTREPRENEURSHIP IN TOURISM IN SERBIA

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Abstract

The aim of this paper is to consider the impact of the crisis caused by Covid-19 on tourism and on women's entrepreneurship in tourism in Serbia. The paper will use the methods of analysis and synthesis, induction and deduction, abstraction, specification and generalization, observation, testing, content analysis, and case study. Based on the available data, it can be concluded that the crisis caused by Covid-19 on the one hand led to (1) the closure of a large number of entrepreneurial companies in the field of tourism, as a result of which a large number of women entrepreneurs lost their jobs; (2) the increased importance of domestic tourism due to the increase in the participation of domestic tourists in total tourist trends. In the future, more attention should be paid to the possibility of training women entrepreneurs in the field of tourism.

Key Words: *lockdown, women entrepreneurs, tourism, crisis, Covid-19, Serbia*

JEL classification: *F01, F6, Z3*

Introduction

Economic cycles accompanied by ups and downs are characteristics of a market economy. Historically, the ups and downs of the turning point were natural disasters, and war conflicts; there were also deadly diseases that hit humanity, and which over time, with the development of technology and the health system, reduced their impact on changing the cycle. Of the major declines in the cycle in the recent past, the global recession stands out, which began as a financial crisis in 2007, and soon turned into the deepest

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recession since the Great Depression in the 1930s. Unlike the financial crisis in 2007, the announcement of the pandemic of the new disease Covid-19 at the beginning of 2020 indicated the possibility of a new economic recession caused by the health crisis. It is a disease that causes respiratory diseases with symptoms such as cough, fever, and, in severe cases, shortness of breath (Bakar & Rosbi, 2020). This new strain of the virus, which spread rapidly from China to the rest of the world and which at the time of writing this article recorded over 114 million infected and over 2.5 million dead (Worldometers, 2021) has led to the inevitable slowdown in economic growth.

To prevent the spread of this pandemic, many countries have implemented a lockdown to stop the chain of infection with this new disease (Bakar & Rosbi, 2020). Given the size of the area to which this virus has spread, it is the largest pandemic in the world history. The single-point virus has never spread to all parts of the world and disrupted lives in all countries. The virus does not bypass developed and rich countries either.

A pandemic can be considered a negative exogenous shock whose effects spread through the economic system, causing an economic downturn and recession. However, there is uncertainty regarding the duration and intensity of the shock, so estimates of future economic trends change daily in terms of the number of infected and dead in individual countries, as well as measures taken by states (Praščević, 2020). Many countries have decided to limit travel due to quarantine, which certainly causes a big drop in consumption, and then a recession.

The Covid-19 pandemic has put unprecedented pressure on the world's tourism industry. The cancellation of the trip has led to a significant reduction in income and liquidity problems for all those involved in tourism. The World Tourism Organization (UNWTO) estimates that international tourism has fallen by 60%, while losses in the global tourism sector amount to 840 to 1,000 billion euros (European Commission, 2020). At the same time, entrepreneurs in the field of tourism were affected by the decline in tourist traffic. In Serbia, between March and May 2020, a large number of travel agencies and more than 30,000 entrepreneurs in tourism were shut down, and the damage was estimated at more than 300 million euros. It is important to point out the fact that women are more often the owners of entrepreneurial shops and micro-enterprises in tourism, the area in which the ban first occurred (Pajvančić et al., 2020).

Characteristics of female entrepreneurship

Involvement of women in entrepreneurship – In the total entrepreneurial activity at the age of 18 to 64, which measures the inclusion of new entrepreneurs, globally, there is about 10.2% of women, which makes about 3/4 values related to men. The highest rates of entrepreneurial activity are in less developed countries, Africa and Latin America. The lowest rates are in Europe (6%) and the Middle East regions (9%). The smallest difference between men and women in starting a new business is in underdeveloped countries. The more developed the countries, the greater the difference between men and women (GEM, 2019).

Intention – According to a GEM (2019) survey, 17.6% of women globally intend to start an entrepreneurial venture in the next three years. This is almost the same percentage as for men who intend to start an entrepreneurial business (21%). The underdeveloped countries record the highest percentage of women who would start a self-employed business (almost 38%) whereas the highly developed European countries record the lowest (8%).

Career – In 62% of cases, women think that entrepreneurship is good for a career. The highest percentage (71%) of women who think that it is a good idea to start entrepreneurship is in underdeveloped countries, as opposed to 58% in highly developed ones. The exception is Sweden where women think that entrepreneurship is a good idea for career development in over 95%. It is interesting that a much higher percentage of women think that entrepreneurship is good for career development (GEM, 2019).

Business interruption – According to a GEM (2019) study, the business shutdown rate is about 10% lower for women than for men. Women quit their jobs in about 2.9% and men in 3.2%. Most business interruptions are in underdeveloped countries (over 10%). In the developed countries of Western Europe, this percentage is about 1.4%. The most common causes of business interruption are bad business (business without profit), lack of finances for further investment in an entrepreneurial venture, retirement, family reasons, large levies, unregulated relations in this sphere of business. Financial reasons are in the highest percentage (about 50%) predominant for business interruption.

The importance of women's entrepreneurship in tourism

Women entrepreneurs have great potential, which is reflected not only in the opportunities that would be created through the achievement of gender employment but also in the fact that women bring diversity to innovative processes. More women are leading to a variety of perspectives. Solutions to market inequalities are not only offered by male entrepreneurs, with a masculine mind-set. The solutions offered by women entrepreneurs and their innovations may be different from those reached by men so that women's entrepreneurship can also be seen as part of diversification. In the area of developing countries, women entrepreneurs are mostly engaged in the field of services, such as tourism, ICT, health, care, and nursing, etc. These are sectors that have great potential. With innovations that originate from personal creativity and a new way of thinking, consumer involvement and gender differences, the potential for promoting women entrepreneurs is obvious (Vrbanac, 2018).

In Serbia, the most important women's association is the Association of Business Women of Serbia, which offers its members training for beginners and women who already run a company, a mentoring program, meetings, consultations on legal solutions in terms of respect for the role of women, research and publications, promotion of the successful examples of women, and regional and international cooperation. A Network of Women Entrepreneurship Ambassadors has been established in Serbia, whose role is to promote women's entrepreneurship at the national level through addresses to women in schools and colleges, media campaigns, conferences, establishing business ties, and participation in the European Network of Women Entrepreneurship Ambassadors, participation in e-conferences, campaigns, etc. Also, the Network of Mentors of Women's Entrepreneurship of Serbia has been formed, which consists of mentors - successful entrepreneurs who will provide assistance to women entrepreneurs in the initial phase of business or those who have difficulties in running their own business.

When it comes to women's entrepreneurship in tourism, it is important to emphasize that the majority of the workforce in tourism are women. Given the wide geographical reach and the wide range of necessary skills, tourism has the opportunity to lift women out of poverty, equip them with the skills they need, to provide them with dignity and sustainable employment. The fact is that the tourism industry has great potential. However, according to a report by the World Tourism Organization, statistics show that there is no

complete equality in the position of male entrepreneurs and female entrepreneurs in tourism. Namely, most women are concentrated in jobs that are of a lower level, such as cleaning, serving, and cooking. At the same time, for these jobs, women are paid on average 10-15% less than men. In addition, a large number of women are engaged in unpaid jobs in tourism. They do this by supporting family households in the form of invisible customer service providers, maids, cleaners, etc. (Responsible Travel, 2020).

The impact of the Covid-19 crisis on women entrepreneurs

There are many types of crises that can jeopardize the work of women entrepreneurs (GEM, 2019):

- natural disasters;
- accidental disasters;
- technological disasters;
- theft and vandalism;
- problems with lack of electricity or fuel;
- economic crises that can turn into a disaster for a country's economic system;
- terrorism;
- epidemiological catastrophes caused by pandemics and diseases.

Although we left for the end, the pandemic, caused by the Covid-19 virus, was the cause of catastrophic consequences for the economy of every country in the world. Unfortunately, they are always the most endangered in situations like this, the weakest ones who come first to strike when bad times start. This has happened to many women entrepreneurs engaged in some specific activities who (again, unfortunately) were the first to be hit by the pandemic and could not continue working or continued working at a much-reduced capacity. At that level of business, they could not make the minimum profits that would keep them in business. The state tried, but it is certain that it failed, to remedy all the burning problems caused by the epidemiological crisis. In accordance with the abovementioned, two questions arise. What is the impact of the pandemic on the tourism sector and what is the opinion of women entrepreneurs about the measures implemented to reduce the issue? What challenges did women entrepreneurs face in the tourism sector?

"For women in business in Serbia, the key percentage is 30% - so many of them are in management positions, and the same percentage are entrepreneurs. This is in line with the world average, and in relation to the USA, almost 30% more" (Kukić, 2019). When it comes to the impact of Covid-19 on women's entrepreneurship, the tourism sector is most affected, followed by agriculture. Layoffs are much lower in other sectors, as other branches were not so vulnerable. On the other hand, the number of employed women in health care has increased.

The impact of Covid-19 on women entrepreneurship in tourism

The fact is that the pandemic has disrupted the lives of every citizen in the world, but it is also a fact that not all categories are equally affected: rich and poor, young and old; whites and other races; men and women. On the contrary, due to the pandemic, all the inequalities that existed increased, and it mostly affects those categories that were already endangered and vulnerable (Mršević & Janković, 2020).

It is very important to point out that the Covid-19 virus has a disproportionate impact on female entrepreneurship (Madgavkar et al., 2020). In Serbia, in the form of a factor that leads to the deterioration of the economic position of women, it is possible to point out stereotypical attitudes, which also have an impact on the gender-specific economic consequences of the crisis that women are experiencing. Namely, it is not about new attitudes, but about traditional social stereotypes about the role of women, which have been strengthened again by the crisis. These are attitudes that can have repercussions on current decisions, both when it comes to the organizational, institutional level, and when it comes to the family (for example, when making a decision about who will keep the job). On that occasion, the traditional gender-discriminatory stereotype comes to the fore, according to which men "have more rights" to work compared to women, when there is little work (Mršević & Janković, 2020).

Compared to men, women's jobs and livelihoods are more affected by the pandemic prize, primarily the economic effects associated with Covid-19. The reason for this lies in the existing gender inequality, but also the fact that due to Covid-19 the rate of job loss in women is about 1.8% higher than in men (Madgavkar et al., 2020). The impact of the pandemic on business: 75% of companies owned by women report a drop in income. As the biggest challenge they face due to the pandemic, 69% of respondents

state a decrease in demand, i.e. a smaller number of customers (Blic, 2020), which is the case with tourism.

Most women entrepreneurs work in high-risk sectors where the impact of the Covid-19 virus epidemic is high. In particular, we are talking about the tourism, education, counselling, and trade sectors. Like any crisis, this great crisis can affect women's entrepreneurship in tourism in two ways. In the first case, many entrepreneurial companies in tourism were shut down, as a result of which a large number of women entrepreneurs lost their jobs. On the other hand, the fact is that the offer of destinations at the national level has become more and more extensive. During 2020, as much as 60% of the total tourist movements were driven by domestic tourists (Turistički svet, 2021), and due to the existing restrictions on international travel, it is expected that this number will increase over time.

Therefore, the question arises as to whether the destinations will be able to respond to the needs and expectations of new travellers from Serbia and whether they will be ready to improve the level of supply of products and services, in order to exceed the expectations of tourists and visitors? Given the great importance of this issue when it comes to the development of domestic tourism, the team of the Center for Tourism Research and Studies launched a project of training and education for women entrepreneurs, which aimed at enabling participants to acquire new skills that will provide them the opportunity to improve their business. The training had the greatest focus on women who are the bearers of rural households and offer destinations. Special emphasis was placed on managing the destination after the crisis, creating joint tourist products, and in cooperation with the portal for booking accommodation in rural tourism, selo.rs, it was agreed to provide access to educational materials created by the Center (Turistički svet, 2021).

According to the research conducted by the Agency for Gender Equality and Women's Empowerment, the payment of non-refundable funds was best assessed by women entrepreneurs, and then the payment of taxes and contributions on salaries and wage compensations was postponed until January 2021. Women entrepreneurs stated that during the next period, special tax reliefs intended for entrepreneurs should be provided, in the form of reduction of property tax, VAT rates, taxes, and contributions. At the same time, women entrepreneurs believe that the existing measures have been beneficial, but that there is a lack of measures that would ensure the remediation of much deeper economic consequences that will manifest

themselves in the coming period. In addition, women entrepreneurs are of the opinion that the measures introduced did not adequately respond to the real needs of businessmen in the tourism sector and were not adapted to small businesses (Agency for Gender Equality and Women's Empowerment, 2020).

When it comes to the number of employees in tourism in Serbia, it amounted to 4,525 in January 2020, 67% of which were women – 3,031. In January 2021, the number of employees in tourism was 2,987, 2,000 of which were women. According to the presented data, it can be concluded that the number of employees in tourism decreased by 1,538, 1,000 of which are women (Stevanović, 2021).

Entrepreneurship in Serbia at the time of the pandemic

There are 278,670 entrepreneurs in Serbia. An estimated 600,000 people work in these companies. The number of women entrepreneurs is about 33% (over 91,000). According to the data taken from Agencija za privredne registre Republike Srbije (Serbian business registers agency) (2021), entrepreneurial companies from the following areas were most often deleted (a total of 20,014 companies were deleted):

- computer programming – as the state announced, the number of such companies dealing with information technologies should have grown. However, due to the problems with the payment of taxes that arose sometime in early September 2020, many owners of such companies decided to delete them. In the coming period, the lack of these companies, which employed a lot of people (especially young people), will certainly be felt;
- restaurant activities and mobile catering facilities – it is common for many such companies to be established and closed down;
- taxi transport - many people are engaged in taxi services while the vehicles used in these companies last. And these firms are very fluid and their numbers are changing very fast;
- beverage preparation and serving services – the difficult operation of catering facilities have drastically reduced the number of companies engaged in this activity;
- consulting activities.

At the same time, during the epidemiological crisis, in 2020, companies from the following areas were most often established (27,461 in total) (Statistical Office of the Republic of Serbia, 2021):

- activities of restaurants and mobile catering facilities (1,746 companies were established and 1,426 of these types of companies were deleted);
- consulting activities (1,406 companies established and 906 closed);
- the activity of hairdressing and beauty salons;
- road freight transport;
- maintenance and repair of motor vehicles.

What does a woman entrepreneur in Serbia look like and what can endanger the work of a woman entrepreneur?

According to Popović-Pantić (2014), women entrepreneurs, who own more than 50% of companies, are actively involved in the company's business as managers, and create employment for themselves and others. In the description of a woman entrepreneur in Serbia, we were helped by the research conducted by Ipsos Strategic Marketing with the Visa company. These are some characteristics of a woman entrepreneur in Serbia and her company (Ipsos Strategic Marketing, 2020):

- works independently;
- mostly does not rely on family business (only 27% of women entrepreneurs had someone in the family who ran their own business and they continued that business; as many as 91% of women entrepreneurs state that this is their first own business);
- it is the first independent business lasting more than 10 years;
- half of women entrepreneurs have only one employee (on average, women entrepreneurs in Serbia have 2.7 employees);
- the average age of an entrepreneurial firm is 12 years (the largest number of firms is up to 5 years old);
- generally, 5,000 euros are needed to start an entrepreneurial venture in Serbia;
- the greatest fear among women entrepreneurs comes from a possible financial loss (this fear was much greater than the fear that the family would be neglected);
- the biggest motivator is freedom (as many as 56% of women entrepreneurs answered that it is a strong motivator), while other motives include the possibility of higher earnings, dissatisfaction with previous jobs, unemployment, flexible working hours, job satisfaction (Pavlović, 2017);
- women entrepreneurs find it most difficult to find funding, while other obstacles include: the difficulty of making a decision to start a business, problems finding information relevant to starting a business, problems

- finding a business partner, and the fact that administration and paperwork are unknown to new women entrepreneurs;
- women entrepreneurs work on average close to 6 days a week (55% of them, and as many as 20% of women entrepreneurs work all 7 days), while the nature of work determines the time spent at work (e.g. jobs in tourism require weekly and year-round engagement);
 - the working day of women entrepreneurs lasts on average about 9 hours (30% of them spend this time at work).

Impact of pandemics on the tourism sector and measures to reduce the consequences caused by the crisis

The global tourism industry has faced significant losses and damages in previous decades as a result of a series of unfortunate events. These events often involve natural disasters, man-made hazards, and epidemic crises (Polyzos et al., 2020). The outbreak of Covid-19 left strong consequences on the tourism sector. This highly contagious virus has led to serious questions about the survival of the tourism sector, both present, and future (Kaushal & Srivastava, 2021). Due to the pandemic, various public health measures were implemented in order to prevent the spread of the disease. These measures include testing, quarantine, social distance, restrictions on movement and travel, campaigns aimed at getting people to stay in their homes. The mentioned measures did not bypass any country in the world, while at the same time they left a strong mark on the economies of those countries, depending on the manner and intensity of their introduction and implementation. Tourism, defined by Koncul (2009) in the form of a set of different and interconnected activities of economic and non-economic importance that are directly or indirectly related to mass tourist migration, is directly affected by these measures by the tourist offer and tourist demand. In order to create a certain market, it is necessary to meet supply and demand, and in the case of their dislocation, which is a characteristic of tourism arising from its basic definitions, and the impossibility of creating new distribution channels, because the physical presence of tourists in a particular tourist destination is a *conditio sine qua non* (a state without which one cannot), there is a collapse of the market. Tourist demand always travels towards the tourist offer, and various forms of movement restrictions directly prevent the fulfilment of this condition. Such new circumstances in the tourism market are the cause of the emergence of numerous domestic and international texts that study various aspects of the impact of the pandemic on tourism. Each author concentrates on a narrow area, as a result of which the space for research, despite a large

number of texts, is still very wide (Bakar, & Rosbi, 2020; Baum & Hai, 2020; Farzanegan et al., 2020; Gössling, et al., 2020; Hoque et al., 2020; Jones & Comfort, 2020; Polyzos & Samitas et al., 2020; Qiu et al., 2020; Yang et al., 2020).

Table 1: *Change in the number of foreign tourist arrivals in the world and Europe by months in 2020 compared to the same months in 2019*

Month	World (change in%)	Europe (change in%)
January	- 1%	5%
February	-16%	2%
March	-64%	-61%
April	-97%	-98%
May	-96%	-96%
June	-91%	-88%
July	-80%	-71%
August	-77%	-67%
September	-79%	-72%
October	-83%	-77%
November	-88%	-87%
December	-85%	-85%
Average	-74%	-71%

Source: *World Tourism Organization – UNWTO, (2021), International tourism and Covid-19, [https://www.unwto.org/international-tourism-and-Covid-19, \(08 February 2021\)](https://www.unwto.org/international-tourism-and-Covid-19, (08 February 2021))*

According to the UNWTO, in 2020, the world recorded 74% fewer arrivals of foreign tourists compared to the previous year. Observed by months, the largest decrease was recorded during April 2020 (-97%) (UNWTO, 2021), which is a direct consequence of the lockdown that made travel impossible. On the other hand, observed on the continents, the largest decrease was recorded in Asia and the Pacific (-84%), and the smallest in the United States (69%) (UNWTO, 2021). Changes in the number of arrivals of foreign tourists in the world and in Europe compared to the same months of the previous year are shown in Table 1.

The tourism sector in Serbia is an industry that has suffered and will suffer huge losses due to the crisis caused by Covid-19. When it comes to foreign exchange inflows, these losses are estimated at 300 million euros for the period from March to November 2020, taking into account the very high growth of tourist traffic during January and February 2020, which indicated that 2020 will be one of the best years in tourism. During the first two

months of 2020, the growth of total arrivals in Serbia was 21%, and the percentage of overnight stays was 22% (Trivić, 2020).

Table 2: *Tourism of Serbia in 2020 compared to 2019*

	Number of tourist arrivals (in%)	The number of overnight stays (in%)	Number of overnight stays of domestic tourists (in%)	Number of overnight by foreign tourists (in%)
January	+24.2%	+25.1%	+22.5%	+28.7%
February	+18.9%	+20.1%	+20.8%	+18.6%
March	-56%	-45.7%	-37.2%	-58.3%
April	-97.7%	-96.4%	-94%	-95.8%
May	-87.6%	-82.2%	-76.4%	-94.4%
June	-52.5%	-43.3%	-17.2%	-84.4%
July	-50.5%	-35.9%	-3.2%	-85.3%
August	-34.3%	-17.1%	-23.1%	-83.3%
September	-43.1%	-22.9%	-18.8%	-76.3%
October	-49.3%	-37.5%	-14.9%	-66.2%
November	-63.3%	-46.6%	-28.9%	-68%
December	-67.1%	-55.9%	-75.6%	-75.6%

Source: *Statistical Office of the Republic of Serbia, 2020a; 2020b; 2020c; 2020d; 2020e; 2020f; 2020g; 2020h; 2020i; 2020k; 2021*

A state of emergency was declared in Serbia on March 15, 2020, and on that occasion, all borders for traffic were closed and international passenger flights were cancelled, which was reflected in the arrival of foreign tourists. According to the data shown in Table 2, it is concluded that the largest decline in all observed parameters was recorded during April 2020 - the number of tourist arrivals (-97.7%), the number of overnight stays (-96.4%), the number of domestic tourist nights (-94%) and the number overnight stays of foreign tourists (-95.8%) (Statistical Office of the Republic of Serbia, 2020d). During January 2021, compared to January 2020, the number of tourist arrivals decreased by 40.4%, while the number of overnight stays decreased by 34.8% (-10.7%), the number of domestic tourist nights, -66.9% number of overnight stays of foreign tourists (Statistical Office of the Republic of Serbia, 2021).

Serbia has implemented certain measures aimed at amortizing losses in the tourism sector caused by the decline in visits by foreign tourists. One of the measures is the distribution of 160,000 vouchers (60,000 more than in the previous year) which provided support to domestic tourism (Trivić, 2020).

On the other hand, the state set aside 1.2 billion dinars in the form of direct non-refundable aid for city hotels (Ivaniš & Pavlović, 2017). The condition for receiving 350 euros per bed and 150 euros per person was not to lay off more than 10% of workers by the end of 2020. The biggest problem faced by travel agencies is bank guarantees, i.e. their height. For that reason, in November 2020, the Government of Serbia approved 150 million dinars for subsidies for insurance policy premiums to travel agencies. The aim of this measure was to provide assistance to agencies, primarily smaller travel organizers who are also most vulnerable to the crisis (Ristev-Dušej, 2020).

Conclusion

Serbia is characterized by a qualitative and quantitative base for tourism development. The nature of the attraction, with the achieved level of accommodation and other capacities, points out that numerous types of tourism could be developed, especially if the diversity of the landscape, as well as the natural potentials of Serbia, are taken into account. The development of tourism during the period before the crisis speaks in favour of numerous effects, which were, in an important way, built into the economic and social development of Serbia.

At the same time, the Covid-19 pandemic has caused great concern and uncertainty, which is more or less faced by all social groups. However, there are differences in the perception of the source of concern. As women entrepreneurs are a vulnerable category in the market and as they are particularly affected by the economic changes caused by the pandemic, it is not surprising that in such circumstances they primarily care about economic survival, while health concerns are second to none. Uncertainty about the duration of the pandemic heightens concerns about the economic consequences of the pandemic on business, especially for women entrepreneurs engaged in service activities, such as tourism.

Based on a review of the literature, it is possible to conclude that the impact of the crisis caused by Covid-19 is twofold. On the one hand, the crisis has led to the closure of a large number of entrepreneurial companies in the field of tourism, as a result of which a large number of women entrepreneurs have lost their jobs. In contrast, due to the lockdown, the offer of destinations at the national level has become increasingly important, given the fact that domestic tourists accounted for the largest share of total tourist movements, which provided an opportunity for women entrepreneurs to thrive. To this end, certain types of seminars, workshops,

and training were conducted to help women entrepreneurs acquire new skills that will give them the opportunity to improve their knowledge. This training mostly benefited women entrepreneurs engaged in rural tourism, which expanded in Serbia in 2020, and which certainly needs to be improved.

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THE STATE OF TOURISM IN EUROPEAN UNION MEMBER STATES DURING COVID-19 PANDEMIC

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Abstract

The Covid-19 pandemic has left an impact on the whole world and all economic activities without exception. There are already indications of the consequences, and they will be fully perceptible only after the pandemic is over, which still seems far away. One of the general characteristics of tourism is vulnerability during periods of crisis which everyone globally has to face. Since the beginning of 2020, and especially since March, a drastic drop in tourist travels on the tourism market of the European Union, or its member states, is obvious. The goal of this paper is to define a model which will be able to predict changes in tourist visits based on their movements in previous periods. The analysis includes all European Union member states and changes in the number of tourist visits on a monthly basis during 2020. The model will also enable future predictions, which is very important for tourism policy carriers, as well as for the tourism offer which can adapt to expectations.

Key Words: *tourism, tourist visits, COVID 19, European Union*

JEL classification: *Z30, Z32, C22*

Introduction

The concept of a modern man implies an active role in all spheres of social life (Bird, 1992). The necessities multiply, and it becomes harder and harder to keep up with progress of the civilization (Ding et al., 2016). The reasons must be found in limitations of all resources, as well as the time that each

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individual can dedicate to themselves (Milne & Ateljević, 2001). On the other hand, that everyday pace of life is exactly what requires finding that limited resource, time, that everyone has to find for themselves and their families, which is quite a contradiction in and of itself. Looking back at the historical development of civilization indicates that all motives for travelling have existed since the first human communities, and that they were not always inspired by existential needs, but also by curiosity and the need to explore outside the familiar boundaries (Cobbinah et al., 2013). The scale of these travels was recorded in XVIII century with an invention that was directly motivated by faster transport of people, goods, and money (Leković et al., 2020). The steam engine and the first industrial revolution have changed life from its foundation (Pantić, 2016). From then until today, travels motivated by tourism have not only changed the people's awareness, but also the entire system of economic functioning (Bianchi, 2003; Manzoor et al., 2019). The significance of the development of tourism is constantly increasing, which is proven by its contribution to gross domestic product and employment (Dabour, 2003). Circulation of funds in a country's economy achieves many positive direct and indirect economic effects (Ekanayake & Long, 2012). The level of economic development is closely related to the level of tourism development (Pantić, 2017). The most developed economies have a high level of tourism contribution to the aforementioned gross domestic product and employment (Oppermann, 1993). Capital investments are a precondition to tourism development, so the awareness of local government as well as the entire country is very important (Luković & Stojković, 2020; Meyer & Meyer, 2015). A foreign tourist's money represents additional financial stimulus for the economy, and it has multiplicative effects (Pantić et al., 2019). Over the last three decades, the contemporary research in the fields of tourism and economics has been trying to change the perception of tourism as an exclusively economic category (Milićević et al., 2021). However, the one thing that must not be neglected is the exceptional vulnerability of tourism to potential impacts and negative economic climate (Obradović et al., 2013). In general, the catering sector suffers the most during critical periods, since it is affected the most. The evidence of that are numerous financial crises, and especially the last big global economic crisis of 2008 (Bal et al., 2016; Nasir et al., 2017). While dealing with existential and everyday problems, critical periods leave little room and time for travelling (Gokovali & Bahar, 2006). Tourism development carriers and the entire tourism economy are impacted the most because of that. We are currently contemporaries of the COVID-19 pandemic, which is ongoing for more than a year at this point. The whole world is affected by it, and financial pressures and problems present a

permanent danger, as well as almost guaranteed financial crisis whose negative consequences are yet to be discovered and analyzed. The emergency measures of all countries, almost without exception, have included or still include either prohibition of population movement or its limitation. Even the travels that are possible are under control and reduced to only necessary ones in such conditions, because people do not want to take risks out of fear. Summer seasons in all tourism locations have almost failed, the number of tourists has dropped severalfold, as well as the money income. Many employees in tourism businesses have lost their jobs, and further overloaded the job market. The post-crisis period, which is still not in sight, will have to result in measures which will quickly and efficiently remediate consequences of the crisis, which anyone can only speculate for now. The goal of this research is to create a model which can be used to predict a change in tourist visits on a monthly basis, based on changes in the previous period using the multiple regression analysis model.

Literature overview

Uğur and Akbiyik (2020) claim that the tourism industry was one of the most significant global markets before COVID-19. They also proved that the tertiary sector is very vulnerable to critical impacts since tourists' behavior has changed overnight from the day of proclamation of COVID-19 pandemic. In less than 24h most of arrangements in Europe, as well as in Asia and Africa, have been cancelled. The chance for revival of tourism economy during the post-crisis period is presented in the growth and development of travel insurance.

Madani et al. (2020) have used quantitative and qualitative methods to examine the opinions of Algiers during the COVID-19 pandemic. They have reached the result that the interest in travels has dropped by 63% in relation to the pre-pandemic period. They have also analyzed the awareness of people about the significance of tourism for economic revival after the pandemic, and reached the conclusion that up to 75% of population is aware of tourism's significance for economic growth and development. It is expected that the post-crisis period will affect the growth of demand for cheaper offers as a consequence of the evident economic crisis.

Couto et al. (2020) have emphasized the vulnerability of tourism in critical periods and the danger of negative economic consequences caused by the fall of tourist visits on a global scale. They have also indicated a very difficult post-crisis period during which a fear of travelling will be present.

Through a survey conducted with the residents of the Azores archipelago at the beginning of COVID-19 pandemic, they reached the information that more than 70% of the population will not travel during 2020, fully aware of negative economic consequences but also of great fear of disease.

Kumudumali (2020) draws attention to the global negative effect of COVID-19 pandemic through significant economic impacts. Tourism is especially affected by the pandemic, and it is estimated that the number of international tourist arrivals will drop by 1.1 billion and that the financial loss will be around 1 trillion USD. It is also stated that the recovery will take a very long time, and that consequences will be evident in a large drop in employment, not only in the tourism economy sector, but also in businesses that are directly and indirectly related to tourism.

Khazami et al. (2020) state that COVID-19 pandemic will result in a drop in tourism traffic by more than 60%, but also in a large drop in employment in the tertiary sector. The danger is present for other economic activities and businesses, and its consequences are yet to be perceived and measured. For that reason, it is very important that economic policy carriers define, approve and implement post-crisis measures which will revitalize not only tourism but also the entire economy in a timely manner.

Lee and Chen (2020) have defined a regressive model which predicts an income of tourists' funds during the post-crisis period. They emphasized the inconceivable consequences of COVID-19 pandemic and a very long revitalization period for all economic activities, especially tourism. According to them, psychological consequences of fear of travel will remain much longer than the crisis itself. Tourism is an activity which may have a significant influence on the economic, social, functional and physiognomic structure of areas (Sagić et.al, 2019). It is something that is yet to be the topic of research and detailed analysis. An entirely new policy will be needed for attracting primarily foreign tourists. We should give a chance to new forms of tourism as the future development initiators of the entire tourism economy.

Aburumman (2020) has affirmed the great danger from a long-standing critical period which will ensue in the tourism industry. The crisis caused by the COVID-19 pandemic will remain in tourism much longer than in other economic activities. That has once again shown considerable vulnerability of tourism to impacts of this type. According to him, the solution for tourism must be sought in MICE industry. Furthermore, small

companies represent the essence of the economic recovery during the post-crisis period. In UAE, tourism contributed to 11.3% of GDP. It is expected that this percentage will drop severalfold because, among other things, the number of flights in 2020 is 86.7% less than 2019.

Theoretical overview of the state of tourism in member states of the European Union in 2020

The introductory assumptions and stances about the crisis caused by COVID-19 pandemic for tourism are the subject of further analysis. The global phenomenon of tourism that has been affected by the global pandemic can be viewed through the change in the number of tourists on a monthly basis. Table 1 contains the data on the procedural change of tourist visits on a global scale in comparison to the same period in the previous year. In order to compare the changes, an internationally accepted segmentation by regions has been made.

Table 1: *Percentage monthly change of tourist visits in 2020 by regions compared to the same period last year*

Region	Month											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Africas	0	-1	-36	-50	-90	-91	-89	-85	-84	-83	-82	-80
America	0	3	-50	-94	-93	-92	-88	-87	-83	-80	-78	-71
Asia	-9	-54	-82	-98	-99	-98	-95	-95	-96	-96	-95	-95
Europe	5	2	-61	-98	-96	-88	-71	-67	-72	-77	-87	-85
Meadle East	6	-1	-68	-99	-99	-99	-94	-93	-91	-88	-87	-90
World	-1	-16	-64	-97	-96	-91	-80	-77	-79	-83	-88	-85

Source: Prepared by authors based on data from UNWTO

At the start of the year, when the scale of the pandemic could not have been foreseen, there were almost no changes in Africa and America when compared to the same period last year. Europe and Middle East even experienced a slight increase in tourist visits of 5% and 6% respectively. Since the first patients and victims of COVID-19 appeared in China at the end of 2019, there was a drop in tourist visits of 9% in January, 2020. There were no significant global changes in the number of visits in January, since a drop of only 1% is negligible. A sudden drop of visits in Asia of up to 54% continued throughout February, while the rest of the world went through insignificant changes. There was even a recorded increase of 3% in America. As COVID-19 pandemic significantly impacted the whole

world in March, there were dramatic changes and drops in tourist visits on a global scale. Even in March there was a drop of 36% in Africa and up to 82% in Asia. From April to the end of 2020, a dramatic drop continued throughout the world, being over 90% in majority of cases, which is proof of almost total shutdown of tourism. From April to December there were almost no changes or positive movements, since the measures in force prohibited more significant and massive population movement. Furthermore, people's caution and fear of disease have been a major contribution to these changes.

Table 2: *Percentage monthly change of tourist visits in 2020 in EU countries compared to the same period last year*

	Month											
	1	2	3	4	5	6	7	8	9	10	11	12
Aut	11	13	-69	-99	-98	-76	-41	-35	-43	-76	-95	-93
Bel	7	6	-69	-99	-99	-85	-56	-68	-75	-86	-88	-92
Bul	9	5	-44	-89	-87	-75	-66	-68	-56	-45	-54	-65
Cro	2	1	-81	-100	-98	-76	-51	-53	-82	-90	-87	-85
Cyp	4	0	-67	-100	-100	-98	-88	-81	-83	-77	-95	-91
Cze	8	1	-74	-100	-99	-89	-69	-63	-75	-68	-64	-76
Den	2	7	-66	-97	-96	-87	-69	-61	-66	-76	-86	-87
Est	13	9	-64	-99	-97	-84	-58	-61	-80	-89	-90	-90
Fin	9	2	-58	-98	-98	-94	-84	-83	-88	-89	-89	-89
Fra	3	5	-68	-89	-91	-85	-64	-61	-59	-68	-92	-93
Ger	2	1	-71	-97	-95	-83	-62	-60	-63	-77	-92	-95
Gre	20	25	-47	-96	-98	-94	-85	-73	-74	-66	-98	-95
Hun	-15	-15	-15	-100	-100	-100	-56	-56	-56	-62	-64	-78
Irl	0	4	-56	-65	-68	-78	-81	-86	-79	-89	-84	-92
Ita	4	8	-83	-90	-84	-72	-55	-45	-47	-66	-75	-82
Lat	11	14	-61	-98	-97	-76	-39	-41	-79	-88	-89	-90
Lit	5	5	-63	-95	-95	-85	-66	-72	-84	-85	-83	-89
Lux	0	0	-56	-96	-93	-68	-49	-37	-43	-44	-46	-58
Mal	17	16	-57	-100	-100	-100	-84	-66	-82	-83	-92	-94
Ned	5	4	-66	-98	-92	-71	-42	-46	-57	-84	-90	-92
Pol	4	8	-54	-56	-63	-61	-68	-72	-65	-78	-74	-71
Por	11	7	-63	-99	-99	-96	-84	-71	-74	-78	-88	-85
Rom	-9	-10	-80	-99	-100	-95	-90	-90	-89	-90	-89	-92
Svk	20	6	-67	-100	-99	-86	-51	-48	-66	-91	-94	-95
Slo	7	2	-80	-100	-99	-83	-67	-67	-74	-88	-99	-98
Esp	1	1	-64	-100	-100	-98	-75	-76	-87	-87	-90	-92
Swe	1	5	-64	-91	-88	-88	-86	-82	-69	-63	-65	-75

Source: Prepared by authors based on data from UNWTO

The European Union member states are the subject of this research. Table 2 contains monthly changes of the number of tourists for all of them.

At the global scale, there was a decline, especially in February (particularly in Asia). A significant increase in tourism is evident in this period. Greece has experienced exceptional growth in tourist traffic by 20 - 25% compared to the same period last year. A similar increase was recorded in Slovakia and Malta. Other member states of the European Union also recorded an increase, but not as significant as in the aforementioned ones. However, the changes showed a significant growth trend recorded in several percentage points. In March there was an almost disproportionate change and a total turning point on the European Union's tourism market. The sudden drop was recorded in all member states, without exception. It may be worth noting Hungary's example, which retained the drop trend from January and February, and there was an identical 15% drop in March which, at the moment, was by far the lowest drop in the entire European Union. The largest drop by 83% happened in Italy, and the group of states whose drop in March was over 80% includes Croatia, Slovenia and Romania. The following two months (April and May) experienced the reduction of tourist visits to the historically minimal limit. In almost all countries the drop was significantly over 90% (in the majority of such situation a drop by 98% and 99% was recorded). Hungary's example should be noted once again, which showed a constant drop trend, identical for the first 3 months (15%). In April and May there was an absolute drop of 100%, i.e., a period without any tourist visits. Hungary is not the only one faced with this situation. This group of states also includes Cyprus, Croatia, Czech Republic, Malta, Romania, Slovakia, Slovenia, and Spain. However, special note must be made for the dependence of the aforementioned states on tourism economy businesses. Namely, the economic effects and consequences will be perceivable only after the crisis is over, and they will not affect the states dependent on tourism in the same manner as the ones that are not. It is to be expected that this drop of tourism activity will especially affect Malta, Cyprus, Spain, and Greece. The other states, regardless of how affected they are by the drop of tourism activities, will not suffer such economic impact.

During summer months (June, July and August) as a period of the most numerous tourist visits, the situation was still significantly unfavorable, but the drop trend was partially reduced following the previous months. On average, that drop was 10-15% less than previous months, which is still a historically low result. Austria and Luxembourg had the lowest drop

percentage during the aforementioned period, which did not exceed 50% in all three months. Cyprus still had record-breaking percentage drops, above 81%, which is a significant economic impact for a tourism-dependent state. Malta and Romania were in a similar situation.

By the end of the year there were no significant changes and positive trends. The COVID-19 pandemic does not show any signs of weakening. Almost one year after the pandemic started, very negative trends are still perceived, without indications for positive tendencies. The end of the year, in December, did not show any progress in tourist visits in relation to the previous months.

Interdependence of tourist travels in member states of the European Union

The global phenomenon of tourism implies a large possibility and a wide choice of tourist destinations in offer (Zdravković & Peković, 2020). The development of all forms of traffic enables relatively easy and fast transport all over the world (Khan et al., 2020). The globetrotter concept became a standard term for an increasing number of tourists during the past decade, who can boast the number of countries and continents they have visited (Hrubcovaa, 2015; Stukalo et al., 2018). Reasons for intercontinental travels range from purely tourism-related to business-related, which have been more and more present during the past ten years (Slavković & Slavković, 2019). Nonetheless, regardless of the situation, it is obvious that tourist visits from neighboring countries and mostly from the same continent is still dominant (Ivanov & Webster, 2013). The following table shows member states of the European Union and top five countries whose tourists visit them the most. The stated claims that the most frequent tourists are residents of neighboring countries and of the same continent are to be confirmed by analysis.

Table 3 contains percentages indicating tourists' participation in total tourist visits next to the state name. In Austria, the most frequent visitors are citizens of Germany, up to 46 percent. In Belgium, the structure of foreign visitors is diversified, with guests from the Netherlands being the majority with 23%, followed by tourists from France, Germany and Portugal. Tourists from Germany visit Croatia the most for numerous reasons, regardless of not being neighboring countries. The standard of living in Germany makes vacation in destinations that are still too expensive for us possible. After Germans, guests from Slovenia, Austria,

Italy and Poland have similar percentage. It is again confirmed that the standard of living is one of the main factors for choosing tourist visits. This is especially noticeable in the case of Germany, which is ranked in top five positions in almost all member states of the European Union. As stated, tourists in Austria and Croatia are also dominant, but also in the Czech Republic, Denmark, France, Greece, Italy, Lithuania, the Netherlands, Poland and Romania, with over 20% participation for all aforementioned states. It is evident that all of these states are exceptionally tourism-dependent on the visitors from Germany. Every financial or any other crisis in Germany will leave especially significant consequences on tourism development in states where German citizens are dominant tourists.

Table 3: *Interdependence of tourist travels in EU countries*

	Inbound arrivals					Other
Aut	Ger (46%)	Ned (7%)	Swi (5%)	Ita (4%)	Ire (3%)	(35%)
Bel	Ned (23%)	Fra (16%)	Ger (12%)	Por (11%)	Esp (4%)	(29%)
Bul	Rom (12%)	Ger (12%)	Tur (8%)	Gre (8%)	Rus (6%)	(54%)
Cro	Ger (17%)	Slo (9%)	Aut (9%)	Ita (7%)	Pol (6%)	(52%)
Cyp	UK (35%)	Rus (22%)	Isr (6%)	Gre (5%)	Ger (5%)	(27%)
Cze	Ger (20%)	Svk (7%)	Pol (6%)	USA (5%)	Rus (5%)	(57%)
Den	Ger (27%)	Nor (15%)	Swe (13%)	UK (8%)	USA (6%)	(31%)
Est	Fin (43%)	Rus (11%)	Lat (7%)	Ger (6%)	Swe (3%)	(30%)
Fin	Rus (12%)	Swe (11%)	Ger (9%)	UK (7%)	Chi (6%)	(55%)
Fra	Ger (14%)	UK (14%)	Bel (12%)	Ita (8%)	Swi (8%)	(44%)
Ger	Ned (12%)	Swi (9%)	UK (7%)	USA (7%)	Aut (5%)	(60%)
Gre	Ger (14%)	UK (11%)	Bul (10%)	Ita (5%)	N.M. (5%)	(55%)
Hun	Rom (16%)	Ger (13%)	Svk (11%)	Aut (8%)	Cze (6%)	(46%)
Irl	UK (46%)	USA (14%)	Ger (6%)	Fra (5%)	Spa (4%)	(25%)
Ita	Ger (20%)	USA (8%)	Fra (8%)	UK (6%)	Chi (5%)	(53%)
Lat	Rus (13%)	Ger (12%)	Lit (10%)	Est (9%)	Fin (6%)	(50%)
Lit	Ger (12%)	Blr (11%)	Rus (10%)	Pol (10%)	Lat (9%)	(48%)
Lux	Bel (20%)	Ned (17%)	Ger (14%)	Fra (13%)	UK (7%)	(29%)
Mal	UK (26%)	Ita (16%)	Ger (8%)	Fra (8%)	Pol (4%)	(38%)
Ned	Ger (30%)	Bel (13%)	UK (12%)	USA (8%)	Fra (5%)	(32%)
Pol	Ger (25%)	UK (8%)	Ukr (6%)	USA (5%)	Ita (4%)	(52%)
Por	UK (14%)	Esp (14%)	Fra (12%)	Ger (11%)	Bra (6%)	(43%)
Rom	Ger (12%)	Isr (10%)	Ita (9%)	Fra (6%)	USA (6%)	(57%)
Svk	Cze (31%)	Ger (9%)	Pol (9%)	Hun (5%)	Aut (4%)	(42%)
Slo	Ita (15%)	Ger (11%)	Aut (9%)	Cro (5%)	Ned (4%)	(56%)
Esp	UK (23%)	Ger (14%)	Fra (14%)	Ita (5%)	Ned (5%)	(39%)
Swe	Den (16%)	Nor (15%)	Fin (12%)	Ger (11%)	UK (6%)	(40%)

Source: Prepared by authors based on data from WTTC

The example of Germany and its structure of foreign visitors shows deviations from other member states of the European Union. Namely, the most frequent visitors in Germany are the Dutch, with 12% participation; in other words, there are no dominant foreign tourists. The participation of top five groups of tourists is approximately 10%. Germany is a very multicultural environment with the usual significant participation of workforce, so tourists visit it for a number of reasons. The final column in Table 3 shows participation of the rest of the world in the total tourist visit number, and it is noticeable that in Germany's case the percentage is highest – 60%. Such structure is not present in any other member state of the European Union. In most member states, global participation is significantly under 50%. For example, Ireland is visited by only 25% of tourists from the rest of the world. Its top five visitors together comprise 75% of all tourists. Reasons for that lie in Ireland's geographical position, whose island character significantly affects the guest structure. Furthermore, the standard of living and prices of tourist services resulting from it leave room only for those with "the deepest pockets". Participation of tourists from USA is significant, up to 14%. The USA tourists are significant tourist potential in the Czech Republic, Denmark, Germany, Italy, the Netherlands, Poland and Romania. Therefore, the Old Continent is an exceptionally attractive tourist destination for visitors from the USA, which once again confirms the global character of tourism.

Viewing the European Union as a whole, the most significant tourist visitors are mostly residents of the member states themselves. This shows that the member states of the European Union are connected with each other to a large extent, geographically, economically, and tourism-wise. During critical periods, this connection is a "double-edged sword". Negative fluctuations on the global market are easily and quickly transferred to everyone for that exact reason. On the other hand, striving for harmonization and compatibility of economic and other policies has its strong points. The effects of all measures and instruments will quickly become evident since they can be followed on a larger sample.

All data and conclusions stated clearly indicate the significant vulnerability of tourism, especially in situations which the entire world faces because of COVID-19 pandemic. The post-crisis period, which is still not in sight, will be a difficult and long process. The possibility of precise predictions of future movements is of great importance, for approval of measures as well as for expectations.

Research methodology

Based on the data collected, a multiple regressive analysis was conducted to answer the question of how a group of independent variables can predict a dependent variable. In this case, the independent variable is represented by the change in the number of tourists on a monthly basis in member states of the European Union, while the dependent variable is defined as the change of tourist visits in January 2021.

The general model of a multiple linear model can be presented as follows (Alexopoulos, 2010):

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_{m-1} X_{m-1} + \varepsilon$$

in which

Y – dependent variable (change in the number of tourists for January 2021)

X_1, X_2, \dots, X_{m-1} – independent variable (change in the number of tourists from January to December 2020)

Regressive function can be presented as follows (Alexopoulos, 2010):

$$\hat{Y}_i = b_0 + b_1 X_{1i} + b_2 X_{2i} + \dots + b_{m-1} X_{m-1}$$

We have formulated two hypotheses related to the change in the number of tourists:

H_0 – regressive model is well defined and the change in the number of tourists in January 2021 can be predicted with certainty;

H_1 – regressive model is not well defined and the change in the number of tourists in January 2021 cannot be predicted with certainty.

Results and discussion

Regressive analysis is used to obtain the model which will enable prediction of changes in tourist visits on a monthly basis. Percentage changes on a monthly level in member states of the European Union are

independent variables of the model. January 2021 is the dependent variable, whose movement should be calculated based on the set model.

Table 4: *Validity of the model*

Model	R	R ²	Adjusted R Square	Sig
1	.989	.978	.967	.002

Source: *Author's calculations in SPSS*

The model should be evaluated first, indicated by the data in Table 4. The coefficient R² is the determining coefficient which indicates which part of the dependent variable's variance is explained by the model. Since the samples are mostly limited, i.e., small, Adjusted R² is commonly taken into consideration, which in this case is 0.967. This means that the created model explains almost 97% of the independent variable's variance (percentage of changes for January 2021). This means that the established model is very good and enables further interpretation of results. Furthermore, statistical significance of the results obtained, which in this case is p=0.002, is very important as well, which means that the obtained results have statistical significance as well.

Table 5: *Results of multiple regression analysis*

	Beta	Std.Err. of Beta	B	Std.Err. of B	t	Sig.
Const ^b			4.684	0.654	1.652	0.001
Jan '20	0.029	0.132	0.135	0.135	0.109	0.000
Feb '20	-0.165	0.110	-0.249	0.114	-2.264	0.001
Mar '20	0.232	0.154	0.358	0.215	1.549	0.002
Apr '20	0.062	0.126	0.267	0.186	0.697	0.001
May '20	-0.093	0.178	-0.549	0.143	-1.265	0.000
Jun '20	0.459	0.164	0.326	0.110	1.965	0.001
Jul '20	-0.137	0.287	-0.167	0.194	-1.641	0.004
Aug '20	0.384	0.492	0.367	0.356	0.369	0.005
Sep '20	0.716	0.159	0.597	0.226	1.293	0.003
Oct '20	-0.281	0.249	0.431	0.267	1.647	0.006
Nov '20	0.549	0.364	0.228	0.341	-0.326	0.002
Dec '20	0.691	0.227	0.364	0.397	0.746	0.001

Source: *Author's calculations in SPSS*

After considering the model's justification, it is important to determine how much each variable in the model contributes to the prediction of the dependent variable of our model. Beta coefficients in Table 5 and their absolute values give that information. They are clearly highest for

September (0.716), December (0.691) and June (0.459), while the lowest ones are for January (0.029), April (0.062) and May (0.093). Furthermore, as with the previously considered justification of the model, statistical significance of the results obtained is important. The level for all months is $p<0.005$. This proves the zero hypothesis.

H_0 — regressive model is well defined and the change in the number of tourists in January 2021 can be predicted with certainty, which enables formulation of regressive equation.

$$\begin{aligned} \text{Jan_21} = & 0.135*\text{Jan_20} - 0.249*\text{Feb_20} + 0.358*\text{Mar_20} + \\ & 0.267*\text{Apr_20} - 0.549*\text{May_20} + 0.326*\text{Jun_20} - 0.167*\text{Jul_20} + \\ & 0.367*\text{Aug_20} + 0.597*\text{Sep_20} + 0.431*\text{Oct_20} + 0.228*\text{Nov_20} + \\ & 0.364*\text{Dec_20} \end{aligned}$$

Conclusion

The development of human civilization has enabled a life which is not focused solely on fulfilling existential needs. The need to travel dates back to the first human communities. What changed to this day, aside from the scope of those travels, are the motives that inspire them. A contemporary human will travel a lot in order to learn about cultural and historical heritage and cultures of other nations. He will dedicate a lot of time as well as significant finances for that. Regardless of the fact that tourism has become a real need, its vulnerability remains one of its main characteristics. It is related to critical periods which may cause an even bigger crisis on the tourism market. The current COVID-19 pandemic has left and will leave great consequences on the lives and standards of living of people all over the globe. Tourism sector will also pay a steep price. The aforementioned vulnerability of tourism surfaced globally very quickly. At the start of the year, especially from March 2020, it measured a drastic drop in tourist visits on a global scale. The reasons for that arise from the need for prediction as one of the main assumptions of modern economy. If it were possible to create a model which would be able to predict tourists' monthly movements based on the changes in the previous period, we would be able to predict future changes with ease. This will be of great use to tourism policy and offer carriers, because successful business depends on precise predictions. All assumptions made by the established model are fulfilled and they have enabled a formulation of a regressive equation. However, what should be paid attention to is the model's limitation. It is created based on the movement of changes in tourist visits in 2020, which represents the

model's temporal limitation. Furthermore, the situation taken into consideration is inadequate for the situation in peaceful condition, meaning that it should be checked whether the aforementioned model presents realistic situations outside of a critical situation. The possibility of expanding the temporal range and checking the model's adequacy in peaceful conditions is a task for future researchers. What is certain is that the COVID-19 pandemic will last for a significant amount of time. The consequences can only be glimpsed at for now, and we will be able to fully measure and understand them after the pandemic is over. Furthermore, their remediation will be a long-lasting process, and overcoming the consequences of the crisis and returning the world to a pre-pandemic situation depends on the economic policy carriers and their knowledge and experience.

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TOURIST DEVELOPMENTS IN COVID PANDEMIC CONDITIONS ON THE EXAMPLE OF ISTRIA COUNTY, CROATIA

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Abstract

The occurrence of the COVID pandemic in 2020 caused major health problems to the population and the world economy, an economic crisis with an evident decline in financial and productive power, rising unemployment and falling living standards. Unemployment and declining living standards were reflected in tourism trends, which were largely absent in such conditions. Following the stated assumptions, the purpose and goal of this paper is to investigate the impact of the COVID pandemic in the segments of tourist trends on the example of the Istrian tourist destination. The research was conducted from a theoretical and empirical point of view. Theoretical research is focused on finding relevant insights into the impact of the COVID pandemic on tourism trends. Empirical research based on statistical indicators will determine the quantitative impact of the pandemic on tourism trends.

Key Words: *COVID pandemic, tourism trends, global economy, economic crisis, Istria County*

JEL classification: Z3, Z32, Z39

Introduction

Globalization movements have opened up organizational, economic, and numerous other processes. In these complex processes, numerous bodies have emerged that directly and indirectly conduct the development of entire economies, including tourism at all spatial and economic levels.

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During 2020, the global economy was hit by the COVID pandemic, which caused a global economic crisis with disastrous consequences in all structures of the economy, including tourism. The global economic crisis caused by the COVID pandemic has threatened the financial and productive power of the global economy, which had a negative impact on investments, employment and peoples living standards. Decline in financial power had an unfavorable effect on investments in tourism, so there was no construction of new capacities nor projects aimed at improving the quality of the existing ones. The decline in production in most economic activities increased unemployment, which in turn led to a decline in living standards of the population, ultimately reflected on the reduction of tourist trends in terms of volume and structure.

Following the mentioned indications, the authors in this paper investigate the impact of the global economic crisis caused by the COVID pandemic on tourist traffic (tourists and overnight stays), using Istria as an example.

The obtained data from the research will be used to confirm or reject the hypotheses which assume that the overall tourist trends observed through tourist and overnight traffic have declined; that tourist traffic from neighbouring countries has declined more slowly than that of tourists from other countries; that the choice of residence is skewed towards rural areas; while the preference is tilted towards the selection of smaller and detached accommodation facilities.

The emergence of the COVID pandemic and its impact on the global economy and tourism

Corona virus appeared in December 2019 in the city of Wuhan, China and from January 2020, it began to spread rapidly to all parts of the world.

The first case of coronavirus outside China was recorded on January 30, 2020. As the coronavirus spread rapidly to other countries, the World Health Organization declared a global pandemic, classifying it as a "public health threat of international importance, due to the speed of the epidemic and the large number of unknowns about the new virus."

The first case of coronavirus infection in Croatia was recorded on February 25, 2020, and measures of the health package for the control of coronavirus were adopted, consisting of:

- social distancing measures;

- closure of schools and universities;
- postponement or cancellation of all types of public events (artistic, sports, etc.);
- mass testing and monitoring of infection.

While these measures were successful in reducing infection, they have also, by limiting human activity (containment), had significant economic costs. Never before have such measures been introduced (i.e. a ban on work, travel and the like). Even if the suspension did not last longer than one or two months, in 2020 there was a serious drop in GDP in many countries. The consequences of this pandemic on the economy are reflected in reduced sales, work limits, and thus an increase in the number of unemployed due to layoffs, while bringing into question the survival of other segments of the economy such as airports, banking system, small and medium catering companies and the like. Unlike the crisis that occurred in 2008, and the same had significant consequences for the real economy, the crisis caused by the COVID pandemic had far greater consequences. This crisis has had an impact on the import and export of goods, all levels of business, the operation of catering facilities, air transport and the like.

Most countries in the world have introduced collective quarantine, while closing state borders. Epidemiological measures that were in force in the Republic of Croatia include:

- Closing of state borders;
- Obligation to wear protective masks and gloves;
- Ban on movement from county to county, and from city to city exclusively from e-pass;
- Limited number of people staying in a certain area;
- Ban on work in catering facilities;
- Social distancing measures.

These measures were introduced in March of 2020 and were maintained until the end of May, when the first wave of infection was brought completely under control. Measures of limited number of people staying in a certain area remain in force for prevention, whereby the measure of social distance of 1.5 meters, regular disinfection of rooms, regular disinfection of hands, wearing protective masks indoors must be respected. Furthermore, it is important to point out that the European Commission is also taking a number of measures as a common European response to the coronavirus pandemic. Decisive measures are being taken to strengthen the

public health sector and mitigate the socio-economic consequences in all EU Member States. Likewise, all the means at our disposal are being mobilized to help Member States coordinate national responses and provide objective information on the spread of the virus and effective efforts to combat it. In these times of crisis, countries, regions and cities in the European Union help neighbors and those most in need: they donate protective equipment such as masks, provide cross-border treatment for sick patients and bring home blocked citizens abroad.

Tourist traffic in the conditions of the crown of the pandemic and the global economic crisis

Strong changes in the organization and management of world tourism have taken place since the 1990s. In the context of these changes, tourism demand, consumption and commercialization are developing dynamically. The complexity of the entire organizational process in international tourism is manifested in the interaction of many participants, which includes the integration of institutions and their functioning.

(Aramberri, 2008) points out that unexpected crises (September 11, 2001, Iraq and SARS 2003, Tsunami 2004, Avian Influenza 2005) have significantly affected tourism. Although international tourism developed extremely dynamically in the middle of the last century, 1982, 2001, and 2003 saw a decline in tourist arrivals. The decline in tourist arrivals of -0.4% in 1982 was caused by the recession in the world economy, caused by the oil crisis, and in 2001 the decline of -0.5% occurred due to the terrorist attack on the United States, while in 2003 the decline of -1.7% caused by the war in Iraq and the outbreak of the dreaded SARS disease. Such an event with international tourism can be expected and predicted for the current economic crisis.

The forecasts that the authors of this paper agree with (Ritchie et al., 2010; Smeral, 2009; Smeral, 2010; Song, & Lin, 2010) warn about the decline in world tourist traffic, and the duration of the crisis from 2 to 5 years. The decline in tourist spending will cause a real blow to all activities in the function of tourism. Due to the lack of financial and credit funds, the development of tourism will be absent. Some of the forecasts are summarized below:

The global financial crisis could cost the world tourism market up to a 20 percent drop in total international traffic. Expressed in figures, this would

mean that in the international tourist movements in 2009, there could be about 180 million tourists less than 900 million world travelers in 2008. Destinations far from the initiative markets will suffer the largest decrease (Ružić et al., 2009; Ružić & Medica, 2010).

The financial crisis will have a severe impact on the activities that serve tourism. Tourists will no longer be able to spend as before, so activities in the function of tourism such as trade, food production, hotels and restaurants are under attack. The reduction in tourist spending will cause an unprecedented recession. Potential tourists will not spend as generously as boredom (Ružić et al., 2009; Ružić & Medica, 2010; Papatheodorou et al., 2010).

Previous research on the effects of the global economic crisis on tourism is scarce and suggests only the basic directions of possible trends. Thus, the World Tourism Organization - UNWTO (2009), warns that tourism will experience a stronger decline in demand by the end of 2009 and in the first half of next year. In these years, a decline in tourist traffic is expected by an average of 5% (Ružić et al., 2009; Ružić & Medica, 2010).

For world tourism, according to the report of the Ministry of Tourism and Sport, (2020, 2021), 2020 is the worst year in history with a drop in international tourist arrivals of 74 percent or about a billion less than in 2019. Continued travel restrictions and other anti-pandemic measures also reduce expectations of recovery in 2021, the World Tourism Organization – UNWTO (2009) reported. Such a decline in world tourism is a direct consequence of declining tourist demand and restrictions on travel around the world.

"The collapse of international travel in 2020 also represents an estimated loss of tourism export revenue of about \$ 1.3 trillion more than 11 times the loss recorded during the global economic crisis of 2009. The pandemic has directly jeopardized between 100 and 120 million jobs in tourism, many of which are in small and medium-sized enterprises", the UNWTO (2009) said.

They are aware that a lot has been done to enable safe international travel, but also that the crisis is not over yet because many countries will reintroduce stricter travel restrictions in early 2021 due to the continuation of the pandemic, which includes mandatory testing, quarantine and sometimes complete closure of borders.

The UNWTO (2009) expects that the gradual introduction of the virus vaccine will help restore consumer confidence, help ease travel restrictions and slowly normalize travel in 2021, but these expectations are still somewhat more cautious than in autumn 2020 and early 2021.

Currently, almost 50 percent of surveyed experts expect 'some' recovery (Kresić & Mikulić, 2020; Buntu et al., 2021) only in 2022, while 21 percent thought so in October. The remaining half still see opportunities in 2021, which is less than almost 80 percent who, in October 2020, believed in a recovery in 2021, for which they now predict only an increase in domestic tourism and demand for outdoor tourism activities.

Commenting on the results from 2020 by individual regions of the world, the UNWTO emphasizes that the most affected world region was Asia and the Pacific, where international tourist arrivals fell by 84 percent or 300 million compared to 2019. It is also a region that was the first to experience a pandemic, and currently has the highest level of travel restrictions. It is followed by the Middle East with 76 percent fewer international tourist arrivals, and Europe with an annual decline of 71.

Although Europe had, as they say from the UNWTO (2009), "a small and short-lived revival of tourism in the summer of 2020," it still suffered the largest absolute decline among the world's regions, with more than 500 million fewer international tourists than in 2019.

Meanwhile, 70 percent fewer international tourists came to Africa, and with the smallest drop, of 69 percent, the Americas stands out, because they had slightly better results in the last, fourth quarter of 2020 than in previous quarters.

Methodology

The research in this paper is based on primary and secondary sources, as well as an approach and methods based on the views of domestic and foreign researchers. Secondary data sources will be used to conduct the research to obtain the necessary information. Secondary data refer to books, scientific and professional articles, online sources of relevant international and domestic authors in the field of tourism in crisis situations. The paper uses descriptive research, and the collected data will be quantitatively and qualitatively analyzed and will be presented in tables and graphs. By descriptive methods of synthesis and analysis, comparisons, the collected

data are systematized into a logical whole with the aim of providing an overview of the obtained research results.

The research will be conducted in two phases; theoretical and empirical. The first is aimed at exploring the theoretical basis within which the relevant knowledge about the COVID pandemic will be systematized, and related to the emerging global economic crisis and their mutual impact on tourism trends. The empirical research is based on the results of a comparative analysis of tourist trends conducted in the period of the second half of 2019, before the COVID crisis and in 2020, during the COVID crisis.

The aim of the research and hypothesis

The aim of the research is to analyze the impact of the global economic crisis caused by the pandemic on tourism sector, with a focus on tourist trends (tourist traffic and overnight stays), using Istria as an example.

In accordance with the stated goal of the research and the current knowledge about tourist trends in times of economic crises, the authors set the following hypotheses:

- H1 = The global economic crisis caused by the COVID pandemic will slow down overall tourist traffic (visits and overnight stays)
- H2 = The global economic crisis caused by the COVID pandemic will have less of an impact on slowing the growth of tourist traffic in destinations close to the initial markets and more from more distant ones.
- H3 = COVID pandemic will cause changes in the choice of location and type of accommodation, where there will be increased interest in accommodation in rural areas, and from accommodation facilities there will be more interest in accommodation in rooms and apartments on family farms, rooms and apartments in households and accommodation facilities in campsites, and least in large hotels in tourist centers.

The research was conducted in a period of two years (2019 and 2020), i.e. before and during the COVID pandemic. The spatial scope of the research refers to the rural and maritime area of Istria, which is located in the northeastern part of the Adriatic Sea on the westernmost and largest peninsula of Croatia. The Istrian peninsula is also the westernmost county of the Republic of Croatia, the closest Mediterranean tourist destination to the countries of Central Europe. The area of the Istrian peninsula belongs to the County of Istria is 2,822 square kilometers, which is 4.98% of the total area of the Republic of Croatia (Regione Istriana, 2009/10).

Istria is the leading tourist destination in Croatia. According to available data, in 2019 tourists had at their disposal a total accommodation capacity of 294,339 units (beds and places in camps). Of the stated number of accommodation units, 50% are places in camps. With the total capacity, the County of Istria participates with 25% in the total capacities of the Republic of Croatia. In 2019, more than 4.6 million arrivals were realized, which is 25% of total arrivals in Croatia, and over 28.7 million overnight stays or 32% of those realized in Croatia.

Results

To prove the set hypotheses, research was conducted with a focus on the realized tourist and overnight traffic in the year 2020, burdened by the COVID pandemic and the global economic crisis, and the year 2019, before the crisis. Testing of the first hypothesis, that due to the COVID pandemic and the caused global economic crisis, suffered a decline in tourist traffic and overnight stays, will be performed by comparing data on total tourist arrivals and overnight stays at the time of the COVID pandemic in 2020 with preceding year's results. To this end, Table 1 shows the realized turnover of tourists and overnight stays in the Istrian tourist destination in the stated years and by quarters.

Table 1: *Realized tourist traffic (tourists and overnight stays, by quarters) before and during the COVID pandemic*

Turnover description	2019	2020	Index 2020/19
Total Visitors	4,609,799	1,876,999	40
Domestic	313,216	182,804	58
Foreign	4,296,583	1,694,195	39
Total Nights	28,709,556	13,514,684	47
Domestic	1,202,043	809,441	67
Foreign	27,507,513	12,705,243	46

Source: *Istria County Tourist Board (05 January 2021)*

The data from Table 1 show that in the Istrian tourist destination in the crisis period in 2020, there were 60 percent less tourist arrivals and 53 fewer overnight stays than in the same period in 2019, which was rated as a record in terms of tourist traffic. This certainly confirms the thesis that the economic crisis is causing a slowdown in tourist traffic, which is confirmed by this research at the local level on the example of the Istrian tourist destination.

The COVID pandemic developed rapidly and in waves. It appeared in the Istrian tourist destination at the beginning of 2020, only to reach its peak in March 2020. At that time, due to the intensive spread of the virus, and in order to protect the population, strict measures were introduced on movement, in order to minimize close contacts. Also, at that time, all production and non-production activities ceased to operate, except those that were deemed important for maintaining human life and health. Thus, the pandemic caused increase in unemployment, a drop in production, an unprecedented crisis that lasted until June 2020. Then there was a pause, only to reappear in a similar second wave at the end of the year.

In order to notice the impact of the pandemic with regard to its development during the year, Table 2 shows the realized tourist turnover and overnight stays by quarters.

Table 2: *Realized tourist traffic (tourists and overnight stays, by quarters) before and during the COVID pandemic*

Quarter	2019		2020		Index	
	Tourists	Nights	Tourists	Nights	2020/19	2020/19
1-3	157,076	504,905	99,294	371,299	63	73
3-6	1,457,890	7,115,624	295,897	1,555,639	20	21
6-9	2,739,007	20,154,845	1,414,512	11,238,181	52	56
9-12	255,835	934,184	67,296	349,565	26	37
Total	4,609,808	28,709,558	1,876,999	13,514,684	40	47

Source: *Istria County Tourist Board (05 January 2021)*

The data from Table 2 show the correlation between the spread and growth of the COVID pandemic with its impact on tourism, i.e. on the realization of tourist traffic and overnight stays. In the first quarter, as the pandemic gradually spread both in the narrower area and globally, tourist and overnight traffic experienced the smallest decline. In the second quarter, once the pandemic peaked, the largest decline in tourist traffic and overnight stays was achieved. For the third quarter, in which the threat of the pandemic was declared to have declined, the turnover of tourists and overnight increased significantly, but remained at half of the level of half realized in 2019. In the fourth quarter, a large drop in tourists and overnight stays was recorded again due to the appearance of the second wave of the pandemic, which was more devastating than the first one.

The following table shows the traffic of tourists to the country of arrival before and during the pandemic. These indicators provide an overview of the preferred direction of tourists during the pandemic and crisis.

Table 3: *Overview of tourists by country of arrival before and during the COVID pandemic*

Country of arrival	Tourists 2019	Tourists 2020	Index 2020/2019
Austria	654,667	152,800	23
Belgium	48,397	16,742	35
Czech Republic	152,319	97,608	64
Denmark	12,919	43,203	30
France	64,478	13,274	21
Italy	462,910	98,559	21
Hungary	129,062	40,927	32
Netherlands	171,155	32,595	19
Germany	1,059,908	601,905	57
Poland	130,279	80,528	62
Russia	46,928	5,776	12
Slovakia	68,601	21,094	31
Slovenia	605,923	352,327	58
Serbia	42,630	22,797	53
Sweden	41,048	3,607	9
Switzerland	67,303	28,746	43
UK	146,201	15,272	10
Others	705,071	249,239	35
Total	4,609,799	1,876,999	40

Source: *Istria County Tourist Board (05 January 2021)*

The indicators shown in Table 3 present the tourist traffic of visitors by the country of arrival, which prove the claim that the pandemic caused a greater slowdown in tourist traffic (visitors and overnight stays) from more remote tourist countries (markets), while the decline in tourist traffic from closer initiative tourist countries (markets) slower.

The first claim is proven by a smaller decline in arrivals from neighboring Slovenia, which remained at 58%, Serbia 53%, Germany 57%, the Czech Republic 64%, compared to the last year's results.

On the other hand, a larger drop in tourist arrivals was realized from more distant destinations; 12% from Russia, 10% from Great Britain, 9% from Sweden, 19% from the Netherlands, compared to results of 2019.

The following tables present data on the turnover of tourists and overnight stays according to their choice of living space and type of accommodation facility.

Table 4: *Realized tourist traffic (tourists and overnight stays) before and during the pandemic according to the choice of living space*

Destination	2019		2020		Index	
	Tourist	Nights	Tourist	Nights	2020/19	2020/19
Bale	55,726	362,458	27,596	193,112	50	53
Barban	12,834	105,147	7,874	68,978	61	66
Brtonigla	76,132	627,770	34,855	320,748	46	51
Buje	45,290	213,777	16,324	83,092	36	39
Buzet	18,728	62,858	7,308	34,202	39	54
Grožnjan	4,869	22,542	2,889	17,079	59	76
Kanfanar	8,608	70,847	5,464	52,244	63	74
Kaštela-Labinci	9,375	85,479	6,589	62,793	70	73
Kršan	8,963	70,300	5,621	57,330	63	82
Ližnjan	35,240	290,112	21,212	193,650	60	67
Marčana	47,914	382,632	27,186	243,819	57	64
Motovun	23,931	54,850	9,942	28,286	42	52
Opština	15,304	54,314	4,469	21,308	29	39
Pazin	40,762	300,243	28,131	222,419	69	74
Raša	45,126	357,169	24,581	215,513	54	60
Sveta Nedelja	12,067	110,266	8,422	80,153	70	73
Svetvinčenat	16,227	141,771	12,363	109,457	76	77
Višnjan	11,585	89,177	7,259	61,906	63	69
Vižinada	6,316	49,477	4,666	39,446	74	80
Vodnjan	57,366	684,474	43,454	532,307	76	78
Žminj	9,856	85,182	6,878	59,374	70	70
Rural areas	562,219	4,220,845	313,083	2,697,216	63	55
Fažana	144,439	1,055,382	67,615	520,586	47	49
Funtana	237,206	1,721,331	99,107	743,193	42	43
Labin	245,272	1,440,277	71,231	453,250	29	31
Medulin	426,221	2,765,651	195,667	1,448,537	46	52
Novigrad	230,296	1,331,891	104,327	641,074	45	48
Poreč	589,120	3,485,233	203,953	1,388,144	35	40
Pula	445,623	2,174,652	149,184	855,878	33	39
Rovinj	721,060	4,011,658	294,562	1,846,127	41	46
Tar-Vabriga	256,373	1,973,775	90,082	804,826	35	41
Umag	505,155	2,724,542	183,328	1,273,200	36	47
Vrsar	221,560	1,634,030	87,087	712,854	39	44
Nautika	25,255	170,289	17,773	129,799	70	76
Maritime space	4,047,580	24,488,711	1,563,916	10,817,468	44	38
Total Istra	4,609,799	28,709,556	1,876,999	13,514,684	40	47

Source: *Istria County Tourist Board (05 January 2021)*

The data in Table 4 show the realized tourist traffic related to the rural area and the maritime area. From the above indicators it is noticeable that during the COVID pandemic rural (63%) and maritime areas (44%) are preferable, which is understandable because the area is less crowded, allowing social distancing and lower risk of infection. In addition to the above, the rural area of Istria provides tourists with a special quality of stay, as research has shown (Ružić et al., 2011; Ružić & Amidžić, 2018). Table 5 presents data on the realized tourist traffic according to the choice of accommodation facility.

Table 5: *Realized tourist traffic (tourists and overnight stays) before and during the pandemic according to the choice of accommodation facility*

Type of accomodation	2019		2020		Index	
	Toursits	Nights	Toursits	Nights	2020/2019	2020/2019
Hotels	1,727,443	7,976,149	447,991	2,156,510	26	27
Camps	1,338,884	9,741,004	573,245	4,323,902	43	44
Private accomodation	94,592	2,039,988	118,102	1,834,366	125	89
Household facilities	2,780	13,567	1,835	10,781	66	79
Family farms	1,076,537	6,982,096	567,117	4,161,927	53	59
Others	369,563	1,956,752	168,709	1,027,198	45	52
Total	4,609,799	28,709,556	1,876,999	13,514,684	40	47

Source: *Istria County Tourist Board (05 January 2021)*

Based on the data presented in Table 5, the preference for selecting the facility for accommodation required in the COVID pandemic was investigated. According to the data in Table 5, it can be seen that tourists mostly preferred accommodation in facilities on family farms (66%), households (53%) and camps (43%). The preference of tourists for accommodation in hotels is the lowest (26%), as the higher concentration of people indoors allows greater spread of the virus.

Conclusion and recommendations

The research presented in this paper points to the fact that the process of globalization has also affected tourism. The appearance of the COVID pandemic was followed by the global economic crisis which affected the world economy with the consequences of falling production, rising unemployment, and the lack of financial resources impeding development

and liquidity. This is also reflected in tourism, causing a number of adverse consequences, such as the decline in the number of visitors and overnight stays and tourist spending.

This paper examines the assumptions about the movement of physical traffic (tourists and overnight stays) in tourism during the COVID pandemic at the local level, using Istria as an example.

A study conducted on the tourism activity of Istria found that in the year of the COVID pandemic (2020) there was a slowdown in visitor and overnight stays to (40% of tourists, 47% of overnight stays), compared to the results from 2019. This confirms the first assumption which claims that in general, in times of global economic crises, there is a slowdown in tourist traffic, which is confirmed at the level of the Istrian tourist destination.

Given that this is a specific global economic crisis caused by the COVID pandemic, research and special assumptions are imposed that there will be a greater slowdown in the arrival of tourists from more remote tourist destinations, and that there will be changes in the choice of accommodation and living space tourist.

The assumption, which claims that a decline in the number of visitors and overnight stays will be greater for those arriving from more distant locations, stands and has been fully proven on the example of Istrian tourism. The first was proven by a smaller drop in arrivals from neighboring Slovenia, which remained at 58%, Serbia 53%, Germany 57%, Czech Republic 64%, of 2019 level. On the other hand, a larger drop in tourist arrivals was realized for those arriving from Russia (12%), Great Britain (10%), Sweden (9%), and the Netherlands (19%).

The assumption that there will be changes in the preference for the choice of accommodation and tourist accommodation is also proven by the example of Istrian tourism. The results of the survey of tourists' preferences regarding accommodation and space show that tourists preferred accommodation in facilities on family farms (66%), private households (53%) and camps (43%). The preference of tourists for accommodation in hotels is the lowest (26%), which is understandable due to the higher concentration of people indoors, which significantly increases the spread of the infection. Also, it is noticeable that during the COVID pandemic, visitors preferred rural areas (63%) to the maritime (44%).

According to the obtained research results, marketing and promotional activities are recommended, aimed at those within a closer territorial vicinity, as this would lead to a larger influx of tourists. It is also necessary to adjust the offer of accommodation, food, entertainment and leisure to the preferences of tourists by adjusting the supply of services away from large tourist centers towards rural areas, family farms and the likes.

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DETERMINING THE DIFFERENCES IN TOURIST'S RISK PERCEPTION AND TRAVEL INTENTION DURING COVID-19 HEALTH CRISIS: CASE STUDY OF SERBIA

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Abstract

The research purpose is determination of the differences in Serbian tourist's perceived risk, during the COVID-19 health crisis, according to travel intention and destination of travel. In order to accomplish an analysis of differences between risks (travel risk, destination risk, health risk, financial risk), risk scores were calculated using confirmatory factor analysis (CFA). Testing the differences in relation to the travel intention and destination of travel during the COVID-19 pandemic according to risk perception was conducted through one-way MANOVA, where two models were applied. The outcome of the first model shows: significant impact of travel intention on a linear combination of risk factors. Also, taking into account all four risk factors, there are significant differences between those who intend to travel during a pandemic and those without that intention. In the second model, the findings indicate significant impact of the travel destination on a linear combination of risk factors, and significant differences between those respondents who intend to travel during the COVID-19 pandemic in the country and those respondents who intend to travel abroad according towards the perception of health risk, destination risk, and travel risk.

Key Words: *COVID-19, perceived risk, travel intention, Serbia*

JEL classification: Z33; M31

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Introduction

"SARS-CoV-2" (COVID-19), from the group of Coronaviruses, was identified on December 31st in China (Wuhan) (Gossling et al., 2020). The existence of the virus was officially confirmed on January 30th, 2020, and the COVID-19 pandemic was declared two months later (Neuburger & Egger, 2020). Due to the health crisis caused by the COVID-19 virus, travel has been reduced and limited worldwide. The COVID-19 health crisis has destroyed tourism industry around the world, due to the travel limitations forced by most countries (Li & Ito, 2021). Tourism is certainly the most stricken sectors due the COVID-19 health crisis. The impact of COVID-19 on industry of travel is serious; it causes great negative consequences, even greater than during 2003-2004, caused by the SARS virus. There are currently 110,384,747 cases worldwide where the presence of the COVID-19 virus has been diagnosed and a total of 2,456,008 deaths (World Health Organization, 2021). Countries are taking drastic measures to control the pandemic that has befallen the whole world (Ugur & Akbiyik, 2020).

Epidemics and pandemics are unfavorable for travelers and those planning trips because they bring with them different types of risks and potential risk situations. In addition, not only passengers are at risk, but also other people they come in contact with during the trip (Bae & Chang, 2020). Passengers affect a serious role in the transmission of the COVID-19 virus between destination and place of residence. Constant information regarding the risks at the destination is considered a good starting point for assessing and changing travel plans of potential travelers, as well as for revealing forecasts related to the recovery of the tourism industry (Gossling et al., 2020). The purpose of informing about risks is to make clear, instruct or advise potential passengers of possible critical situations that may befall them at the destination.

In leisure industry and travel business, COVID-19 health crisis has caused serious economic losses. Safety and the reduction of all types of travel risks are key matters when travelers make travel decisions (Saadat et al., 2020). The literature offers various studies related to risks in tourism (Leonard et al., 2020; Perić et al., 2021; Ritchie & Jiang, 2019; Yi et al. 2020). Most studies present passenger concerns and destination-related risks. Passengers' fear was especially pronounced during the COVID-19 health crisis (Qiu et al., 2020). Fear and risk directly affect passengers' travel behavior. The COVID-19 health crisis has turned the way people live. The pandemic has particularly affected the changing preferences related to

tourism (Lee et al., 2020). There are numerous studies that have explored the influence of perceived risk on intentions, also behavior of tourists ongoing COVID-19 health crisis (Abraham et al., 2020; Li & Ito, 2021; Neuburger & Egger, 2020; Perić et al., 2021), but there are no studies examining differences in risk perception and travel intention during a COVID-19 health crisis. Accordingly, the study purpose is to determine the differences in Serbian tourist's perceived risk during the COVID-19 health crisis (travel intention and destination).

Impact of COVID-19 on tourism in Serbia

Currently, there are 434,122 confirmed COVID-19 cases and 4,321 confirmed COVID-19 deaths in the Republic of Serbia (Ministry of Health of the Republic of Serbia, 2021). At this moment, preventive measures are still valid on the territory of the Republic of Serbia. The goal is to reduce the risk of the appearance of COVID-19 and the transmission of this virus among the population (Ministry of Health of the Republic of Serbia, 2021).

The COVID-19 health crisis is an extraordinary global crisis that has a huge impact on worldwide tourism industry (Matiza, 2020). The COVID-19 health crisis has hit tourism sector in the Republic of Serbia, and this part of economic activity is suffering huge losses (Perić et al, 2021). At its peak, when the borders around the world are closed, it is noticed that the losses will be enormous and that the recovery of the tourism sector will not start so quickly. It is still unknown how long the world will fight the COVID-19 virus. The COVID-19 health crisis is different from all previous ones and the recovery will take longer than predictable recovery time (10 months) (Škare et al., 2020).

The global travel and leisure industry has been the first to be quite negatively affected by the pandemic, as passengers have given up traveling due to increased risk (Sigala, 2020). Tourism is affecting the spread of the epidemic around the world due to the great mobility of passengers, and the epidemic is also affecting tourism (Madanoglu & Ozdemir, 2018). Strict ban on international tourism, minimal restrictions on domestic travel, have made domestic tourism the only acceptable and sustainable choice for travelers (Hotle & Mumbower, 2021). The situation with the Republic of Serbia is the same. However, the number of tourists in 2020 compared to 2019 shows a drastic reduction in the number of arrivals and overnight stays. Only in December 2020, compared to December 2019, did the number of tourist arrivals decrease by 67.1%, and the number of overnight

stays decrease by 59.9%. In December 2020, compared to December 2019, the number of overnight stays of domestic tourists decreased by 46.7%, and the number of overnight stays of foreign tourists decreased by 75.6% (Statistical Office of the Republic of Serbia, 2021).

Perceived risk in tourism

Currently, major changes are happening in the world, and they are related to the safety aspect of travel, so the absence of risk is becoming one of the most important criteria when choosing a destination. Risk perception is a dynamic concept (Neuburger & Egger, 2020). The perception of risk mostly depends on the characteristics of the travelers and their desires, needs and understanding of the world around them. Risk perception is the nature and amount of risk that travelers perceive when considering and making a choice regarding a particular purchase or choice of tourist destination for travel (Cox & Rich, 1964). Haddock (1993) describes perceived risk as a subjective evaluation of potential threats and hazards, with the existence of security controls. Reid and Ritchie (2011) present perceived risk as an effect of uncertainty that could affect financial, social, environmental, health, and other aspects of security.

The existing literature considers security risk as the most important and the risk that influences the tourist's decision about the travel destination the most (Artuger, 2015; Aqueveque, 2006; Bagarić et al., 2019; Kim et al., 2019). There is a lot of research dealing with influences on the tourist's decision to choose a travel destination (Dramičanin & Sančanin, 2020), however, the effects of risk perception that can be experienced during travel have not been sufficiently investigated (Adeloye & Brown, 2018). Although risk perception is most often studied in the context of international travel, it also varies depending on the destination of the trip (Sonmez & Graefe, 1998).

Reisinger and Mavondo (2006) define tourism risk as a perceived risk during the process of purchasing and consuming tourism services. These authors quote five main risks: violence, warfare and political insecurity, health risks, crime, and cultural and linguistic difficulties.

Everyday measures, including the current COVID-19 health crisis, suggest that global risks, including risks in the Republic of Serbia, do not tend to reduce or disappear altogether. In such situations, risk prevention is a standard that is important to potential travelers, so ensuring that the

destination is risk-free for passengers becomes a significant competitive advantage (Ling Yang & Nair, 2014).

COVID-19 health crisis: perceived risk and travel intention

The perception of risk is related to the tourist awareness of insecurity and potential unpleasant outcomes that arise from going on a trip and using tourist services (Adam, 2015). Previous research has explored the products of risk perception in a tourism context and has resulted in risk as a multidimensional concept (Cui et al., 2015).

Predictions show that the impact of the COVID-19 virus on world tourism will be remarkable (Nicola et al., 2020). The situation in the Republic of Serbia, as far as travel is concerned, is the same as in the world. A large number of flights to and from Serbia have been canceled. The turnover in travel agencies during 2020 dropped by up to 90% compared to 2019. The largest number of tourists travels around and in Serbia, although the recorded tourist traffic is lower than in the previous year. To reduce the risk of travel, passengers are advised to travel by their own transport (car) or travel by plane with as few transfers as possible. Different countries have different measures to struggle with the pandemic of the COVID-19 virus, so travelers from the Republic of Serbia depends on the further development of the situation with the COVID-19 health crisis. The COVID-19 health crisis in the Republic of Serbia depends on the further development of the situation with the COVID-19 virus pandemic. The pandemic in the Republic of Serbia has not only changed the choice of travel destination, but also the type and manner in which passengers will travel. The COVID-19 health crisis has complicated the movement of people in the Republic of Serbia, and travel restrictions have been introduced in order to preserve health and reduce risks and prevent the spread of the virus. Travel is more difficult and less frequent. Due to various restrictions, such as the need for passengers to be tested before traveling, but also due to the fear of different types of risks at the travel destination, most do not travel or travel as much as necessary.

Destinations, such as the Republic of Serbia, want to restart tourism for economic survival (Valeri & Baggio, 2020). The quality of the destination and risk avoidance is an important element for the loyalty and re-visits of tourists (Perić et al., 2020) because in tourism the satisfaction of tourists relies on their experience during the trip (Perić et al., 2018). Due to the future of the global tourism industry, the effect of the pandemic on travel

and tourism is particularly worrying. Even after the end of the COVID-19 health crisis, the perceived risk is associated with travel (Wang et al., 2020). Although there is a connection among the risk perception and travel intention in the modern post-COVID-19 time on the global tourist market, it is necessary to investigate this connection. Preliminary economic research and modeling suggest that there is a significant inverse link among the COVID-19 health crisis and tourist demand, and the desire of travelers to visit a destination (Yanga et al., 2020). It is necessary to investigate the impact of the current COVID-19 health crisis on perceived risk. And even more significant is research on how risk perception affects travelers and their behavior and desire to travel (Matiza, 2020). The unique nature of the COVID-19 health crisis negatively affects psychological and social risk. This suggests that risk perception is precursor to consumer decision-making in tourism and multidimensional and dynamic concept, subject to internal and external forces, such as the COVID-19 health crisis (Perić et al., 2021; Zhu & Deng, 2020).

Numerous studies have examined perceptual risk during various health crises around the world (Cahyanto et al., 2016). The influence of perception risk on travel decision appears to be more obvious than the impact of risk on material purchasing decisions. Perceived risk is a precursor in the decision-making process of tourists and the critical dimension, among other things due to their cognitive and affective behavior, and the existence of travel intention (Osland et al., 2017). Perceived risk is largely connected to the intention to change the travel plan, travel or avoid a certain destination (Schroeder et al., 2013). Higher risk perceptions may lead to a higher probability of changing the travel date or avoiding travel altogether (Pennington-Gray et al., 2011). The increased risk perception of travel during COVID-19 health crisis is reliable with earlier studies on infectious disease outbreaks (Joo et al., 2021; Li & Ito, 2021; Chemli et al., 2020; Gossling et al., 2020). Nevertheless, the COVID-19 health crisis overcomes previous tourism crises and over time affects passenger risk perception and passenger behavior (Neuburger & Egger, 2020).

Methodology

The research was conducted during December 2020, through an online questionnaire (distributed through the Facebook and Twitter). The total number of respondents is 338. These subjects were included in the research, and the basic characteristics of the sample are given in the following table.

Table 1: *Basic sample estimates*

	<i>N=338</i>	
	N	%
<i>Gender</i>		
Female	237	70.1
Male	101	29.9
<i>Level of education</i>		
High school	60	17.8
Applied degree	59	17.5
Academic degree	134	39.6
Master/PhD	85	25.1
<i>Monthly income</i>		
To 246 €	55	16.3
From 247 to 510 €	126	37.3
From 511 to 765 €	110	32.5
Over 765 €	47	13.9
<i>Intention to travel</i>		
No	80	23.7
Yes	258	76.3
<i>Destination</i>		
In the country	145	56.2
Abroad	113	43.8
<i>Age</i>		<i>M</i>
		<i>SD</i>
		39.89
		10.89

Source: *Author's calculation*

In the sample, women have the largest share of 237 (70.1%), and most respondents have academic education - 134 (39.6%). The majority of respondents (69.8%) have a monthly income of 247 to 765 €. The respondents are on average middle-aged ($M = 39.89$; $SD = 10.90$). Of the 258 respondents who would travel during the COVID-19 health crisis, 145 (56.2%) would travel in the country. The questionnaire (Perić et al., 2021) was used to measure the perceived risk factors (travel risk, destination risk, health risk, and financial risk) and contains 24 questions (see Appendix). Respondents used a five-point Likert scale, and score risk factors were calculated using confirmatory factor analysis. To test the differences in risk perception in relation to the intention and destination of the trip, one-way MANOVA was used, where two models were applied. The independent variable is travel intention which is dichotomous and operationalized by the question: "Will you travel during the COVID-19 pandemic?" The dependent variables in the first model are travel risk, destination risk, health, and financial risk. The second model is an independent travel

destination variable and is operationalized using the question: "Where will you travel?" The independent variable is dichotomous with possible answers: "in the country" and "abroad". The dependent variables are the same as in the first model.

Data analysis and results

The analysis starts from a confirmatory factor analysis (CFA) which is used to calculate risk factor scores. Five questions (Q8, Q13, Q14, Q15 and Q17) were recorded, the meaning of which was reversed in relation to the other questions. After setting up the initial model, four questions were identified (Q6, Q8, Q10 and Q11) whose coefficients of explanation of variance by the corresponding factor are below the acceptability limit of 0.4. The results are shown in the following table:

Table 2: *CFA and reliability*

Questions/Risks	Loading	α	CR	AVE
<i>Travel risk</i>		0.840	0.844	0.523
Q1	0.735			
Q2	0.800			
Q3	0.806			
Q4	0.638			
Q5	0.615			
<i>Destination risk</i>		0.783	0.803	0.586
Q7	0.827			
Q9	0.888			
Q12	0.534			
<i>Health risk</i>		0.905	0.905	0.545
Q13	0.808			
Q14	0.776			
Q15	0.822			
Q16	0.722			
Q17	0.715			
Q18	0.736			
Q19	0.664			
Q20	0.644			
<i>Financial risk</i>		0.868	0.869	0.626
Q21	0.722			
Q22	0.782			
Q23	0.855			
Q24	0.799			

Source: *Author's calculation by AMOS 21*

Most of the coefficients are above 0.7 and all are statistically significant, which indicates that those issues that are highly correlated with the risk factor are retained in the model. The reliability of all factors is good (Cronbach $\alpha > 0.07$), composite reliability (CR) for all factors is above the recommended suggested minimum of 0.70, while the average explanation of variance (AVE) ranges from 0.52 to 0.63 which is above the recommended minimum. These data indicate that all factors have good internal consistency and reliability.

When testing the differences in perceived risk in relation to the travel intention, the preconditions for the use of one-way MANOVA were preliminarily tested: normality, presence of extreme values, multicollinearity, singularity and homogeneity of variance-covariance matrices. No major breach of assumptions was observed. The outcome show: significant effect of travel intention on the linear combination of risk factors ($F(4.329) = 14.84$; $p = 0.00$; Pillai's Trace = 0.15; partial $\eta^2 = 0.15$). When perceived risk factors are observed individually, there are significant differences with Bonferroni adjusted between respondents intending to travel during a COVID-19 health crisis and respondents who will not.

Table 3: *Results of MANOVA – travel intention*

Risk perception	F	p	Partial η^2	Travel intention	M	SD
Health risk	14.41	0.00	0.04	No	0.29	0.63
				Yes	-0.08	0.78
Destination risk	7.89	0.00	0.02	No	0.26	0.86
				Yes	-0.08	0.95
Travel risk	33.13	0.00	0.09	No	0.51	0.73
				Yes	-0.13	0.98
Financial risk	18.36	0.00	0.05	No	0.33	0.88
				Yes	-0.12	0.80

Source: *Author's calculation by SPSS 26*

The results shown in the previous table indicate that tourists who do not intend to travel rate perceived risk factors higher (health risk, destination risk, travel and financial risk) compared to tourists who intent to travel during the COVID-19 health crisis.

To test the differences in perceived risk in relation to the destination, between travel in the country and abroad, only respondents who expressed their intention to travel during the period of the COVID-19 health crisis

were included ($N = 258$). Also, the assumptions for the use of one-way MANOVA were tested and no major violation of the assumptions was observed. In this model, too, there is a significant effect of the travel destination on the linear combination of risk factors ($F(4.252) = 4.44$; $p = 0.00$; Wilks' Lambda = 0.93; partial $\eta^2 = 0.07$). The results presented in Table 4 indicate that when dependent variables are observed individually, there are significant Bonferroni adjusted differences between respondents who intend to travel during a pandemic in the country and respondents who intend to travel abroad according to health risk perception, destination risk and travel risk.

Table 4: *Results of MANOVA – destination*

Risk perception	F	p	Partial η^2	Destination	M	SD
Health risk	14.15	0.00	0.05	In the country	0.08	0.74
				Abroad	-0.28	0.79
Destination risk	6.53	0.01	0.03	In the country	-0.21	0.88
				Abroad	0.09	1.02
Travel risk	11.87	0.00	0.04	In the country	0.03	0.88
				Abroad	-0.35	0.86
Financial risk	1.83	0.09	0.01	In the country	-0.05	0.79
				Abroad	-0.22	0.79

Source: *Author's calculation by SPSS 26*

Tourists who intent to travel in the country assess a higher health risk compared to tourists who intent to travel abroad. Tourists planning to travel in the country estimate the destination risk lower than those intending to travel abroad during the COVID-19 health crisis. The results indicate that tourists who intent to travel in the country assess a higher travel risk compared to those who intent to travel abroad during the current health crisis. When it comes to financial risk, the results indicate that there are no statistically significant differences.

Discussion and conclusions

This study explored the differences between tourists intend to travel during the COVID-19 health crisis and tourists who do not intend to travel according to the perception of risk factors. One-way MANOVA findings show that there are statistically significant differences in risk perception between tourists who intend to travel during a pandemic and tourists who do not intend to travel during a COVID-19 health crisis, or a group of

tourists who do not intend to travel to a higher health risk, destinations risk, travel risk and financial risk. This result is in line with a study conducted in May 2020 in Serbia, the results suggest that improving risk reduces the chances of traveling during the COVID-19 health crisis (Perić et al., 2021). Other studies investigating perceived risk and travel intentions have confirmed that risk perception is essential for travel decision making (Agyeiwaah et al., 2021; Falahuddin et al., 2020; Li & Ito, 2021; Zhan et al., 2020). When it comes to the differences between travel in the country and abroad in terms of risk perception, the findings indicate significant differences in terms of health risk, destination risk and travel risk. Therefore, tourists who intend to travel in the country assess a higher health risk compared to tourists who intend to travel abroad. The result shows that tourists perceive health risk as lower abroad; those tourists are prepared to take a higher risk, which is in agreement with the results of other studies (Aro et al., 2009; Perić et al., 2021). Tourists who intend to travel in the country estimate a lower risk of the destination compared to tourists who intent to travel abroad during the COVID-19 health crisis. During the pandemic, trips are mainly focused on the domestic tourism market because tourists believe that they can control the risk in the country and in these situations prefer traveling to natural areas (Perić et al., 2021). The literature says that a higher destination risk is associated with a lower probability of travel (Lee et al., 2012; Sridhar et al., 2016). The findings indicate a higher risk of travel for tourists who intend to travel in the country compared to those who intend to travel abroad during the COVID-19 health crisis, and a study conducted in Serbia, led to the opposite results, findings suggest that increasing the risk assessment reduces the chance of traveling abroad during the COVID-19 health crisis (Perić et al., 2021).

The purpose of this study has been achieved. There are statistically significant differences in risk perception between Serbian tourists according to the intention and destination of travel during the COVID-19 health crisis. Studying the perception of tourist risk in situations such as the COVID-19 health crisis is very important for understanding the attitudes and behavior of tourists in such situations. Without understanding the impact of risk perception on travel intentions and tourist behavior, strategies used to moderate risk and attract potential tourists will not be effective. It is especially important for the destination management in the country to work on formulating a strategy for justifying health risk, having in mind the findings of research, it is necessary to take into relation high hygiene standards and health safety of potential tourists. The research outcome suggest that tourist flows during the COVID-19 health crisis will

be mainly directed to domestic destinations, and that travel will be conducted with great caution. Therefore, destination management and marketing should develop strategies to attract domestic tourists, primarily as a short-term measure to recover sector in the country, and this study provides them with insight into the importance of risk perception of travel intentions, as well as the ability to see current COVID-19 health crisis trends.

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Appendix: Questionnaire

Q

- Q1 I don't feel comfortable if I have to travel now.
- Q2 It is risky to travel now.
- Q3 Due to COVID-19, I will avoid traveling in organized groups.
- Q4 Due to COVID-19, I will use only my own transport for the trip.
- Q5 Due to COVID-19, I will not use air transport for travel.
- Q6 I feel it would be very comfortable to travel now.
- Q7 Traveling to natural areas like national park is not risky.
- Q8 I will take care about number of COVID-19 cases, when I choose destination.
- Q9 Excursions to natural areas is not risky.
- Q10 Visits to museums and other tourist attractions are not risky.
- Q11 Visits to swimming pools and other water attractions are not risky.
- Q12 Traveling near the place of residence is not risky.

- Q13 Health safety is an important attribute that a destination can offer.
- Q14 I take care of hygiene in the accommodation facilities.
- Q15 Special attention should be paid to the health system when choosing a destination.
- Q16 I am worried that the epidemiological situation in the destination could worsen during the trip.
- Q17 When traveling, it is important to have good health (travel) insurance
- Q18 I will wear disinfectants, masks and gloves on the trip..
- Q19 COVID-19 is a very dangerous disease.
- Q20 I am worried about the appearance of a new virus.
- Q21 I worry that the trip will affect my financial situation.
- Q22 I worry that the trip will not provide the value for money.
- Q23 I worry that the trip will also involve some unforeseen expenses.
- Q24 I am worried that because of COVID-19 and the crisis it has caused, there will be higher costs for food and drinks.

Source: Perić, G., Dramičanin, S., Conić, M. (2021). *The impact of Serbian tourists' risk perception on their travel intentions during the COVID-19 pandemic*. European Journal of Tourism Research, Vol. 27, 2705

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"COVID PASSPORTS" - LEGAL ASPECT, POSSIBLE USE AND IMPACT ON TOURISM DEVELOPMENT

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Abstract

"COVID" or immunity passports are classified as one of the reactions to the world pandemic and its suppression at the international level. Given that implications of this document, its legal nature, the manner of exercising the right to it, etc., are still not quite clear, various dilemmas may arise regarding this document. Also, how much will another bureaucratic obligation in connection with the organization of travel affect tourism, which has suffered incredible financial losses in the past year? It is very difficult to predict the direction of development of tourism and tourist services, especially not after the adoption of the basic rules that will concern "COVID" passports. There are dilemmas about this document in the legal sense, as well as in the sense of its obligation - will each state individually decide whether it is obligatory to enter in it or will it be one of the obligations of everyone at the international level?

Key Words: *"COVID passports", Legal aspects of the document, Pandemic responses, Tourist development*

JEL classification: *K10, K38, Z32, I18, F62, D72*

Introduction

Since the beginning of the pandemic, which first engulfed China at the end of 2019, and then the rest of the world in 2020, losses were suffered by almost all industries. But the biggest losses have been suffered and still do so, the entertainment industry, tourism and catering and the air transport and industry. According to the estimates available so far, tourism in the first five

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months of 2020 has suffered over \$320 billion lost and more than 120 jobs have been at risk (United Nation, 2020, p. 2). The number of jobs cannot be precise, since the engagement of employees in tourism was very specific and the exact number could not be determined even before the pandemic, which means that it is not possible to know exactly how many jobs have been threatened and/or lost (Škorić & Jovanović, 2018). States, while united in action and fighting a global pandemic, still decide differently what and which measures they take. This is very visible if you look at the available data according to individual states. Why is that so? Well, the answer is very simple. If you look at the data, and whether certain states have implemented restrictive measures such as full border closures or less restrictive ones, such as a mandatory negative PCR test, it will be noted that this depends on which month of the year it is, and which state it is. As a rule, the less restrictive measures were held by those countries whose GDP depends heavily on tourism as a dominant or one of the dominant activities in a country. Previously, of course, it depended on the month of the year, or whether the tourist season was at its peak in that state or not.

Table 1: *Restrictive measures in some of the countries*

Country	Apr	May	Jun	Jul	Sep	Nov	YTD
Australia	Complete						
Canada	Complete						
China	Complete						
France	Complete	Complete	Partial	Partial	Partial	Partial	Partial
Germany	Complete	Complete	Partial	Partial	Partial	Partial	Partial
Italy	Complete	Complete	Partial	Partial	Partial	Partial	Partial
Korea (ROK)	Other						
Russian Federation	Complete	Complete	Complete	Complete	Partial	Partial	Partial
United Kingdom	Other						
United States	Other	Other	Partial	Partial	Partial	Partial	Partial

Travel Restrictions

Complete border closure: Borders are completely closed to tourism

Partially closed: Borders are partially closed and/or have suspended all/some flights

Other measures: Visa issuances, quarantine or mandatory testing

Lifted for international tourism: Lifted all COVID-19 related restrictions for international tourism

Source: UNWTO (2021)

Table 2: *Restrictive measures in the World***COVID - 19 RELATED TRAVEL RESTRICTIONS**

● Complete Closure ● Lifted For Tourism ● Other Measures ● Partial Closure



Source: *UNWTO (2021)*

However, since the global pandemic had unpredictable flows and development, then it is quite understandable that, for some countries, it was not crucial to loosen restrictive measures even for the sake of saving the tourist season.

Although the whole world is fighting the pandemic together, the ideas that exist in overcoming both pandemics and mitigating the catastrophic consequences it leaves behind differ from state to state, or at least, from region to region. Namely, to save the upcoming tourist season, Greece announced in January 2021 that it would be rescuing the country's tourism sector. In 2013, she proposed the idea of a "vaccination certificate" (B92, 2021). Although the idea is certainly not new, and the stated tool in jargon was referred to as a more common "COVID passport", or Immunity passport, its introduction, starting with compliance with its official name, would withdraw many doubts. The previous issue is certainly the fact that a large number of states are currently against its introduction. There is diversity in attitudes within both the EU and the Schengen area. Although there are no official statements yet on this, as the covid19 vaccination is only at the beginning. However, if the news coming to us for European Commission President Ursula von der Leyen is to be believed, the introduction of such a passport for vaccination is a "medical imperative". Sweden and Denmark share this view. The two countries thus announced

the introduction of electronic certificates for travel abroad, which could be used to access sports or cultural events, or even restaurants in the Danish case. In Estonia, passengers are free of quarantine upon arrival if they can show proof of vaccination, PCR or serological testing. Iceland, which is not part of the EU but belongs to the Schengen area, also began issuing these digital documents at the end of January, which should facilitate movement between countries.

Although northern European countries are already ahead of the rest of the EU, they do not exclude the idea further south. Although Spain has not yet launched any vaccination passports, authorities are really in for it. "Spain is increasingly in favor of vaccination certificates and will work so that this contributes to the recovery of mobility," explained an official spokesman for Spain's Ministry of Industry, Trade and Tourism.

The same goes for Italy, where in mid-January the government's senior trustee in charge of managing the health crisis, Domenico Arcuri, said the passport was "not a bad idea" to "enable as soon as possible a return to normal activities".

For other EU countries, it is still too early to implement such a document. In France, the government does not appear to object to this idea at this stage: "Not everyone has access to the vaccine yet," Health Minister Olivier Veran said in January, who believes the debate could take "several months".

In Germany, authorities also oppose lifting restrictions only on vaccinated populations. But they don't rule out this possibility in the private sector. In Belgium, they also exclude the option that certain activities be allowed only with the possession of a vaccination passport.

In Poland, the government does not currently plan such a passport, but has launched a smartphone app called Vaccinated, which allows its owner to avoid quarantine upon entering the country.

Some EU members, such as Luxembourg, are staunchly opposed to the idea of a certificate because it would affect a person's rights. Their position is based specifically on the fact that so far there is no evidence that vaccination prevents the transmission of the virus. There is also a lack of evidence of the duration of the immunity gained by vaccines (Travel Magazine, 2021).

Possible legal nature of "COVID" passport

Although there are no official confirmations or official addresses yet, the introduction of such documents can be considered a major certainty from this point of view. In addition to this conclusion comes the fact that the duration of the pandemic has been significantly extended, that states, even after more than a year, are retaining or re-introducing restrictive measures in the form of a complete closure. The economic aspects of these restrictive measures are very visible and cause great uncertainty, because they do not see the end or how they would end. Also, the emergence of the so-called "austerity measures" in the new strains of the virus call into question the efficacy of vaccines that began to be used in early 2021.

Therefore, it is not a good thing to address the possible legal nature of such a document. The first ambiguities arise from the name itself. Namely, whether it will be called: Covid Passport, Immunity Passport, Certification of Immunity, etc. Although the language name may seem irrelevant to laymen, it is very important in terms of its form, but also the content, manner of enactment, conditions that must be met in order for it to be issued, expiration date, etc. Therefore, assuming that most states decide on the obligation to possess such a document as a condition of international travel, and somewhere even the conditions of performing certain activities and within national borders, its legal nature will first depend on the name adopted. If the term Passport is used in the name, then the legal nature of this document will be similar to or the same travel document, i.e. the classic passport according to the provisions of the Law on Travel Documents ("Official Gazette of RS" No. 90/2007, 116/2008, 104/2009, 76/2010, 62/2014 and 81/2019). According to the stated law, the travel identification is determined as: "The travel identification is a public identification that serves a citizen of the Republic of Serbia for crossing the state border, for travel and stay abroad, and to return to the country."

The travel identification serves to its holder to prove identity and as proof of citizenship of the Republic of Serbia" (Article 2). Further in the Law, the conditions under which it is issued, under which authority is competent to issue a passport, under what conditions it is confiscated, issue a new one, before the expiration of the applicable Etc. By strictly interpreting the specified provision, the similarity between the classic travel document, i.e. passport and so called COVID Passport, could be found in the fact that Serbian and domestic citizens have a couple on its issuance. The conditions

they should meet in order to apply for it could, according to statements and speculations so far, be:

1. Proof of vaccination (with vaccination and revaccination date)
2. Proof of negative PCR test (with test date)
3. Proof of created antibodies (with the date of sample taking)

However, such a document would, depending on which it is issued (vaccination, negative test or positive test for antibodies) would be issued for a different period of time. Especially if we are talking about a negative PCR test that can only serve one trip, if adopted as one way of exercising the right to issue a "COVID passport". Likewise, one can rightly question who would be in charge of issuing such identification, i.e. which governing body. With no intention of entering deeper discussions about possible discrimination in this place, which will be discussed in the following text, one can write about one form of discrimination here. Namely, in the Republic of Serbia, the rules under which vaccination and revaccination are free ([Euprava.gov.rs, 2021a](#)) are valid with scheduling of appointments, and PCR testing and antibody testing are paid for ([Euprava.gov.rs, 2021b](#)).

Further looking at the similarity of the future "COVID passport" and travel documents in terms of the legal nature, is that in the Travel Documents Act the passport is treated as a public identification. Namely, the Law on General Administrative Procedure ("Official Gazette of RS" No. 18/2016 and 95/2018 – authentic interpretation), public documents are determined as: "The public identification is an identification issued by the authority within the prescribed form, within the boundaries of its jurisdiction.

(2) Public documents prove what is determined or confirmed in it. Other documents that are equal to the public identification have the same proof of value.

(3) Microfilm or electronic copy of public identification and reproduction of a copy of the public identification are equated in the process of proving with a public identification, if issued by an authority within the bounds of its jurisdiction" (Article 118).

Therefore, for public documents, the general rule is that everything in it is true, and that those who believe that there are some irregularities and inaccuracies in it must prove it.

However, it is not just a travel identification or passport that's a public identification.

If the term Certificate, i.e. Immunity certification, is used in the name of the future document, then the legal nature of such a document will be similar to or the legal nature of the administrative act or individual act and the action of the administration without direct legal effect (Milkov., 1997, p. 61-62). In theory, there are different classifications of individual acts and actions of management that have no immediate legal effect, and most often they are:

1. Acts of documentation
2. Acts of statement
3. Receiving statements
4. Accessor acts and
5. Administrative actions (Milkov, 1997, p. 61-62).

For the subject of this work, i.e. the revelation of the possible legal nature of the future immune documentation, acts of documentation may be of importance. Acts of documentation are recording certain facts, circumstances, or conditions and issuing acts determining this. Here are two types of actions – logging actions and acts issued based on these public records.

Keeping the evidence for particular area is established by law and these records have an official character. Public administration bodies and public authority have a large number of records (Kulić, 2017, p. 116). This would mean that, for the purpose of issuing an immune document, a prescribed record must be kept as such by law. In this case, records of vaccinated and/or tested. In connection with the keeping of public records, the issuance of public documents is closely related. Namely, public administration bodies and public authority have issued public documents on facts contained in the appropriate public book (Kulić, 2012, p. 148). Competent authorities issue certificates and other documents (certificates, certificates, etc.) and the facts on which public records are kept and such documents have the importance of public documents (Kulić, 2017, p. 117).

In the eventual issuance of a future immune document, it can be viewed separately who is making records and who issues the document based on records. Namely, the records are certainly kept by the health department, the Institute of Public Health or another institution that conducts vaccinations and testing. Issuing a document based on existing records can already be a matter of controversy and should be resolved by a legal regulation that would regulate the issuance of such a document. It is assumed that this could be entrusted to local self-government or the interior

ministry, less likely to deal with the institutions that keep such records, although this cannot be ruled out at this time either. In the very issuance process, one might also ask who is obliged to obtain the data from the records, in order to issue an immune certificate, certificate or certificate on the basis of this? Would it be the obligation of the person requiring the issuance of such a document or the authority to issue the document?

In any case, from this point of view, when there are no official confirmations yet on the introduction of such a document, it is very difficult to talk about its possible legal nature. What would be almost certain is that such a document, regardless of whether it is a passport or immunity certification or otherwise, would have the hallmarks of a public document issued on the basis of official records. However, since the conditions under which the parties would be entitled to its issuance are uncertain, then it is only right to write that the legal nature of this document will be *sui generis*, i.e. a mixture of more known in the domestic and international legal system.

Possible consequences of the introduction of "COVID passport"

After analyzing the possible legal nature of such a document, we come to another very sensitive topic, and these are the consequences that the issuance of such a document could arise. One of the most important is the possible discrimination that could be viewed from various aspects, from financial to direct violation of guaranteed human rights.

One type of discrimination has already been mentioned and refers to the fact that, if the issuance of this document requires proof of vaccination or a negative PCR test, given that vaccination is free and the test is paid, we have one type of discrimination.

At this point, one can also touch upon the violation of basic human rights, guaranteed by the Constitution as the highest legal act of a country. Namely, the Constitution of the Republic of Serbia ("Official Gazette of RS" No. 98/2006), proclaims a general prohibition of discrimination, with a restriction if the state implements it in order to achieve full equality, where it would put all citizens in an equal position (Article 21). Further, Article 25, under the Inviolability of Physical and Mental Integrity, provides that no one may be subjected to medical or scientific experiments without his or her freely given consent. The same document also prescribes the possibility of restricting human and minority rights, but under strictly prescribed conditions (Article 20). So, when it comes to vaccination against COVID19, the only question is whether it is under medical examination or

not, given that there are still many doubts about the virus itself, but also the effect of vaccines, the development of later immunity, etc. Further analysis of the regulations leads to the Law on Public Health ("Official Gazette of RS" No. 15/2016) and the Rulebook on Immunization and the Manner of Protection with Medicines adopted on the basis thereof ("Official Gazette of RS" No. 88/2017, 11/2018, 14/2018, 48/2018, 58/2018, 104/2018 and 6/2021), where regular and extraordinary immunization is prescribed, which as such can be mandatory or recommended, based on the act of the Ministry of Health, and according to the recommendations of the World health organizations, at the proposal of the Institute of Public Health with the consent of the Republic Expert Commission on Infectious Diseases (Article 7). The following text of the Ordinance states that immunization is not carried out if there are contraindications (permanent or temporary) (Article 8-12). After all the above, the following conclusion can be reached which may lead to discrimination in the case of the introduction of the "COVID passport". Namely, if a person has contraindications due to which he cannot be immunized, he will not automatically fulfill the condition for issuing such a document. If, on the other hand, person decides to take a negative PCR test or serological test (assuming that the right to issue such a document can be exercised on that basis as well), we return to the story from the beginning - financial discrimination or payment for PCR and serological test. Although, the legal question is whether the Rulebook on immunization and protection of medicines is gradually harmonized first with the Law on Public Health, as a legal act of stronger legal force, and both legal acts with the Constitution, as a legal act of the highest legal force and basic principles. Stated in it, due to the limited topic and scope of this paper, such an analysis could not be adequately conducted.

There are very similar conclusions in the European Union. If we analyze the basic pillars on which the European Union rests - the free movement of people, services and capital (Treaty establishing the European Community - preamble/*codified -version Official Journal C 224, 31/08/1992 P. 0001 – 0079, Maastricht) (Articles 48-53), where the introduction of an additional document that would limit the established rights and basic pillars of the EU could constitute discrimination in the form of human rights violations. Due to significant differences in the treatment of vaccination and immunization of the population against infectious diseases in EU member states, in April 2018, the European Commission adopted a Proposal - Recommendations on enhanced cooperation in the fight against diseases that can be prevented by vaccination (European Commission, 2018).

the reduction of vaccination and confidence in the effectiveness of vaccines, the emergence and strengthening of active vaccination movements and the spread of misinformation on social networks. In a situation where there are several types of vaccines against COVID19 on the market, which have not been fully tested or their effects can not still be predicted with certainty, then it is quite certain that fears from 2018 continue today, when vaccination against COVID19. Even if it is mentioned that certain countries do not recognize vaccines of certain manufacturers, which are available to citizens, for example in Serbia, then again it can be considered that there will be discrimination in this part if the adoption of COVID Passport, obtained on the basis of immunization with a certain vaccine, which is not recognized, for example, by the state to which the document is intended to go.

On February 5, the World Health Organization issued a recommendation regarding international travel, which includes a document proving the status of vaccination or how it is stated on their official website: "The World Health Organization (WHO) issues regularly updated position papers on vaccines against diseases that have an international public health impact. This paper, which presents WHO's position on the advisability of requirements for COVID-19 vaccination or proof of vaccination for international travelers, is designed for use mainly by national public health officials and managers of immunization programs. It may also be of interest to other branches of government responsible for travel or immigration, international funding agencies, vaccine advisory groups, the medical community, the scientific media and the public.

The paper presents scientific, ethical, legal and technological considerations regarding the possible introduction of requirements by States Parties of proof of COVID-19 vaccination for outgoing or incoming international travelers, pursuant to provisions of the International Health Regulations (2005) (IHR).

It does not address the use of certificates for signifying a person's immune status, which reflects whether a person has developed antibodies in response to SARS-CoV-2 infection; whereas vaccination status reflects only whether someone has received a COVID-19 vaccine. WHO has outlined considerations regarding "immunity" passports elsewhere. In addition, for more a detailed discussion on ethical issues and considerations pertaining to immunity passports, please refer to the peer-reviewed article (WHO 2021).

However, in addition to the following, the recommendation states that the current possession of such a document cannot be a condition for international travel, due to still critical unknowns regarding the efficacy of vaccination in reducing transmission. In addition, considering that there is limited availability of vaccines, preferential vaccination of travelers could result in inadequate supplies of vaccines for priority populations considered at high risk of severe COVID-19 disease. WHO also recommends that people who are vaccinated should not be exempt from complying with other travel risk-reduction measures.

Also, at the global level, ethical dilemmas are taken into account regarding the general state of health, viruses, testing, vaccination, etc., as well as human rights, and it is concluded that such a document, no matter how much it is currently needed, must never be part of a major strategy to combat the negative effects of the COVID19 pandemic (Teck Chuan Voo et al, 2021, p. 158-159).

Introduction of "COVID passport" rules and possible impact on tourism

Tourism, as one of the industries that has suffered the most damage from the COVID19 virus pandemic, could suffer its recovery or even greater ruin by introducing a COVID passport. It would certainly depend on the rules that would apply to the issuance of such a document, its availability, the bureaucratic complexity of the decision, the deadline in which it would have to be issued, the expiration date, but also the state in which the tourist would like to travel with a passport issued in his home state. However, if "COVID passport" were issued only for the purposes of international travel, not for the purpose of domestic tourism, what is certain is the boom in domestic tourism. Namely, even in the situation of pandemics, when restrictive measures were in effect in most countries, domestic tourists traded their plans for foreign tourist trips for domestic famous destinations (Daljine.rs, 2020). If the already complicated procedures of going to foreign tourist destinations were to be added to the obligation to issue a "COVID passport", then the so-called "COVID passport" would cause an even greater overcrowding of domestic destinations.

If we look back on the lack of rural tourism development in Serbia so far, this, although difficult situation in the world and in our country, could actually be a chance to develop this area.

Rural tourism could be observed from several aspects, which to some extent affect it. These aspects usually have economical, ecological, cultural or institutional nature. Indicated importance of rural development, with all its possible benefits (in economic terms) for the local population, region and country, cannot be at the expense of sustainable development (Škorić & Jovanović, 2017, p. 416).

The rich natural, cultural and historical diversity of the Republic of Serbia creates exceptional conditions for the development of rural tourism, as well as the placement of the wide offer for different segments of demand in the tourist market. Rural tourism has a large potential, because this segment of offer provides significant opportunities. The rural area, which makes up more than 85% of the territory of the Republic of Serbia, has about 43% of the population in about 42% of households that are directly or indirectly related to agriculture. Considering the natural and cultural diversity of the region, rich resource base of tourist attractions, preserved surroundings and thousands of agricultural households, the Republic of Serbia has all the conditions for the development of rural, and other special forms of tourism related to the rural area (Škorić & Jovanović, 2017, p. 419-420). Although everything previously, only a year ago, was considered attractive to foreign tourists, with the starting of pandemics and restrictive measures, these characteristics are equal to domestic tourists from urban areas.

If the previous one adds the possibility of further development through various forms of state aid associated with the pandemic (Škorić, 2010, p. 50), then it can certainly be argued that this is now a great opportunity for domestic, especially rural tourism in Serbia.

Cohesion between globalization processes, emerging technologies and increasing competitiveness through lowering prices of tourism services is the basis for the emergence of new tourist destinations in developing regions and a new chance for international tourism (Vujović et al, 2012, p. 43). In this context, tourism is a mechanism for stimulating the economic development of certain regions where tourism potentials exist or can be created. Bearing in mind that in the Republic of Serbia, industry and other commercial sectors are not equally developed in all parts of the country, it is clear that tourism should be used as a basic instrument for achieving the prosperity of different regions (Jovanović, 2020, p. 198).

The legal framework of the Republic of Serbia in the field of tourism is the basis for the development of tourism and related industries. According to

the Tourism Development Strategy of the Republic of Serbia for the period from 2016 to 2025, the weaknesses of the tourism in the Republic of Serbia arise from the incoordination and inactive role of local authorities, which affects competitiveness in this field (Jovanović, 2020, p. 198).

However, all issued strategies before 2020 could not have predicted the situation caused by a worldwide pandemic and that such a situation would be perhaps one of the greatest opportunities for domestic tourism development in a dozen years.

Conclusion

Based on previous analysis, first the current situation in the conditions of the worldwide pandemic, and then the possible legal nature of "COVID passport" or Immunity certification, etc., the only possible conclusion is that the introduction of such a document at the international level will be very difficult, if not impossible. Why?

First and foremost is the unpredictability of the course of the pandemic, the immunization of the population and the possible emergence of new strains of the virus due to its mutation.

Second, it is certainly a question of discrimination that would inevitably be raised by its introduction, and a very large number of bureaucratic issues that would be raised if it still opted for its introduction (application, conditions for issuance, competent issuance authorities, expiration dates, etc.)

Third, but no less important, is the issue of protecting human rights, namely, their violation, because the introduction of this document, with the condition of mandatory immunization in order to achieve the right to its issuance, could raise the question of whether it violates the basic human rights guaranteed by the constitution of the state, as the highest legal act.

No simpler situation is in the territory of the European Union, which rests on human rights and freedoms, which in particular involve the free movement of persons on the territory of the entire European Union. The introduction of a document that could jeopardize that basic pillar on which the European Union's legal system rests could jeopardize the EU itself. Here, it would only be possible to introduce a single document, recognized throughout the EU territory. However, the latest scenario is just as

unrealistic, because there is certainly a very big difference in regulation in member states in this area. Likewise, the opinions of member states are different given the ways in which they combat the pandemics, prescribing restrictive measures, etc.

Although the COVID pandemic has left very severe consequences on tourism, as an industry, and it is still uncertain how long this effect will last even when and whether it will return to pre-pandemic levels, some areas of tourism may have their chance in such a difficult situation. This would be especially true for domestic tourism, i.e. tourism within national borders or possibly cross-border tourism with neighboring countries with which there is an agreement on not introducing restrictive measures (Bosnia and Herzegovina, for example).

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DOES EU FUNDING SUPPORT THE DIVERSIFICATION OF THE TOURISM OFFER IN SERBIA AS A RESPONSE TO THE COVID-19 PANDEMIC?

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Abstract

The aim of the paper is to answer the question of whether EU funding supports tourism in Serbia in a situation where this sector of the economy is facing astonishing figures of decline which is caused by the coronavirus. The paper is divided into two segments. The first part is based on the presentation of the possibility of diversification of the tourist offer in Serbia and the second part provides an overview of the literature related to EU funds. The research is interdisciplinary because it includes selective forms of tourism which united in a single tourist product can contribute to a tourist valorization of all areas and contribute as a response to the crisis caused by the pandemic. Contribution of EU funds can be seen through the connection between investment activities and the increase in tourist traffic. The special goal of the paper is education and raising awareness about the preservation of rural and eco areas, eco production and healthy lifestyles, which will contribute to the tourist offer and also a pleasure and enjoyment for visitors.

Key Words: *EU funds, rural tourism, efficient management, development of tourism*

JEL classification: *O21, O31, O43, R11, R58*

Introduction

Tourism is an important factor in socio-economic and political development in many countries. It can contribute to positive socio-

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economic and cultural progress but at the same time, it can lead to environmental degradation and loss of local identity. Due to the pandemic, tourism sector on a global level, even in Serbia, found itself under unprecedented pressure. Most domestic and international trips were canceled, leading to a significant reduction in revenue and liquidity problems for all those involved in tourism. Both travel companies and tourists have to deal with uncertainty. The World Tourism Organization estimates that international tourism has declined by 60% (World Tourism Organization - UNWTO, 2020b).

The European Commission estimates that there are 60-90% fewer provisions in the EU than in previous years (European Union, 2020). Also, about 6 million jobs were lost. The loss of revenue is estimated at as much as 85% for hotels and restaurants and up to 85% for travel organizers and as much as 90% for cruise and air travel organizers (European Union, 2020). It is estimated that in Serbia, the total losses of the tourism industry reached two billion euros, and that 65% of workers who were not employed permanently left the tourism sector (Ralev, 2020). Tourism is an important factor in socio-economic and political development in many countries. It can contribute to positive socio-economic and cultural progress but at the same time, it can lead to environmental degradation and loss of local identity.

The pandemic crisis in the tourism sector is an opportunity to make tourism more resilient. Some of the recommendations are that is necessary accelerate the green and digital transition, more adequate transport and connectivity, as well as the diversification of the tourist offer.

The aim of this paper is to analyze the impact of the crisis in Serbian tourism caused by the COVID-19 pandemic and to consider measures to mitigate the negative effects of the crisis through diversification of tourist offer, as well as through review of available EU funds and their contribution to tourism recovery. The basic assumption from which the authors started in the research process is that the development of tourism depends on a large number of factors of economic and non-economic nature. Special assumptions are H1: tourism can play a significant role in the recovery of the country's economic development from the effects of the crisis and H2: appropriate stimulus measures can accelerate the recovery of the tourism sector.

Attention in this paper is focused on understanding how to manage a crisis caused by a pandemic and pointing out actions that can prevent crisis situations. The authors also set out to suggest the emergence of possible new risks, but also the prospects for further tourism development. Special attention is paid to possible measures that can contribute to mitigating the effects of the crisis on tourism.

Changes in the form of tourist behavior as a consequence of the crisis

The general definition of tourism means a travel and stay which are not based on residence and business. The presentation of natural and cultural resources, different traditions and ways of life are the starting point for the development of tourism. Various studies also point to a positive correlation between revenue growth and expenditure growth to meet tourism needs. But it is important to emphasize the sensitivity of tourism to natural and social events, so security is an important aspect of growth and sustainability of the tourist destination. The most pronounced decline in the tourism industry at the global level has just been recorded by the crisis caused by COVID-19. The crisis can be define as an "undesirable" or "unusual" situation that requires an immediate reaction and response of all interested parties to potential events that may cause negative effects on their business in the long run. Although there is no universally accepted definition of crisis, it can be concluded that three elements are present when a crisis occurs: a triggering event that causes significant change, or has the potential to cause significant change, perceived inability to cope with this change, and a threat to organizational survival (Henderson, 2007). Kathleen Fern-Banks defines a crisis as a "major" event with potentially negative consequences that affects a company or industry, as well as its target public, products, services or reputation (Keković & Kešetović, 2006).

For Humble, the crisis is an "urgent situation in which all members of the group face a common threat" while Pauchant and Mitroff see it as "a disorder that physically affects the system as a whole and threatens its underlying assumptions" (Pauchant & Mitroff, 1992, pp. 7-9). Contemporary authors argue that a crisis is any event that can escalate in intensity, come into the focus of media and government interest, disrupt normal business operations, and affect a company's image and profits (Helble & Fink, 2020). Barton understands the crisis as "a larger and unpredictable event that has potentially negative results "(Henderson, 2007, pp. 1-3). Pearson and Clair define crisis as events of different probability of occurrence, but the consequences of which can significantly

affect the business. Regardless of the various causes of the crisis and the effects that arise from it, decisions on how to deal with it have to be brought quickly (Crandall et al., 2010).

Paul Hart defines the crisis as "an unpleasant event," which is a challenge for decision makers, tempting them to act in conditions of threat, time constraints and unpreparedness (Keković & Kešetović, 2006). Crises can also be divided according to what is the cause of the crisis, natural or human activity. Crises caused by a natural event are, for example natural disasters: tsunamis, hurricanes, floods, earthquakes, while a crisis caused by human activities comes down to the fact that a certain event is caused by a human decision or activity. The negative effects of events caused by the human factor lead to a longer loss of confidence in the tourism sector and therefore have more negative effects on tourism than natural events. The question that tourists ask in the event of a political crisis, or a crisis caused by a pandemic like COVID-19, or an environmental crisis is "is it safe to travel?" And in terms of the functioning of the economic crisis, the fundamental question is changed and becomes "can we afford to travel?" Or "Do you want to spend on a trip?" (Kester, 2010). From the point of view of consumers (tourists), one can therefore distinguish between the types of crises in which there is a general feeling of insecurity for personal security and those where there is a feeling of insecurity related to income.

The crisis caused by the COVID-19 pandemic in tourism has also led to changes in the behavior of tourists. Today, the basic need of tourists is safety. In that direction, it is important to think about creating safe tourist destinations (Vujović et al., 2012). Strategically, this means ensuring security in the first place for visitors, but also employees in tourism and other activities, security in the environment and in general the creation of a positive image in this regard (Štetić, 2010). The systemic solution of every country which wants that its tourist destinations will be on the world tourist map is to create security strategies and risk management separately for each attractive location (Ural, 2016).

According to research by experts from the World Tourism Organization, domestic demand is expected to recover faster than international demand in terms of travel. Most expect signs of recovery to be seen in the last quarter of 2020, but mostly in 2021 (UNWTO, 2020a). Based on previous crises, it is expected that the travels for fun or personal reasons recover faster, especially trips to visit friends and relatives, as opposed to business trips. Any crisis situation is different and it is difficult to solve it using a

simple formula. For each tourist destinations, governments with its departments for tourism and local government, must prepare action plans depending on their needs (Stamatović et al., 2020). Such plans can save valuable time, energy and other resources when a tourist destination is facing a crisis. Perceived risk can be greatly overcome in forming a real relationship in relation to the image of the destination, because it is crucial for destination promoters to understand the attitudes of potential visitors, to be able to define promotional activities that neutralize worries and change negative and strengthen positive perceptions (Rodríguez-Antón & Alonso-Almeida, 2020).

The sustainability of a tourist destination largely depends on the ability to adapt to changes in tourist demand, to use all its resources efficiently and to include risk management in development planning. When offering certain destinations in the time before the COVID-19 epidemic, promoters of tourist destinations, through specific instruments of the marketing mix in relation to the set goals, promoted the basic elements for the evaluation of tourist attractions such as: natural factors (natural beauty, climate), social factors (cultural and historical monuments, festivals, fairs and exhibitions, features of local color, music), historical factors (remains of historical monuments, religion, historical events in the area), recreation (sports fields, thermo-mineral springs, night entertainment), shopping, infrastructure and accommodation facilities (Cooper et al., 2008).

The situation of the COVID-19 crisis has crystallized new principles on which the sustainability of tourism should be based. Firstly, all tourism participants will have to work very hard on establishing and implementing new hygiene standards. Secondly, understanding changes in tourist behavior is very important for the survival of tourist destinations. The crisis caused by the latest COVID-19 pandemic has led to numerous travel cancellations and it is necessary to analyze all the factors that affect it (Golets et al, 2020). This paper analyzed the basic processes of tourist behavior during the crisis in order to contribute to a deeper understanding the characteristics of them, which is essential to the recovery of destinations after the crisis. Following the literature, the authors, among other things, studied the differences in behavior depending on the national culture and based on that saw the differences in travel planning, style and duration of travel as well as sources of information about travel (Crotts, 2004).

The Japanese have been identified as a national culture that avoids uncertainty, while the Germans are more willing to accept insecurity and

have a freer style of travel (Money & Croots, 2003). In numerous researches, the authors point out several concepts of risk perception when it comes to travel intentions, and among them, health risks stand out as the most influential.

Major crises such as SARS 2003 and bird flu in 2015 have just proven the claims on this topic, as they have had a greater impact on tourist behavior than the financial crisis. In the literature reviews for the COVID-19 pandemic, most influenced by travel intentions was the perception of health risk (Nazneen et al., 2020).

Some of the recent studies of tourists behaviour that were focused on the travellers individual characteristics show interesting observations of the author and that is the variable like age, education, experience in travelling determine and influence the person tendency for travel in the period of crisis (Khan et al., 2018). In the context of risk, researches show the relationship between the level of income and the tendency for travel, that is the persons with higher income spend their time more actively than others, which implies more trips among them (Đeri et al., 2014).

In Serbia, it is estimated that tourism is the biggest loser in the COVID-19 pandemic, and that the loss in that sector amounts to around one billion euros, according to the estimate of the relevant ministry (Ralev, 2020). There has been an increased interest of domestic tourists in rural tourism, and also that the capacities of households are limited. Accordingly, in the conditions of the pandemic, the priorities in tourism development are changing, so more work must be done in increasing the capacity and improving the content in rural tourism, that is the conclusion of all competent state participants in the tourism sector.

Different scenarios for overcoming a crisis caused by a pandemic - a comparative analysis

As a possible direction in order to overcome the crisis, the governments of various countries used a phased approach. In the first phase, the potentials of domestic tourism are analyzed and restrictions on travel within the country are suppressed when domestic tourism can be continued in compliance with strict legal protocols. Numerous governments have invested significant stimulus funds to support domestic tourism. For example, the Philippines has invested over \$ 8.5 million in a campaign to support domestic tourism (Talavera, 2020).

The guiding idea for the campaign was the desire to travel, but for safety reasons domestic destinations should be suggested to domestic tourists. They based their analysis on comparisons of Filipinos going abroad in previous years and, on the other hand, visits by foreign tourists. The conclusion was incredible and indicated an exceptional demand for tourism services if they would keep domestic tourists in the country (Helble & Fink, 2020). The indicators are similar in other Asian countries.

UNWTO reports on the number of international arrivals and departures in almost all countries indicate that domestic tourism opportunities can overcome the impact of the crisis and bridge the gap created by the shortage of foreign tourists (UNWTO, 2019). Some countries have launched initiatives to establish green corridors with precise health protocols as a measure to overcome the crisis. Initially, these corridors would be established for business travelers.

When we talk about the diversification of the tourist offer as one of the scenarios for recovery from the crisis, it means completing or expanding the production (service) or sales program by including new products or services that differ from the previous ones. In marketing terms, this may mean differentiation, changes in the state of the relationship in tourist consumption, i.e. their quantitative and qualitative changes (Lutovac et al, 2016). It is the changes that encourage development processes that require the organization of the tourist offer in new adequate localities, in new destinations, with a built material basis and management that can organize the tourist offer (produce and commercialize tourist goods). Having in mind the benefits for the overall environment, in the future, the most successful tourist destinations are going to be the ones which make planes, do the organizing, implementation and control of marketing activities in correlation with the principles of sustainability which mean satisfaction of stakeholders on one hand and creating resources sustainability of that destination on other hand (Blumberg, 2005).

The change in tourist demand caused by the pandemic is directed towards domestic rural areas close to nature, which shows that there has been a change in our value system, a desire for a healthier, safer and more peaceful existence. The basic concept in the diversification of the tourist offer for the needs of rural and ecotourism is the "natural object" which can be considered as the smallest territorial indivisible unit. Recognizing the specifics of the tourist offer of a rural unit requires creativity and largely

depends on social, cultural, economic and other factors of that environment.

Diversification of the rural tourism offer as a response to the crisis induced by COVID-19 pandemic

The crisis caused by the pandemic in Serbia showed tourist potential in domestic tourism. On a virtual panel on tourism that was held during the COVID-19 crisis (Center of Local Democracy, LDA Knjaževac, 2020) various tourist participants took part and tried to give answers to the observed trends and developments in tourism, as well as to the new situation.

The situation caused by the COVID-19 pandemic has crystallized some new principles on which the viability of tourism should be based, both locally and globally. One of the initiatives is green tourism, which is not a novelty, but now is an opportunity to systemic promote it through public policies (Center of Local Democracy, LDA Knjaževac, 2020).

The authors wanted to point out that the trend of diversification of tourist activities in rural areas has become almost a universal process due to the growth of tourist demand in these areas. This also affects the economic and social structure of these areas, where agriculture is not seen as a source of food, but as a necessary attraction that helps the specifics of the tourist offer (Santos et al., 2020).

Although Serbia is a country with a predominantly rural character and has great potentials of natural resources, this tourism sector is still insufficiently developed. The reasons for the slow development of rural tourism are mainly the limited number of entrepreneurs in rural areas, lack of adequate marketing activities, infrastructure and insufficient interest of local people, but also, insufficient motivation of unemployed tourist workers to work in the rural economy.

Sustainability in this tourism sector implies rural development while ensuring renewable resources, economic and environmental efficiency (Maksimović & Stamatović, 2018b). Environment and ecology are one of the three key pillars of "sustainable development" (the second is the social aspect and the third is economic). Diversification of the offer of rural tourism in the economic sense means revitalization of the village,

development of the local market for agricultural and non-agricultural activities in the village (Maksimović & Stamatović, 2018a).

By promoting and developing different forms of rural tourism, especially within protected areas, Serbia can build the image of a unique eco-destination and stand out from the surrounding areas with such an offer. It is important to keep in mind that the terms "protected area" and "national park" are symbols not only of preserved nature, but also a well-planned area with the necessary infrastructure (Todorović & Štetić, 2009, p. 151-153). Supporting the identity of individual areas is compatible with the concept of specificity of tourism products, and this requires economic efficiency in resource management. Diversification of activities in rural areas has an economic and social effect and becomes a stimulus to development. This is the way of multiplied effect of tourism is expressed, which creates new values for the local community and affects its faster development.

The role of EU funds in stimulating rural tourism

Sustainable tourism requires significant financial resources. In that sense, the support of European Union funds is important. Special emphasis should be placed on the European Agricultural Fund for Rural Development, the European Regional Development Fund, the European Social Funds, and the Integrated Operational Program for Regional Development. When it comes to tourism, European funds support projects for the development of tourist destinations, support for cultural heritage or a variety of activities of a destination (Radu et al., 2015).

The interaction between the tourism destination and the natural environment might be recognized in two ways. Firstly, tourism subject to changes in demand uses natural resources enormously. Natural resources usually play the main part in a tourist product which makes it attractive and valuable. Secondly, tourist activities, among other economic activities, become a very destructive source of natural resources disturbing the nature and its resources in a process of using and the producing the tourist product or activity. In this way, massive tourism economy becomes the danger to itself because for the attractive offer it needs clear ecosystems, ecologically valuable, original and with extraordinary quality (Zielińska, 2008).

Additional incentives and loans are provided to farmers through national programs and financing plans for more diverse farm activities, to cover the

costs to use the land for non-agricultural purposes, such as the creation of new circular paths for walking, cycling, horseback riding, including tourist infrastructure and required marketing and publicity (Vandić, 2016). The largest receptive and emitting markets for rural tourism in Europe are France, Germany, Austria, the United Kingdom and Italy, which together account for over 77% of the total rural tourism market in Europe (Talavera, 2020). There is a growing interest of tourists in rural destinations throughout the European Union, as well as increased interest in the specifics of certain areas and non-standard tourist products. In order to ensure that, it is necessary that the entities that provide tourist services cooperate with each other, and also with other entities that plan and direct this development at the macro level (Lutovac et al., 2016). Serbia faces various challenges in formulating its competitive offer in the field of rural tourism (Počuća & Matijašević-Obradović, 2019).

However, what is important to point out at this time when the current crisis in the field of tourism is caused by the pandemic is that rural tourism is an opportunity for Serbia to position itself on the list of leading tourist destinations in the Balkans. Positioning strategies and activities should contain a combination of physical and spiritual elements that enable the positioning of authentic rural tourism that will reflect the authentic spirit of Serbia (Đorđević-Milošević & Milovanović, 2012).

Serbia can participate in EU programs as a pre-accession member, provided that it respects the policies, mechanisms of functioning and application of the laws of the European Union. The rural development component is implemented according to Regulation 718/2007 and contributes to the achievement of several goals in the areas of rural development (Njegovan, 2016).

The availability of IPARD funds, which are aimed at achieving European standards and raising competitiveness, is also important for the development of rural areas in Serbia. Within the IPARD II program, the focus will be on support through national frameworks, partly due to the economic and social vulnerability of these areas on the one hand and on the other due to the huge potential and need for further development.

At the end of May last year, the Rulebook on IPARD incentives for diversification of agricultural holdings and business development was adopted, which specifies the users, conditions and documentation required for exercising the right to IPARD incentives (Instrument for Pre-Accession

in Rural Development – IPARD, 2020). Caterers who want to improve their tourist offer or are just starting to engage in this activity in rural areas of Serbia, in this way will be able to receive support under IPARD Measure 7. Beneficiaries of this measure can be individuals, entrepreneurs and micro and small companies. For one project, which can be made up of several different investments, the users of IPARD Measure 7 will be able to return up to 65% of the investment amount from the IPARD fund and thus gain support between 5,000 and 300,000 euros per project (IPARD, 2020). The investments that are acceptable are diverse and refer to everything from the construction and reconstruction of accommodation facilities to the landscaping of the yard, construction of recreation grounds, space for tasting and selling food and drinks, purchasing bicycles, creating a website, etc. Funds for rural tourism resources are also supported through international donors such as GIZ (German agency for International Cooperation), the World Bank, the EBRD(European Bank for Reconstruction and Development)in the framework of cooperation between municipalities in the region, as well as cross-border financing.

In this way, the European Union (EU), in cooperation with the German Federal Ministry for Economic Cooperation and Development, in September 2020 awarded one million euros for the first 120 aid grants aimed at eliminating the consequences of the coronavirus pandemic in the tourism sector in Serbia "EU for cultural heritage and tourism" (Government of the Republic of Serbia & Delegation of the European Union, 2021). The funds were intended for 120 projects, and the recipients of the aid are small and micro enterprises, family businesses, agricultural farms and companies from 12 cities and municipalities in eastern and southeastern Serbia. The largest number of grant beneficiaries, who received a grant of up to 10,000 euros per project, provides private accommodation for tourists (52 entrepreneurs), and camps, restaurants and providers of various catering services, boarding houses, hotels and hostels, tourist agencies, wineries and beekeepers. The project was part of a broader project the EU is implementing to help Serbia (Government of the Republic of Serbia & Delegation of the European Union, 2021).

Various international organizations fund development projects in rural areas such as UNDP (United Nations Development Programme), FAO (Food and Agriculture Organization of the United Nations) Livestock Project in Sjenica, UNDP MIR (Municipal Improvement and Revival Programme) projects in Southern and Southwest Serbia, etc. are among the most successful contributions to rural development (Langan et al., 2010).

Most of these projects have provided significant support to local communities and individuals, providing many examples of good practice on how small investments, education and cooperation can be used in other regions (Đorđević-Milošević & Milovanović, 2012).

It is expected that in the future new basic approach of the EU towards rural development, a better future framework for financing initiatives from rural cross-border areas can be created. The Southeast European Permanent Working Group for Regional Rural Development is currently active in promoting and developing this concept, hoping to be able to support quality projects in cross-border rural areas that can best contribute to the integration of the Balkan region.

Conclusion

The crisis caused by the COVID-19 pandemic had a huge impact on the tourism sector, primarily on a significant drop in tourist demand. In this paper, the authors pointed out that in a pandemic, the priorities in the behavior of tourists are changing and that in accordance with that, it is necessary to analyze numerous uncertainties that affect the disruption of tourist spending. This confirms that tourism is affected by numerous factors of economic and non-economic nature, which directly causes certain quantitative changes. The authors emphasize the importance of noticing changes in the behavior of tourists during the crisis, in order to determine certain specifics depending on the set variables. Sociological and psychological factors are very difficult to express quantitatively, but numerous authors have indicated that it is possible to select variables and predict events. In that sense, certain groups of tourists adapted faster to the crisis by changing the scope, structure, quality, spatial dimension and duration of travel. Other tourist structures are characterized by the transition from foreign to domestic travel, often in the form of weekend tourism, eco-tourism and other alternative forms.

The diversification of tourist services is imposed in response to the crisis and thus confirms the hypothesis that tourism can play a significant role in the country's recovery from the effects of the crisis. The current crisis caused by the COVID-19 is an opportunity to make the domestic tourism more resilient and strengthen the green and digital transformation of tourism and support maintaining a rural destination to growth.

The last segment of the paper points to incentive measures that can accelerate the recovery of the tourism sector, and actors in the tourism market are expected to be able to take advantage of these opportunities.

This proves the second assumptionon in this paper that the recovery of the tourism sector can be accelerated if appropriate incentive measures are taken. The rural community that is able to maintain proactivity and openness together with the support of national tourism actors is able to thrive by partnering with other stakeholders for their immediate environment and using external assistance in the best possible way. A precondition for the interest of a diverse tourist clientele for natural resources in Serbia is the establishment of interactive information flows in the wider market, including internationally. Accordingly, clearly defined strategic development goals are important, which will be accompanied by a hierarchy of decision-making at all levels. It largely depends on the human factor, because there is a lack of knowledge in development planning, as well as in the methodological harmonization and connection of strategic documents, so we need to work on that.

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ECONOMIC ANALYSIS OF INTERNATIONAL TRADE IN PERSONAL AND BUSINESS TRAVEL SERVICES

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Abstract

The world today is facing one of the worst pandemics in modern history. Around the world, financial markets are in serious difficulties, the consequences of which have begun to spill over into the tourism sector. Covid-19 has caused sharp contractions in economic development, reduced mobility and has contacted tourism flows as the international tourist arrivals in most world sub-regions recorded declines from -60% to -70%. The aim of this paper is to analyze the international travel in the field of personal and business travel in the period of 2010-2019 exported to and imported from the Republic of Serbia. The findings show that the international travel for personal purposes has achieved the greatest value over the years, the second place is taken by travel for business purposes, whereas education-related travel achieved the third place. Exported and imported values of the category Travel, Personal and Travel, Business has the highest value of exports and imports from Serbia to European Union (EU 28), with Germany, Greece, Austria and Italy having the highest flows of exported and imported values. In 2020 Asia and the Pacific, was the region to suffer the hardest impact of Covid-19. On the second place there is Europe, followed by the Americas, Africa and the Middle East.

Key Words: *tourist services, international trade, personal travel, business travel, Serbia*

JEL classification: *F1, L8, L83*

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Introduction

In response to the Covid-19 pandemic, in order to mitigate the economic consequences of Covid-19, central banks have turned to newer, more unconventional strategies to control money supply and boost economic growth. The European Central Bank's (ECB) macroeconomic projections for September 2020 predict that world real GDP (excluding the euro area) will decline by 3.7% this year, but there is still the forecast growth of 6.2% and 3.8% in 2021 and 2022 (European Central Bank, 2020). The contraction in global trade will be increasingly serious given its procyclicality. The crisis caused by the Covid-19 pandemic has also led to disruptions in global production chains. Other risks in the Eurozone include the outcomes of Brexit, the risk of increased trade protectionism and the risk of long-term negative effects on global supply chains. Governments, central banks and regulators are working to boost market liquidity by introducing new monetary and financial policy measures, tax breaks and other mitigation measures. Covid-19 has caused sharp contractions in economic development, reduced liquidity and made it difficult to access capital (Radić, et al., 2020).

As an economic phenomenon, tourism is essentially a combination of economic and non-economic entities more or less connected through the social division of labor, which seeks to create an organized offer of all products/services necessary for persons/tourists temporarily residing outside their permanent residence. The connection between economic development and the movement of international tourist flows does not need to be proven. The statements of the World Tourism Organization and the World Bank confirm that the greatest benefits from tourism have industrialized countries that absorb more than 50% of international tourist trips and about 65% of revenues generated on that basis. This is quite understandable because underdeveloped countries do not have the opportunity to invest in tourism infrastructure without which tourism development is not possible. When it comes to tourism at the global level, we can say that the growth of political uncertainties is expected, which will limit the volume of travel to some extent, then the growth of terrorism, which will lead to stricter security measures, visa regimes and various entry controls.

In 2019, international tourist arrivals reached 1.5 billion, a 4 per cent increase over 2018, while the sector generated \$1.5 trillion in exports while tourism had a sharp decline in March 2020 as international tourist arrivals

decreased by 56 per cent in the first months of the year, and in May 2020 has fallen down by 98 per cent. The loss of nearly \$320 billion in exports represents almost over three times what was lost during the whole of the 2009 global economic crisis (UNWTO, 2020a). In some countries the travel has slowly restarted but "limited connectivity and weak consumer confidence, the unknown evolution of the pandemic and the impact of the economic downturn present unprecedented challenges to the tourism sector" (UN, 2020, p.4). Therefore subject of the paper is the analysis of the international tourism services exported to and imported from the Republic of Serbia, and international travel in the field of personal and business travel, as one of its components.

Literature review

Many factors influence the formation, behavior and increase of tourist demand, which by its presence in a certain space and time, using various tourist facilities, provokes numerous interdependent relations, whether of social or economic importance (Koprivica, 2007). Classical trade in goods and services is increasingly losing importance. In addition to goods and classic services related to trade, modern services (engineering, information, science, tourism, etc.), money, capital and technology are increasingly moving across the border. In the last two centuries, services have significantly stimulated economic growth. There is no process of economic change that does not include service activities. In the economies of developed countries, the importance of services is great, and for that reason it has not been heard that more and more expressions such as "service economy" or "service society" are appearing in theory and practice. The increase in welfare in society leads to a greater demand for services compared to the demand for goods. It is a consequence of the relationship between income and the structure of consumption of goods and services. Consumers are increasingly spending their income on travel, recreation, education, health and similar services, rather than on cars and clothing. The rapid industrialization and faster pace of life spur different needs, desires and create new trends. In order to meet the new demands of life, especially as a balance to urban life, tourist centers are developing a new approach to health. Health tourism originally meant balneology, herbal therapy, relaxation, a healthy diet and lifestyle. Today, all this is complemented by the provision and execution of most complex medical interventions. Traveling abroad to perform a particular medical treatment today can be called a "rewarding experience". The term carries with it a seemingly incompatible intervention-treatment-pain-care, and on the other hand, the

experience of new luxury accommodation, recovery in exotic places with an aim of solving a health problem (Cvijanović et al., 2016). The findings of Vapa-Tankosić and Ignjatijević (2017) on the existing international sites on medical tourism show that the majority of them possess the description of treatments (photos or videos), details of the institution establishment, staff qualifications and professional experience, technology (virtual tours of facilities), accreditation, and very often also patient testimonials and recommendation for patients. The majority of respondents, in addition to consuming medical services, came to Serbia to visit a friend or relatives and decided to opt for medical services in Serbia at the recommendation of friends and relatives (Ignjatijević et al., 2017). The previous research on foreign users of medical tourism services in Serbia (Ignjatijević & Vapa-Tankosić, 2018) has pointed out that the respondents highly valued the institution itself and the quality of medical service. Their findings show that for the selection of a country or institution for medical services, the following are the most important factors: High standard of hospital accommodation (4.30); Accreditation of the institution (4.42); Confidentiality and privacy guaranteed (4.38); Treatment speed abroad (4.52); Doctor's Recommendation (4.55); After treatment assistance provided (4.59); High quality care (4.6) and Cost savings (4.6). The answers provided indicate that culture, infrastructure, good rest, or non-medical content were not so important to patients. On the other hand, the results of the research show that the respondents have given the lowest rating to the following factors: Nontraditional treatment, Treatment of persons with special needs (disabled), Stable political situation and healthy legal system, Good infrastructure (proximity to major cities, highways, airports, etc.) and Similarity of culture. Ignjatijević & Vapa-Tankosić (2019) on a sample of 365 foreign users of medical tourism services in the age group of 41-50 years of age, equally represented by men and women, of the average income ranging from EUR 2001-4000, with secondary school and faculty, married, speaking mostly English, Norwegian, Italian and German have concluded that foreign patients, users of medical tourism services, are not sufficiently informed about Serbia as a medical tourism destination, having mostly negative or insufficiently positive perceptions. On the other hand, their perceptions of the quality of human resources in tourism, such as medical staff politeness, and quality education, good living conditions can positively influence the desirability of Serbia as a medical destination. The findings show that the increase in well-being in society has contributed to the increase in demand for health services and consequently the development of medical tourism (Ignjatijević & Vapa-Tankosić, 2020).

The tourism dynamics in the world

The authors shall analyze the tourism dynamics of the volume of international tourism services as per the latest available data on export and import of the international travel, in the field of personal and business travel, of International Trade Centre and UNWTO. Table 1a shows the values of exports of tourism services classified by category.

Table 1a and 1b: *Value of exports of tourist services by categories expressed in millions of dollars (in period 2010-2019)*

Travel, Business	Travel, Personal, Health-related	Travel, Personal, Education-related	Travel, Personal, Other (other than health and education)	Table 1a Exported Value in 2010
107,615	3,952	55,714	351,119	Exported Value in 2010
126,334	5,064	64,454	435,707	Exported Value in 2011
135,859	5,252	67,204	442,768	Exported Value in 2012
145,096	6,024	72,312	520,541	Exported Value in 2013
155,804	7,308	83,889	571,448	Exported Value in 2014
151,020	7,048	87,173	552,397	Exported Value in 2015
146,538	6,772	94,323	568,781	Exported Value in 2016
148,064	8,835	107,139	627,288	Exported Value in 2017
152,630	7,824	108,306	642,083	Exported Value in 2018
69,615	4,074	45,573	274,719	Exported Value in 2019

Travel, Business	Travel, Personal, Health-related	Travel, Personal, Education-related	Travel, Personal, Other (other than health and education)	Table 1b Imported Value in 2010
108,523	5,822	30,955	365,308	Imported Value in 2010
130,907	7,022	33,592	425,530	Imported Value in 2011
131,374	6,566	33,132	407,527	Imported Value in 2012
136,436	6,985	34,637	442,617	Imported Value in 2013
148,211	7,116	40,235	496,195	Imported Value in 2014
136,507	8,228	40,320	464,326	Imported Value in 2015
131,371	6,261	37,715	473,328	Imported Value in 2016
140,495	9,382	108,414	515,624	Imported Value in 2017
143,209	8,618	45,858	552,258	Imported Value in 2018
59,938	1,517	20,897	163,136	Imported Value in 2019

Source: *ITC*

The period from 2010 to 2019 was observed, the values in the Table 1 are expressed in millions of dollars. From the international turnover of tourist services classified by categories, we can clearly conclude that the value of exports in 2019 amounting to 410,342.00 expressed in millions of dollars (Table 1a and 1b). This phenomenon is associated with the phenomenon of globalization, where the flow of people, capital and services around the world increases over the years. Various foreign trade agreements and

unions are being concluded between countries around the world. Tourism is becoming more and more modern and people have a desire to explore and see something unknown. Along with the movement of tourists, there is an exchange of different cultures and knowledge. Personal travel has the highest value in international traffic compared to other categories of tourists. Over the years, the development of technology itself has led to developments in the field of travel. Tourists no longer need travel agencies, but they themselves, with the help of various internet platforms, organize and reserve the entire trip in accordance with their wishes and possibilities.

In travel services the category of business travel has achieved the lowest value in 2019 amounting to 69,615 million of dollars. In the second place there are trips for education purposes, but with a noticeably lower realized value amounting in 2019 to 45,573 million of dollars. Travel for Health purposes has achieved the third place amounting in 2019 to 4,074 million of dollars. The values had a slight growth over the years. In Table 1b, the values of imports of tourist services classified by categories are presented. The period from 2010 to 2019 has been analyzed and the values are expressed in millions of dollars. A category that has achieved the highest value of travel imports in 2019 is for business travel amounting to 59,938 millions of dollars.

The tourism dynamics in Serbia

The list of importing markets for a service exported by Serbia for category Travel, Personal is presented in Table 2. The exported value of category Travel, Personal in 2019 amounts to 1,583,483 thousands of dollars with the highest value of exports from Serbia to European Union (EU 28) amounting in 2017 to 621,553 thousands of dollars. Of the European Union (EU 28) countries, Germany is the country with the highest import values for service exported by Serbia, from 2010 to 2017, amounting in 2017 to 88,954 thousands of dollars. On the second place there is Slovenia with the exported value in 2017 that amounts to 74,316 thousands of dollars and on the third place is United Kingdom with the exported value in 2017 that amounts to 70,938 thousands of dollars.

Table 2: *List of importing markets for a service exported by Serbia Service: 4.2. Travel, Personal (in period 2010-2017)*³

Importers	Exported value in 2010	Exported value in 2011	Exported value in 2012	Exported value in 2013
World	790,461	979,313	908,384	1,039,525
European Union (EU 28)	388,422	542,189	473,223	540,716
Germany	62,307	95,926	83,586	85,027
Slovenia	54,353	83,414	68,154	75,727
United Kingdom	39,770	52,829	52,723	69,084
Croatia	34,467	31,975	33,434	46,499
Switzerland	35,793	56,999	38,578	49,156
United States of America	55,678	62,560	52,723	46,499
Austria	30,490	38,926	37,292	41,185
Turkey	14,582	8,341	5,144	13,285
Bulgaria	6,628	9,732	10,287	15,942
Italy	15,908	25,024	21,861	19,928
Greece	31,816	22,244	15,431	17,271
Romania	5,303	8,341	7,716	10,628
Importers	Exported value in 2014	Exported value in 2015	Exported value in 2016	Exported value in 2017
World	1,125,867	1,033,541	1,134,339	1,325,377
European Union (EU 28)	587,822	501,521	559,839	621,553
Germany	90,230	63,245	58,639	88,954
Slovenia	83,595	68,793	76,342	74,316
United Kingdom	59,711	61,026	66,384	70,938
Croatia	57,057	47,711	57,533	66,434
Switzerland	51,750	56,588	69,703	64,182
United States of America	45,115	53,259	60,852	52,922
Austria	42,461	39,944	37,618	40,536
Turkey	25,211	38,835	29,873	31,528
Bulgaria	19,904	24,410	30,979	28,150
Italy	23,884	19,972	22,128	28,150
Greece	21,231	15,534	18,809	22,520
Romania	10,615	13,315	18,809	22,520

Source: ITC

³ ITC does not have data for the period after 2017.

Table 3 presents the values expressed in thousands of dollars for the category Travel, Personal of supplying markets for a service imported by Serbia. The period from 2010 to 2019 has been analyzed. Imported value in 2019 amounts to 1,556,835 thousands of dollars with the highest value of service imported by Serbia to European Union (EU 28) amounting in 2017 to 871,526 thousands of dollars. Of the European Union (EU 28) countries, Greece is the country with the highest import values for service imported by Serbia, from 2010 to 2017, amounting in 2017 to 472,921 thousands of dollars. On the second place is Italy with the imported value in 2017 that amounts to 64,182 thousands of dollars and on the third place is Germany with the service imported by Serbia value in 2017 that amounts to 52,922 thousands of dollars.

Table 3: *List of supplying markets for a service imported by Serbia Service: 4.2. Travel, Personal (in period 2010-2017)*⁴

Exporters	Imported value in 2010	Imported value in 2011	Imported value in 2012	Imported value in 2013
World	759,464	881,888	817,170	879,848
European Union (EU 28)	494,476	576,945	537,520	603,157
Greece	193,548	246,070	235,326	294,936
Italy	45,073	54,219	41,150	41,185
Germany	37,119	44,487	42,436	42,513
Turkey	66,284	115,389	108,018	115,583
Croatia	21,211	26,414	25,719	29,228
Slovenia	22,536	25,024	23,147	30,556
Spain	34,467	38,926	28,291	29,228
Bulgaria	14,582	18,073	16,717	14,614
Africa	78,215	48,658	45,008	29,228
Austria	22,536	25,024	29,576	23,914
Exporters	Imported value in 2014	Imported value in 2015	Imported value in 2016	Imported value in 2017
World	931,723	890,371	989,967	1,148,320
European Union (EU 28)	506,880	630,230	787,757	871,526
Greece	261,402	339,525	439,241	472,921
Italy	33,173	44,382	58,639	64,182
Germany	33,173	35,506	48,682	52,922
Turkey	91,557	108,737	13,277	47,292
Croatia	26,538	37,725	34,298	37,158

⁴ ITC does not have data for the period after 2017

Slovenia	18,577	23,301	27,660	33,780
Spain	21,231	19,972	30,979	32,654
Bulgaria	10,615	15,534	22,128	28,150
Africa	29,192	18,863	11,064	25,898
Austria	21,231	24,410	25,447	24,772

Source: *ITC*

Table 4 shows the values of importing markets for a service exported by Serbia in the category Travel, Business for the period from 2010 to 2019. Exported value of category Travel, Business in 2019 amounts to 20,942 thousands of dollars, which is slightly lower than in 2018 (21,345 thousands of dollars), with the highest value of exports in the category Travel, Business from Serbia to European Union (EU 28) in the category Travel, Business amounting in 2017 to 13,512 thousands of dollars.

Table 4: *List of importing markets for a service exported by Serbia Service: 4.1. Travel, Business (in period 2010-2017)*⁵

Importers	Exported value in 2010	Exported value in 2011	Exported value in 2012	Exported value in 2013
World	8,212	11,034	12,132	13,578
European Union (EU 28)	5,303	8,341	9,002	9,300
Austria	1,326	1,390	2,572	1,329
Germany	1,326	1,390	1,286	1,329
Italy				
United States of America	1,326	1,390	1,286	1,329
Belgium				
France			1,286	
Netherlands				
Sweden				
Switzerland		1,390	1,286	1,329
United Kingdom			1,286	1,329
Importers	Exported value in 2014	Exported value in 2015	Exported value in 2016	Exported value in 2017
World	16,457	14,166	16,382	19,843
European Union (EU 28)	18,577	8,876	11,064	13,512
Austria	2,654	1,110	1,106	2,252

⁵ ITC does not have data for the period after 2017.

Germany	3,981	1,110	1,106	2,252
Italy	1,327	1,110	1,106	2,252
United States of America	1,327	2,219	2,213	2,252
Belgium			1,106	1,126
France	1,327			1,126
Netherlands	1,327		1,106	1,126
Sweden				1,126
Switzerland	1,327	1,110	1,106	1,126
United Kingdom	1,327	1,110	1,106	1,126

Source: *ITC*

Of the European Union (EU 28) countries, in the category Travel, Business, Austria is among the countries with the highest import values for service exported by Serbia amounting in 2017 to 2,252 thousands of dollars and Germany, Italy and United States of America with the exported value in 2017 that amounts to 2,252 thousands of dollars. Table 5 presents the values expressed in thousands of dollars for the category Travel, Business of supplying markets for a service imported by Serbia.

Table 5: *List of supplying markets for a service imported by Serbia Service: 4.1. Travel, Business (in period 2010-2017)*⁶

Exporters	Imported value in 2010	Imported value in 2011	Imported value in 2012	Imported value in 2013
World	194,310	223,360	213,374	236,846
European Union (EU 28)	132,567	154,315	144,024	159,425
Germany	30,490	36,146	34,720	37,199
Italy	19,885	22,244	19,289	21,257
Russian Federation	15,908	19,463	21,861	25,242
Austria	10,605	11,122	10,287	14,614
Croatia	7,954	8,341	7,716	7,971
Greece	6,628	6,951	6,430	7,971
Hungary	6,628	9,732	9,002	11,957
France	10,605	11,122	10,287	10,628
Slovenia	6,628	8,341	7,716	7,971
Romania	3,977	4,171	3,858	5,314

⁶ ITC does not have data for the period after 2017.

Exporters	Imported value in 2014	Imported value in 2015	Imported value in 2016	Imported value in 2017
World	247,025	211,554	212,143	232,955
European Union (EU 28)	305,190	145,352	147,151	158,766
Germany	67,672	36,615	35,405	38,284
Italy	35,827	17,753	18,809	19,142
Russian Federation	25,211	16,643	15,490	18,016
Austria	37,154	9,986	9,958	11,260
Croatia	11,942	7,767	9,958	10,134
Greece	11,942	7,767	8,851	10,134
Hungary	18,577	9,986	11,064	10,134
France	18,577	8,876	7,745	9,008
Slovenia	11,942	5,548	6,638	7,882
Romania	6,635	5,548	4,426	6,756

Source: *ITC*

Imported value in 2019 amounts to 248,860 thousands of dollars with the highest value of service imported in the category Travel, Business by Serbia to European Union (EU 28) amounting in 2017 to 158,766 thousands of dollars. Of the European Union (EU 28) countries Germany is the country with the highest import values for service imported by Serbia, from 2010 to 2017, amounting in 2017 to 38,284 thousands of dollars. On the second place is Italy with the imported value in 2017 that amounts to 19,142 thousands of dollars and on the third place is Russian Federation with the service imported by Serbia value in 2017 that amounts to 18,016 thousands of dollars.

The tourism dynamics - the influence of Covid-19 and forecasts

The crisis caused by the Covid-19 pandemic has led to disruptions in the global market as well as in the Eurozone. Governments, central banks and regulators are working to boost market liquidity by introducing new monetary and financial policy measures, tax breaks and other mitigation measures for Covid-19, which has caused sharp contractions in economic development, reduced liquidity and difficult access to capital (Vapa Tankosić et al., 2020). The Government of the Republic of Serbia adopted the Decree on determining the Program of scheduling and using subsidies to support the work of the catering and tourism industry due to business difficulties caused by the epidemic of Covid-19 disease caused by SARS-

COV-2 virus. Having in mind that tourism is an extremely important branch of the national economy and has a significant contribution to the total gross domestic product, the Government of Serbia set aside 1,980,000,000 dinars as a measure to support the survival and development of this branch of the economy (The Goverment of the Republic of Serbia, 2021).

From Table 6 we can see that due to Covid-19 pandemic at the sub-regional level, North-East Asia (-86.3), North Africa (-73.6), South-East Asia (-73.5%), and Northern Europe (-72.4%) have suffered the largest drop of international tourist arrivals in 2020. It can be seen that the international tourist arrivals in most world sub regions recorded declines from -60% to -70%.

Table 6: *International Tourist Arrivals by Sub-region*

	(million US\$)			Share (%)	Change (%)	2020*			
	2017	2018	2019*			2019*	18/17	19/18	YTD
World	1,333	1,408	1,460	100	5.7	3.7	-70.1	-28.5	-94.9
Advanced economies	732	761	776	53.2	4.1	2.0	-70.2	-30.1	-94.5
Emerging economies	601	647	684	46.8	7.6	5.8	-70.0	-26.9	-95.5
By UNWTO regions:									
Europe	676.6	715.8	743.7	50.9	5.8	3.9	-67.7	-21.0	-93.3
Northern Europe	81.0	81.0	82.6	5.7	0.0	1.9	-72.4	-18.2	-95.7
Western Europe	192.7	200.2	204.7	14.0	3.9	2.3	-62.6	-19.8	-91.6
Central/Eastern Eur.	135.0	146.0	152.3	10.4	8.2	4.3	-69.0	-16.2	-94.1
Southern/Medit. Eur.	267.9	288.6	304.1	20.8	7.7	5.4	-69.3	-26.2	-93.6
-of which EU-28	540.5	562.5	579.0	39.6	4.1	2.9	-66.6	-21.8	-93.4
Asia and the Pacific	324.1	347.7	360.1	24.7	7.3	3.6	-78.8	-48.9	-98.2
North-East Asia	159.5	169.2	170.6	11.7	6.1	0.8	-86.3	-65.1	-98.9
South-East Asia	120.6	128.6	136.8	9.4	6.7	6.4	-73.5	-35.3	-97.3
Oceania	16.6	17.0	17.5	1.2	2.8	2.4	-68.8	-25.4	-99.0
South Asia	27.5	32.8	35.2	2.4	19.4	7.3	-66.5	-37.7	-97.5
Americas	210.8	215.9	219.5	15.0	2.4	1.6	-64.8	-16.9	-92.9

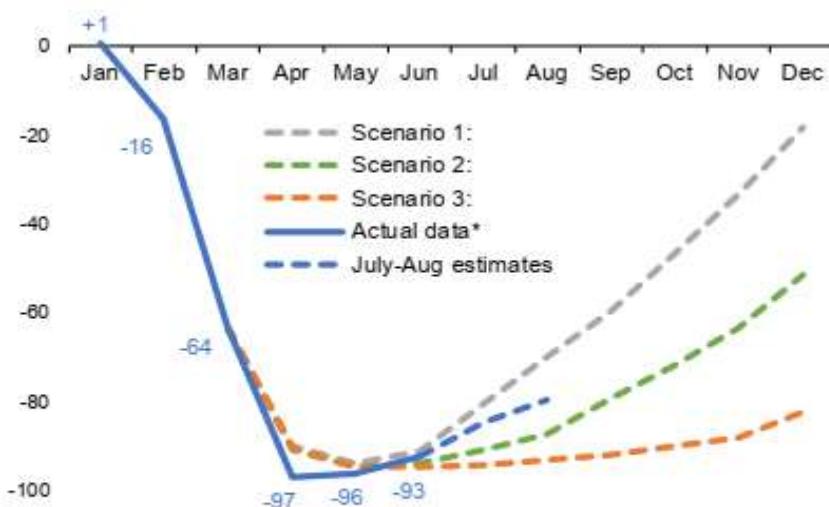
North America	137.4	142.2	146.4	10.0	3.5	3.0	-65.3	-14.3	-90.3
Caribbean	25.8	25.8	26.8	1.8	0.1	3.7	-64.0	-26.1	-97.7
Central America	11.1	10.8	10.9	0.7	-2.2	0.8	-65.9	-17.5	-98.3
South America	36.6	37.1	35.4	2.4	1.3	-4.7	-63.1	-17.5	-99.4
Africa	63.3	68.7	71.9	4.9	8.4	4.7	-69.1	-13.5	-98.9
North Africa	21.7	24.1	25.6	1.8	11.1	6.4	-73.6	-17.5	-98.2
Subsaharan Africa	41.7	44.6	46.3	3.2	7.0	3.7	-66.3	-11.7	-99.4
Middle East	57.6	60.1	65.1	4.5	4.3	8.3	-68.7	-20.2	-98.9

* Provisional data

Source: UNWTO, 2020b

UNWTO World Tourism Barometer (2020c) scenarios have shown declines of 58% to 78% in international tourist arrivals in 2020, with current trends that suggest a decline in international arrivals closer to 70% for 2020, with declines in 97% in April and 96% in May to -93% in June (Graph 1).

Graph 1: International tourist arrivals in 2020: Year to date results and scenarios (y-o-y monthly change, %)



Source: UNWTO

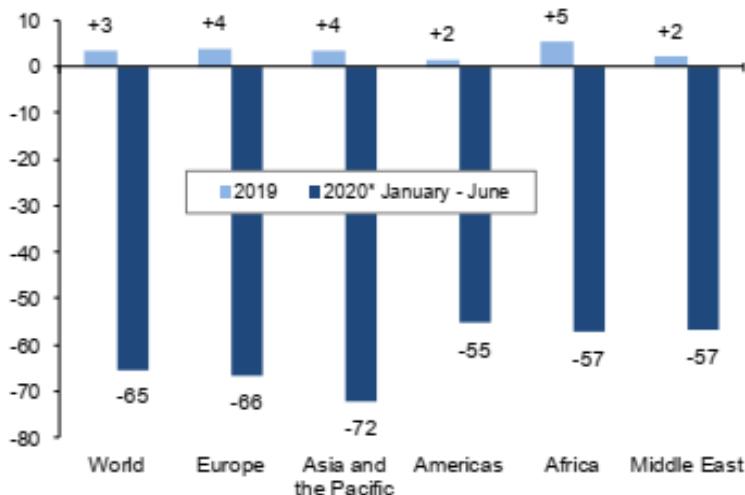
*Actual data includes estimates for countries which have not yet reported results.

Dotted blue line corresponds to UNWTO estimates for July and August 2020.

Source: UNWTO, 2020c

According to UNWTO World Tourism Barometer (2020c) in 2020 Asia and the Pacific, was the region to suffer the hardest impact of Covid-19, with a 72% decrease in arrivals in the first half of 2020 (Graph 2). On the second place is Europe with a 66% decline, followed by the Americas (-55%), Africa and the Middle East (both -57%).

Graph 2: *International Tourist Arrivals (% change)*



Source: *UNWTO, 2020c*

Conclusion

In the last two centuries, services have significantly stimulated economic growth. In the economies of developed countries, the importance of services is of great importance, and for this reason the terms such as "service economy" or "service society" are emerging. The rise in well-being in society leads to a higher demand for services than the demand for goods. It is a consequence of the relationship between income and the structure of consumption of goods and services. By exporting tourist services and all its categories, the state generates income from foreign tourists who visit it and thus makes a profit, while by importing travel services, a country suffers expenses from domestic tourists, as its citizens visit other countries. The aim of this paper is to analyze the international travel in the field of personal and business travel in the period of 2010-2019 also exported to and imported from the Republic of Serbia. The findings show that the international travel for personal purposes has achieved the greatest value over the years, in second place is travel for business

purposes, and education related travel has achieved the third place. Exported and imported values of the category Travel, Personal and Travel, Business has the highest value of exports and imports from Serbia to European Union (EU 28), with Germany, Greece, Austria and Italy having the highest flows of exported and imported values.

The crisis caused by the Covid-19 pandemic has led to disruptions in the global market as well as in the Eurozone. Governments, central banks and regulators are working to boost market liquidity by introducing new monetary and financial policy measures, tax breaks and other mitigation measures for Covid-19, which has caused sharp contractions in economic development, reduced liquidity and travel flows. Current trends suggest a decline in international arrivals up to 70% in 2020. Given that the end of the pandemic is still not expected, we cannot assess the efficiency and effectiveness of the measures taken for successfully support of the tourism sector. In times of reduced mobility and international travel because of Covid-19, the Republic of Serbia is also motivating its citizens to visit parts of the country that have not been visited so far by offering various promotions and vouchers, provided for both young and old, which is a very positive thing because our country has a lot to offer in terms of tourism.

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PSYCHOLOGICAL APPROACHES IN PSYCHOTHERAPY AND HEALTH TOURISM DURING COVID 19 PANDEMIC

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Abstract

During the COVID-19 pandemic, the psychological approaches in both psychotherapy and health tourism have kept their essence and importance, but the experts are being confronted with challenges that demand changes. The goal of the paper is to examine newly established circumstances caused by COVID-19 pandemic as well as their influence on psychotherapy and health tourism - areas of great value for maintaining mental and physical health and the wellbeing. The modifications in the psychological approach could be connected with: the use of new technologies, spending time outdoor with an obligatory social distancing, the reduction and lack of the physical contact, etc. The use of creativity in psychotherapy and health tourism, expressed, among other valuable ways, by the use of active imagination, a well known method of analytical psychology, is being discussed and the hermeneutic method has been applied for analyzing the positive effect and benefits on individuals` wellbeing and health.

Key Words: *COVID-19, forest medicine, psychotherapy, health tourism, active imagination, Jungian psychology*

JEL classification: *I31*

Introduction - COVID-19 pandemic situation

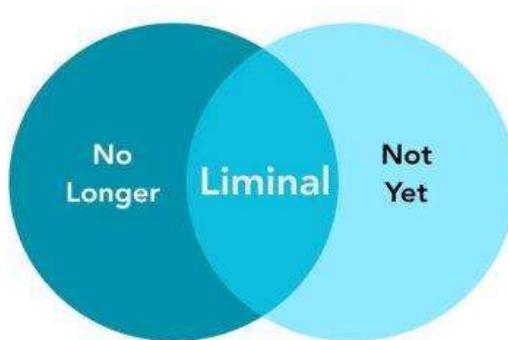
The COVID-19 pandemic, for more than a year, has been influencing peoples' lives greatly. On the one side, the life continues as usual, the same obligations have to be done, the same needs have to be fulfilled; children,

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teenagers, adolescents, adults and older people continue their processes of individuation (Samuels, 2000). The same archetypal (Jung, 1959) situations of: being born or giving birth, growth, getting old, facing death, getting married, becoming a parent, loosing someone, getting into a transitional period, etc., are still happening within the same universal patterns. On the other side, the circumstances are being hugely changed. Our sense of identity and stability has been seriously shaken. The "old ways" do not work properly anymore and require adaptation. We still search for the "new ways" while finding ourselves somewhere "betwixt and between" (Stein, 1996).

Figure 1: *Liminal*



Source: Digby Scott, (2019), Master the Liminal, <https://digbyscott.com/2019/09/26/master-the-liminal/>, (20 January 2021)

During the period of the pandemic, we are being pushed into the state of constant flow. Analytical psychologists would say that we are floating in liminality (Stein, 2003). The certainty and stability which we felt within and around us while approaching different life situation are losing its usual form. Nothing is as it used to be. We exited the stable faze and are being launched into the dark see of uncertainty (Figure 1). We entered into a transitional period (Stein, 2006). It could not be said how long it will last. No one knows if the world will ever be as it was before. It could not be predicted with a certainty how the world will look like after (if) the COVID 19 pandemic is over. We can see a huge number of ifs, maybes, perhaps, it depends, nobody knows; it may but doesn't have to be, etc. Nevertheless, there is just a few: it certainly is or will be.

In this new state of facts, a stable sense of personal and group identity can be seriously shaken. This could be followed by heightened psychological difficulties and problems. A person does not feel to have something firm to

hold onto jet and had already let go of the previous secure "port" (Figure 2).

Figure 2: *Luminosity*



Source: *Learning Spaces*, (2021), *The Liminal Space*, <http://aspacetoinspire.weebly.com/the-liminal-space.html> (20 January 2021)

This situation, burdened with uncertainties, could evoke different psychological difficulties and problems. A person could become anxious, tense, angry, depressive, aggressive, and preoccupied about his own or the health of others, worried, obsessive, disoriented, confused, frightened, etc. (Rajković et al., 2018). Somatizations could appear too. In order to cope with the newly established way of living, working, going to school, socializing, behaving and feeling happier, a lot of people nowadays need some help.

The goal of the paper is the examination of newly established circumstances caused by COVID-19 pandemic and their influence on psychotherapy and health tourism.

Flora, fauna and merryweather vs maleficient

In order to prevent potential disorders and to work on them before they develop more difficult forms, experts in both above mentioned fields – psychotherapy and health tourism – have to work hard to reduce "the curse of the virus", like it happened in the "Sleeping beauty". This fairytale could be seen as a beautiful metaphor (Crowther et al., 1998) for the situation we

are facing nowadays. In Walt Disney's film from 1959, good fairies named Flora, Fauna and Merry-weather are helping princess Aurora to survive the curse and of the evil fairy Maleficent. The names of the fairies are not without sense. They are profoundly connected with nature.

Being estranged from the nature in our inner as well as in our external worlds, it is not surprising that the mankind is facing a lot of serious problems. One of them, a COVID-19, we are facing since the beginning of the last year. Among humans, simultaneously growing tendencies of emotional alienation and of treating the other as a means of fulfilling one's own needs could be seen. Nurturing what we have inside us and with others has been put into the second plane since the value and the acquisitions of material things are growing. A similar negligence of the essential things could be noticed in the nature that surrounds us. We are not taking a good care about our air, forests, animals, parks and trees in our cities. Hence, our inner and outer nature is suffering. The "evil fairy Maleficent" (seen as a negative part of a Mother archetype (Fiery, 1991)) "has put her curse" in the form of the virus onto people. On the other side, Gaia, a Mother Earth (seen psychologically as a positive side of a Mother archetype) is withdrawn, suffering.

But, we still have "three good fairies" on our side. Flora, Fauna and Merry-weather can help us. By getting people in contact with their own nature during psychotherapy and encouraging them to go into the nature within health tourism, experts from both mentioned areas could do a lot if working together today. Being included profoundly in both areas, the authors have a strong impression that health tourism and psychotherapy are the members of the same time. Joined together, with nurturing and encouraging the advantages of each other the maximum of the possible effects on the health (psychical and physical) could be accomplished.

Health tourism before and in the time of COVID-19

A forest medicine within the health tourism is seen as a very useful approach that could enable healthy individuals as well as those with some difficulties to nurture themselves and to improve the quality of their lives. Shinrin yoku movement ("forest bathing"), very popular in Japan from the mid 80-is in the XX century, has flourished again all over the world. In Japan and some other countries, spending time in the forest has been prescribed to patients as an official method of improving ones' health.

In the text about the role of psychotherapist in the individual approach to the client within the health tourism (Zdravković, 2018) the author is discussing the immense value of the "cure forest" and "healing forest" approaches within the health tourism. The first notion (cure forest) is connected with healthy persons without obvious mental and physical difficulties. Although without health issues, these persons could have huge benefits from spending time in the forest ambient. By being in this special atmosphere, healthy individuals could regain their psychological energy and get in a better contact with his inner nature. That could have a lot of positive effects on their everyday life related to their social, emotional and professional aspects.

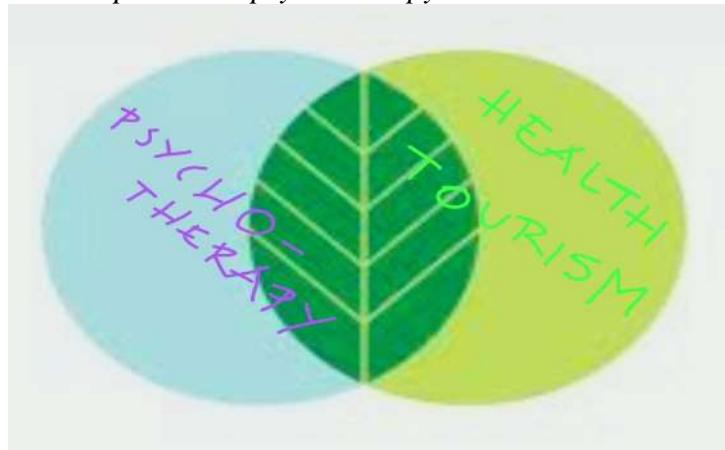
On the other side, the concept of a "healing forest" is more adapted to the person that has some health issues. People suffering from anxiety, depression or some other psychiatric disorders as well as from various somatic illnesses, could establish better connections with their unconscious and a creative potential that could contribute to their healing.

Within both mentioned frameworks, spending time in the forest ambient has numerous health benefits. It has been shown that, among many other things, a blood pressure becomes more balanced, people feel more relaxed, energized and satisfied. Engaging all senses while being in the forest improves the overall state of the organism. The pleasant sensations are evoked by listening the sounds of birds, forest springs, wind, movements of the leaves etc. Noticing all the different colors and shapes of the leaves, trees and other plants and living creatures is a feast for the tired eyes habituated to the city's grayness and dullness. The possibility to focus on the bodily sensations and to be in the body (embodied) much more than usual is an enriching experience – especially nowadays. Touching and hugging the trees, can return us to ourselves and could have a strong grounding effect.

A fairytale-like atmosphere of a forest inspires us to dive into liminality where stable images that we have about us begin to fade, opening at the same time a door towards new ways of perceiving and experiencing our inner as well as the nature that surrounds us. The mythical forest ambient could also reconnect people with their inner child (Jung, 1954) and hence, with their (often forgotten) creativity. Within Jungian psychology and creativity (as in other depth psychotherapeutic approaches) the immense power of the creativity (Jung, 1960; Gaillard, 2006) is well known and much appreciated. Here, we could find a mythical place where health

tourism (embodied in the forest medicine) and psychotherapy meet and overlap (Figure 3).

Figure 3: *Overlap between psychotherapy and health tourism*



Source: Authors

Figure 4: *Active imagination-1*



Source: Zdravković, S. (2018). *The Role of Psychotherapist in the Individual Approach to the Client within the Health Tourism*. TISC - Tourism International Scientific Conference, Vrnjačka Banja, 3(2), 697-713

Figure 5: *Active imagination-2*



Source: Zdravković, S. (2018). *The Role of Psychotherapist in the Individual Approach to the Client within the Health Tourism*. TISC - Tourism International Scientific Conference, Vrnjačka Banja, 3(2), 697-713

Figure 6: *Active imagination-3*



Source: Zdravković, S. (2018). *The Role of Psychotherapist in the Individual Approach to the Client within the Health Tourism*. TISC - Tourism International Scientific Conference, Vrnjačka Banja, 3(2), 697-713

This important encounter was described and discussed in detail in the authors' paper about the voice and speech quality correlates of psychological observations in Jungian active imagination experiment (Zdravković et al., 2019). There, the authors analyzed the use of active imagination within the experiment performed in the forest ambient in La Gerona national park in Spain. Active imagination (Jung, 1959) is a method applied in Jungian psychology and psychotherapy. It is a creative way, often more direct than words, of approaching the unconscious contents.

Methodology for performing active imagination experiment was the following: making figures from clay, from the forest material, drawing, painting, playing music, dancing, creative writing are some of the mediums through which active imagination could be performed. By the use of this method, the unconscious material could be formed into psychological image and embodied and, in that way, could become approachable for further work. Here are few of the products of active imagination (Figures 4, 5 and 6) made by adult participants without declared and observed mental and physical problems, during the workshop that was a result of the cooperation between a psychotherapist (a Jungian analyst, IAAP, IGAP, CIPA) from Serbia and a Forest guides' organization (ANTF) from USA.

Before and after the experiment with active imagination, the participants' voice and speech was recorded. The authors analysed the acquired data qualitatively (a psychological evaluation of the way participants were feeling) and the quantitative analysis of the speech and voice parameters (a psychoacoustic evaluation). Psychological observations before and after active imagination are shown in the Table 1 and are rated with Comparison Mean Opinion Score (CMOS) scale (results shown in Figure 7).

Table 1: *Psychological observations before and after active imagination*

Parti-cipant	Psychological observations <i>before</i>	Psychological observations <i>after</i>
1	She was quite excited about the whole process, even anxious about the unknown experience.	She became calmer, more centred, less frustrated and more satisfied with overcoming the anxiety and allowing herself to experience something new and interesting.
2	Interested with what is going to happen, but quite introverted and a bit reserved, not too much expressive in her verbal and non-verbal behaviour.	She became more vivid, more energized, less reserved and encouraged to be more expressive and connected with other members of the group and the nature around her.
3	Very curious, quite rational and "in his head", with a tendency of having control over his emotional side.	He became more open to his emotional side, dropped few tears connected with the insights he acquired, he felt joy because of allowing himself to loosen the control and the rational approach and became more connected with the forest.
4	Curious, eager to learn something new and different from her way of working with people, more in her intellect than in emotions.	She became satisfied because of the new experience, more authentic and spontaneous in her reactions, both verbal and non-verbal and in better touch with the forest.
5	Quite shy and introverted, although interested in what is going to happen, less energized than others and less connected.	She became more energized, happier, more open, with few important insights for her future actions, more connected with other members of the group and the forest.
6	Curious, but reserved in his non-verbal expression, tired because of the long business week he had before coming here.	He became more energized and open, more relaxed and recovered for tiredness.

7	Interested, but more on a super-ficial level, wanting to make a good impression onto others.	She became more satisfied, a bit more authentic and connected with others.
8	Pretty frustrated and anxious because of having a very bad experience while arriving to Spain.	She became less frustrated and a bit more open and relaxed.
9	Very motivated to participate, open toward others, active, but more in his rational side.	He became more open emotionally and playful, less rational and more energized and spontaneous and relaxed in the nature surroundings.
10	Very curious about the experience, eager to participate, but feeling physical tiredness.	She became less tired and quite recovered physically with regained bodily energy, very satisfied with the whole experience and more connected with others and with the nature.

Source: Zdravković, S., Jovičić, S., Gudurić, S. (2019). *The Voice and Speech Quality Correlates of Psychological Observations in Jungian Active Imagination Experiment*. *Journal of Psycholinguistic Research*, Vol. 48, No. 4, 859-876

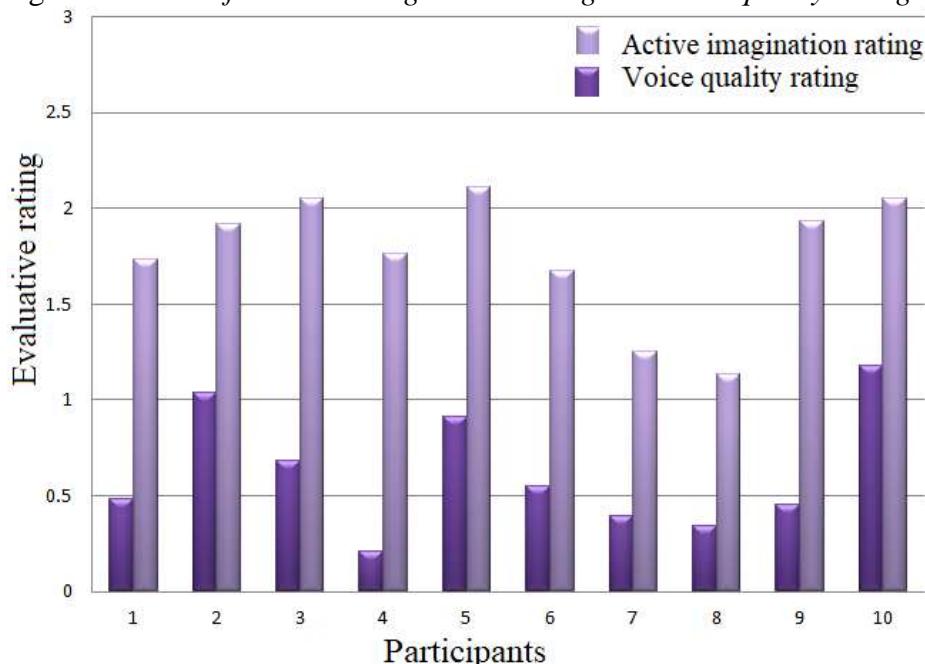
In the similar way psychoacoustic observations on voice quality are rated. Pearson's correlation coefficient $R=0.6385$ ($p<0.05$) shows a significant correlation between psychological and psychoacoustic ratings.

These results showed the ability to monitor psychological responses of a man based on voice analysis and that positive psychological reactions in participants' verbal and non-verbal reactions could be seen after active imagination combined with the forest medicine approach and that they could be registered by the phenomenological-descriptive analysis.

Luckily, in this difficult time of COVID-19, when major changes strike us almost on every step we make, health tourism and a forest medicine within it, represent a wonderful bright light in the darkness of liminality we are going through. We can still go to forests, make long walks with respect to a "social distance" that bothers us so much in the cities. That distance in the forest environment gets a completely different meaning. It allows us to get in better contact with our inner nature as well as with the nature that surrounds us. Touching trees, ground and plants does not put us into danger. Masks are not hiding a major part of our faces since a distance is big enough and we are outdoor. The air is not polluted and dangerous. A

relaxing atmosphere with relaxing sounds, fragrances, sensations and sights is calling us to reconnect with our healthy and creative parts.

Figure 7: Results for active imagination rating and voice quality rating



Source: Zdravković, S., Jovičić, S., Gudurić, S. (2019). *The Voice and Speech Quality Correlates of Psychological Observations in Jungian Active Imagination Experiment*. *Journal of Psycholinguistic Research*, Vol. 48, No. 4, 859-876

Psychotherapy before and in the time of COVID-19

The situation within the field of psychotherapy is quite different now. Before the situation when a COVID-19 pandemic started, all depth psychotherapies had certain features and settings. It was the same situation within Jungian analysis as well. A psychotherapeutic session was being held *in vivo* in the therapist's consulting room with a patient who was physically present. They were usually sitting and looking at each other. The face and body were visible in such a way that a non-verbal communication could be followed too. The analyst was able to see the patient and the opposite. They were meeting on a regular basis. A patient was undertaking a journey towards his analyst's place before each session during which he or she could psychologically as well as physically get out of his world and

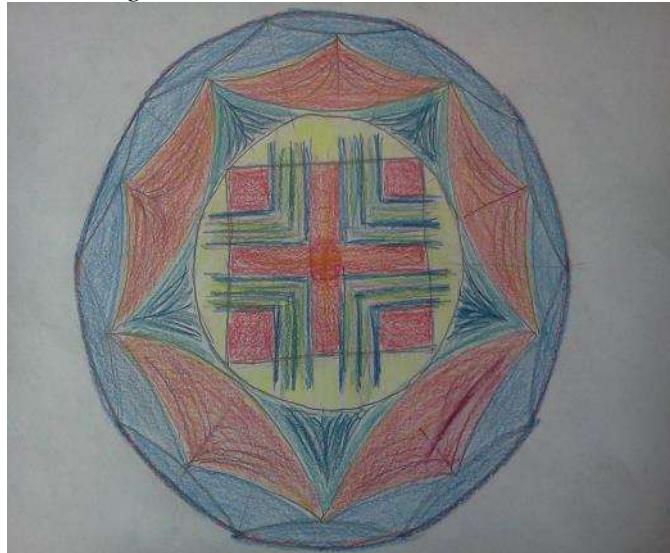
gradually arrive and enter into psychotherapist's world. The opposite process was taking place when the session was over. A therapist was not seeing and entering into the patient's space (house). Both of them had a possibility to follow the expressions of their faces and the postures of their bodies while they were talking. The session has been held at the same place. Only in some special circumstances communication was being held online via WhatsApp, Viber, Skype, phone, etc.

Since the COVID-19 pandemic started, the psychotherapeutic sessions continued to be held and the processes of patient's individuation to unfold. The essence of the relation between the therapeutic dyad stayed the same. Dreams and fantasies are still being analyzed, transference/countertransference feelings noticed and discussed. Sessions are being held on a regular basis with the same length. On the other side, for more than a year, the circumstances in which the analytic encounter is being held and the way the psychotherapeutic temenos looks today are changed greatly.

The new analytical of psychotherapeutic setting most often implies online communication. In this situation, the analysts as well as their patients were confronted with few paradoxes. One of them is connected with a distant closeness or a close remoteness. At the same time, the persons engaged in analysis are seeing each other's face in a short distance on the mobile screen or on the computer monitor. That is much lesser distance comparing to the one in vivo. Looked from the other side, a patient could be at the other part of the city, country or world. Obligation of wearing masks in the health institutions does not enable people to see each other's whole face. This could evoke a sense of uneasiness, discomfort and anxiety.

Then, there is the absence of a body. We see the other on the screen, usually a head and shoulders, but the body with all its nonverbal communications is not available and approachable. The body is being missed a lot both from a diagnostic as well as from a therapeutic perspective. Tactility is absent too. Patients could not shake their hands on their way to or from the analyst. The valuable role of silence and the pauses in speech is hugely reduced. Not being physically present in the same room and being faced with a face in the close plane, press people to enlarge the quantity of speech at the account of the silence and pauses. This important way of getting in touch with one's inner world of feelings, sensations and introspections is diminished. It is well known how much Jung valued the silence (Zdravković & Jovičić, 2020).

Figure 8: *Active imagination-4*



Source: Zdravković, S. (2020). *Active imagination and dreams – creative interplay during analysis*. C. G. JUNG-FORUM e-Journal der OGAP, Vol. 10, 21-34

A method of active imagination that can begin with the silence while getting deeper into the inner world was already mentioned in the context of forest medicine and health tourism. Here is the product of active imagination (Figure 8) a patient N. made close to the beginning of his analysis. In the central part of the image, he draws a cross. He was not content at all with the colors he chose and with the shapes he made. He thought that the drawing was very rigid and sterile. He was not in a good contact with his inner world, with his inner nature. He was experiencing himself as not flexible enough, as too much in his head and to little in his feelings. He was mostly wearing black color, he was feeling depressed and was not much open to the big variety of emotions.

After working on his dreams, history etc, his products of active imagination started to change together with his experience of himself. On the following image, it could be seen how the shapes and the colors started to change. The "good fairies" – Flora, Fauna and Merry-weather visited him and "changed the curse" of being always in his thoughts and dressed (even psychologically) only in dark colors. The images of nature and life started to emerge (Figure 9). After a while, wholly blossomed, looking almost three-dimensional, flower emerged (Figure 10). N. was in a much better mood, more open towards his emotional and creative parts.

Figure 9: *Active imagination-5*



Source: Zdravković, S. (2020). *Active imagination and dreams – creative interplay during analysis*. C. G. JUNG-FORUM e-Journal der OGAP, Vol. 10, 21-34

Figure 10: *Active imagination-6*



Source: Zdravković, S. (2020). *Active imagination and dreams – creative interplay during analysis*. C. G. JUNG-FORUM e-Journal der OGAP, Vol. 10, 21-34

As the process of analysis was getting to an end, N. was not being depressed anymore. He was much more into contact with his emotions and with his creativity (Zdravković, 2020). He started to write again after a very long period. Writing was something that he buried long time before, in his puberty. During analysis he reconnected with his love and inspiration for writing. He was feeling younger and more in contact with his true nature.

Figure 11: *Active imagination-7*



Source: Zdravković, S. (2020). *Active imagination and dreams – creative interplay during analysis*. C. G. JUNG-FORUM e-Journal der OGAP, Vol. 10, 21-34

The last collage that he made (Figure 11) was based on a dream. He was in the nature, close to the house of his ancestors. It was a beautiful weather in an amazing atmosphere. A young doe came to him. He gently cuddled her and she did not run away from him. She stayed and looked at him with her gorgeous big eyes. He had a numinous experience of a great importance. He felt in a perfect harmony with a doe and with a nature that was around him.

Conclusion Psychotherapy and health tourism – Joined efforts

The goal of the paper was to examine newly established circumstances caused by COVID-19 pandemic as well as their influence on psychotherapy and health tourism. We can see how both forest medicine within health

tourism and psychotherapy were helping and could continue to help people to live more qualitative and happier lives. The changes that stroke us during the time of Covid-19 had and will continue to have huge effects and consequences in lot of areas. In spite of the necessary adjustments, psychotherapy continues to get people in contact with their inner nature and thus helping them to heal their mental health. Health tourism, on its side also continues to cure and heal people depending on their needs. The authors arrived to the conclusion, based on the theoretical research and on their own clinical and research experience, that joined together, experts using some of the methods from the field of psychotherapy (like active imagination) and from the field of health tourism (and forest medicine) could do a lot in the time of COVID-19. The benefits of spending time in the forest are unquestionable, but the benefits could be more profound and much more lasting if we enhance it with the expertise and knowledge from the field of depth psychotherapies, more precisely, from Jungian analysis.

Acknowledgements

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THE IMPORTANCE OF COMMUNICATION WITH DOMESTIC TOURISTS IN RECOVERING FROM COVID-19 PANDEMIC

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Abstract

At the time of the Covid-19 pandemic, when tourist traffic is falling sharply, domestic tourists become very important. They become the dominant or even the only source of income for tourism sector. This paper shows that due to the closure of countries in order to reduce the possibility of spreading disease, both the number of tourists and the number of overnight stays declined. However, in the summer months and during the holidays, domestic tourists filled capacities and resourceful individuals managed to take advantage of the opportunity that arose by adjusting their offer and/or tourist product. The conducted research is based on statistical data from the World Tourism Organization (UNWTO) and Statistical Office of the Republic of Serbia. Given the recovery period of the tourism sector as well as the possibility of new and similar diseases in the future, communication with domestic tourists will become increasingly important, as shown by this research.

Key Words: Domestic tourists, tourism sector, communication, Covid-19, pandemic, Serbia

JEL classification: L82, L83, M31, Z32

Introduction

"Tourism is one of the largest and fastest-growing economic sectors in the World. What reflects the new nature of tourism are: the development of mass tourism, the transition from organized tourist group travel to independent - solo travellers, the development of distant destinations,

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developing of package arrangements and shorter destinations" (Cvetkovski et al, 2016, p. 38). This was true until the beginning of 2020. Today the coronavirus pandemic is the most important characteristic of the world we live in, which affects the tourism sector as well.

"The coronavirus (COVID-19) pandemic is, first and foremost, a humanitarian crisis affecting people's lives, and has triggered a global economic crisis. This has very tangible impacts for the tourism sector, which is critical for many people, places and businesses, with the impact particularly felt in countries, cities and regions where tourism is an important part of the economy" (OECD, 2020a). "The tourism sector is currently one of the hardest-hit by the outbreak of COVID-19, with impacts on both travel supply and demand. This represents an added downside risk in the context of a weaker world economy, geopolitical, social and trade tensions, as well as uneven performance among major outbound travel markets" (UNWTO, 2020a).

Wider economy is affected by the coronavirus pandemic directly or indirectly. Tourism is an important part of many national economies, so the situation in the tourism sector, which is strongly influenced by the coronavirus, is also reflecting on the broader economic situation of the country. "Tourism generates foreign exchange, drives regional development, directly supports numerous types of jobs and businesses and underpins many local communities. The sector directly contributes, on average, 4.4% of GDP, and 21.5% of service exports in OECD countries. For example, tourism in Spain contributes 11.8% of GDP while travel represents 52.3% of total service exports, in Mexico these figures are 8.7% and 78.3%, in Iceland 8.6% and 47.7%, in Portugal 8.0% and 51.1%, and in France 7.4% and 22.2%" (OECD, 2020b).

Although it is not yet possible to measure the full effects of the COVID-19 on tourism, some estimates exist. According to the UNWTO World Tourism Barometer "the collapse in international travel represents an estimated loss of USD 1.3 trillion in export revenues - more than 11 times the loss recorded during the 2009 global economic crisis. The crisis has put between 100 and 120 million direct tourism jobs at risk, many of them in small and medium-sized enterprises" (UNWTO, 2020d).

However, in many countries, the tourism sector started to promote domestic travel and has begun to appeal to visitors from its own country, because according to some experts, countries where domestic tourism has

developed and significantly participated in the tourism economy are likely to recover faster than countries which largely depend on international tourists arrivals.

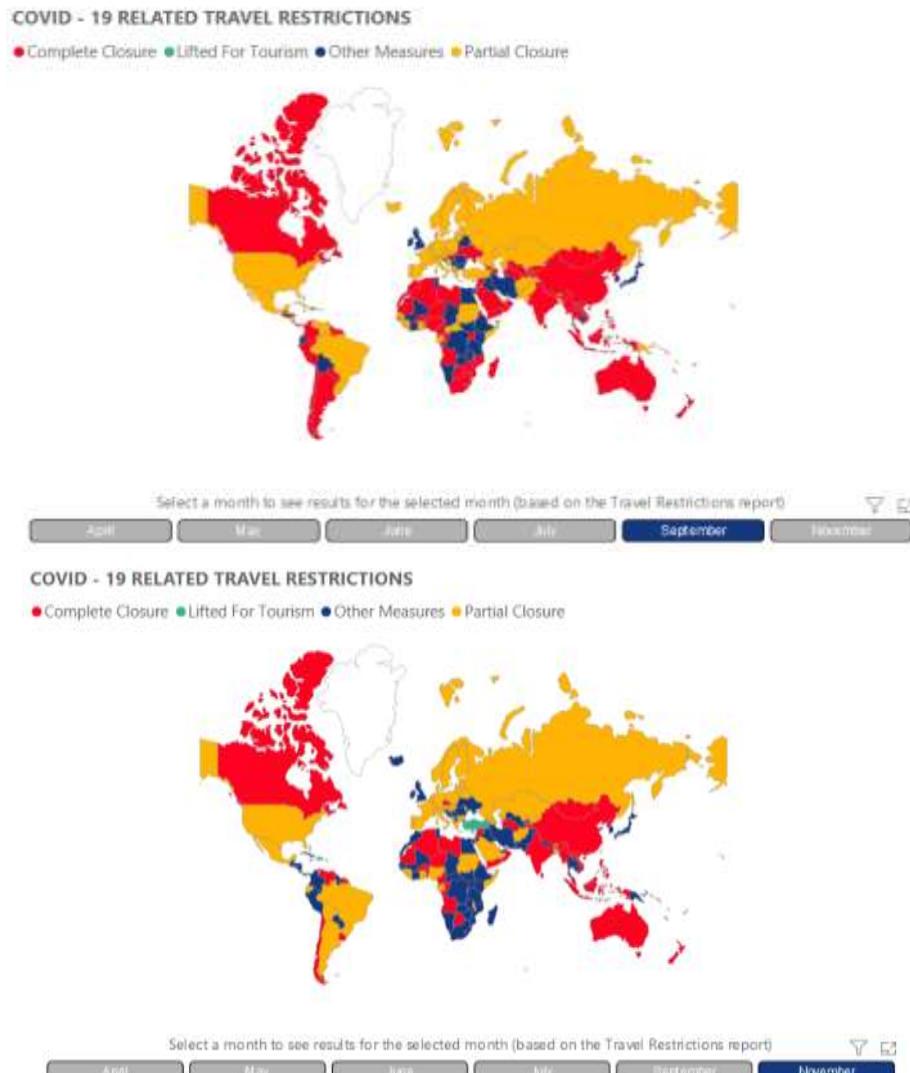
Borders closure influence on tourism sector, international and domestic tourists in World and Europe

Borders closure is highly connected with the current state of tourism sector, so the World Tourism Organization (UNWTO), in order to provide timely and accurate information in one place, launched the Tourism Recovery Tracker. The Tracker included data, among others, on COVID-19 related restrictions, due to many countries in Europe closed their borders in order to prevent transmission of COVID-19, especially at the very beginning of the pandemic.

Figure 1: *COVID-19 Related Restrictions (1)*



Source: UNWTO, 2021b

Figure 2: *COVID-19 Related Restrictions (2)*

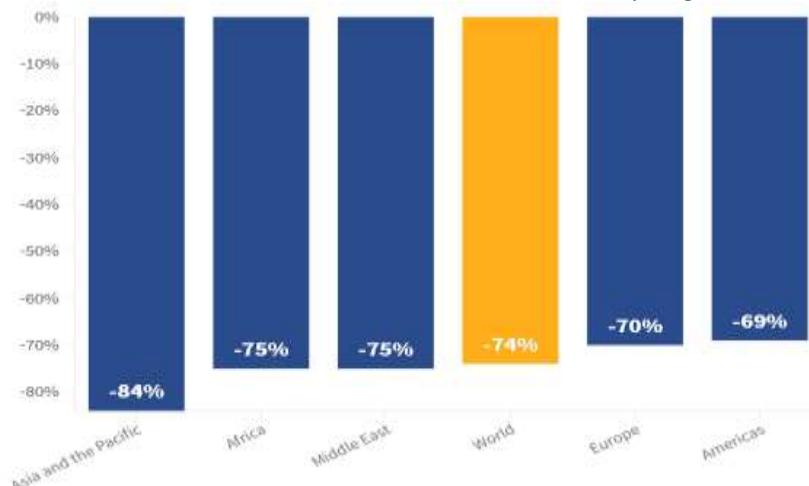
Source: UNWTO, 2021b

Figure 1 and 2 show border closure during April, May, September and November in the World. At the beginning of the pandemics, lots of countries completely closed their borders, but until November and December they relaxed measures.

COVID-19 related restrictions made a strong decrease in international arrivals in 2020. "Asia and the Pacific saw an 84% decrease in international arrivals in 2020, about 300 million less than in the previous year. The

Middle East and Africa both recorded a 75% drop in arrivals. In Europe arrivals declined by 70%, representing over 500 million fewer international tourists, while the Americas saw a drop of 69%" (UNWTO, 2021).

Figure 3: *Decrease in international arrivals in 2020, by region*



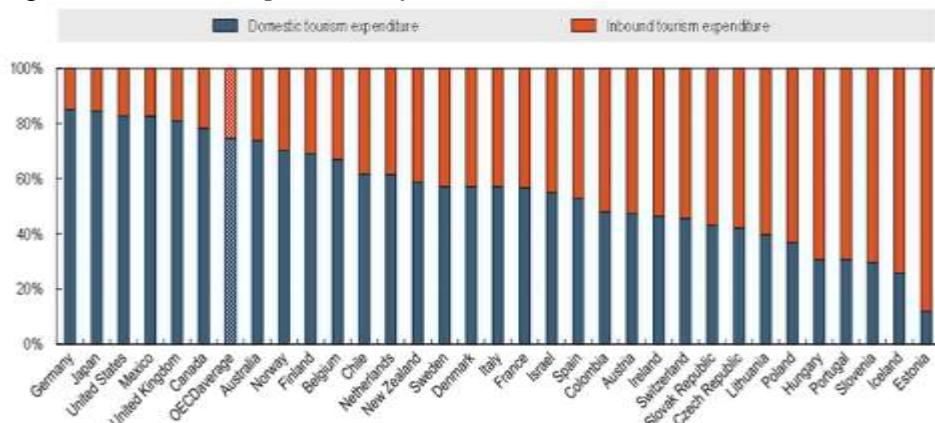
Source: UNWTO, 2021a

The latest Travel Restrictions Report shows that "70% of all global destinations have eased restrictions on travel introduced in response to the COVID-19 pandemic" i.e. "as of 1 November, a total of 152 destinations have eased restrictions on international tourism, up from the 115 recorded on 1 September. At the same time, 59 destinations have kept their borders closed to tourists, a decrease of 34 over the same two-month period" (UNWTO, 2020b). It is interesting, they found in the same Travel Restrictions Report as well that "destinations with higher scores in health and hygiene indicators have eased restrictions faster than those with relatively low scores in health and hygiene indicators and environmental performance index" (usually from emerging economies). Those restrictions have had a huge impact on the tourism sector. In UNWTO (2020c) said "Small and medium sized enterprises (which make up around 80% of the tourism sector) are expected to be particularly impacted. This might affect millions of livelihoods across the world, including vulnerable communities who rely on tourism as a vehicle to spur their development and economic inclusion".

"International tourist arrivals in Europe, the world's most visited destination, were down 66% in the first half of 2020 over the same period

last year, with a 97% drop in the second quarter" (World Tourism Barometer, 2020). Travel restrictions and lockdowns greatly influenced the results of the first half of the year, because they were present as a trend in almost all destinations from the end of March and during the April and May. But, the UNWTO Panel of Experts foresees growing demand for open-air and nature-based tourism activities, with domestic tourism gaining increasing interest. "After a drop of 93% in April 2020 compared with the same month of the previous year, by July 2020, domestic tourism in the EU almost returned to the level of the previous year. In July 2020, nights spent by EU residents in tourist accommodation inside their own country were only 22% lower than in July 2019, while nights spent by non-residents were 64% less than the previous year" (Eurostat, 2020).

Figure 4: Relative importance of domestic tourism in OECD countries



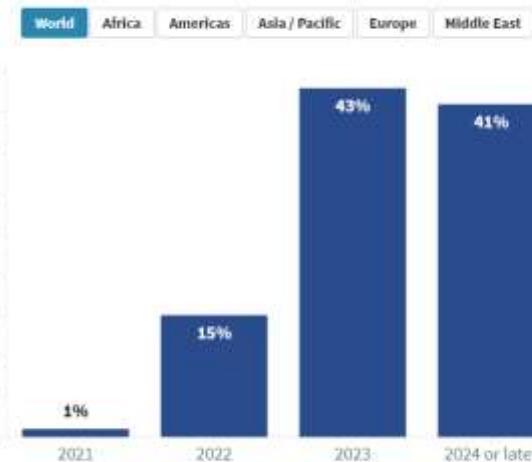
Source: OECD, 2020b

Although this figure varies among OECD countries, "before the crisis, domestic tourism accounted for 75% of tourism expenditures on average in OECD countries" OECD (2020b).

We need to think about measures that will lead to recovery, bearing in mind that the survey of the UNWTO expert panel showed that experts see a return to the pre-pandemic level only after 2023. "In fact, 43% of respondents point to 2023, while 41% expect a return to 2019 levels in 2024 or later. UNWTO's extended scenarios for 2021-2024 indicate that it could take two-and-a-half to four years for international tourism to return to 2019 levels" (World Tourism Barometer, 2020)

Figure 5: *Expected return to pre-pandemic levels (World)*

When do you expect international tourism to return to pre-pandemic 2019 levels in your country?

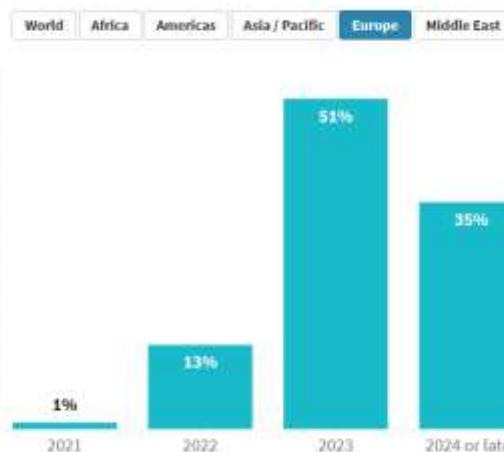


UNWTO conducted a global survey among its UNWTO Panel of Tourism Experts on the impact of COVID-19 on tourism and the expected time of recovery. Data as collected by UNWTO, January 2021. Published: 26/01/2021.

Source: *UNWTO, 2021a*

Figure 6: *Expected return to pre-pandemic levels (Europe)*

When do you expect international tourism to return to pre-pandemic 2019 levels in your country?



UNWTO conducted a global survey among its UNWTO Panel of Tourism Experts on the impact of COVID-19 on tourism and the expected time of recovery. Data as collected by UNWTO, January 2021. Published: 26/01/2021.

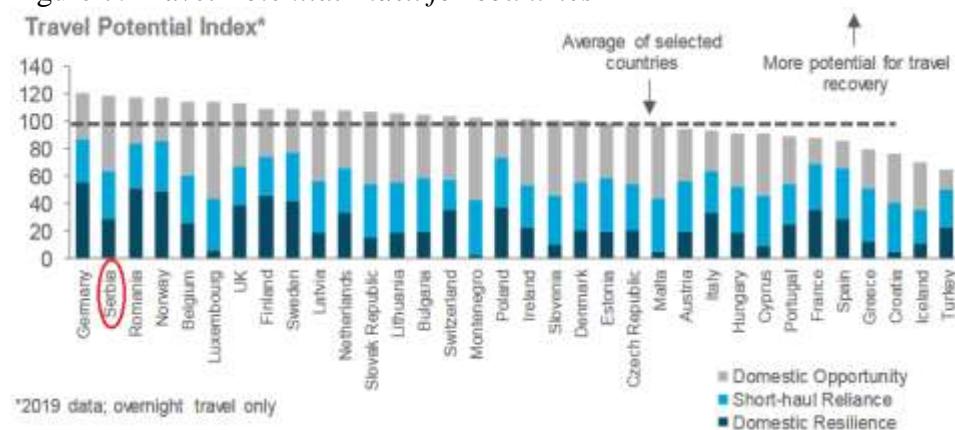
Source: *UNWTO, 2021a*

According to European Travel Commission (2020) "recovery will be led by domestic and short-haul travel."

- The recovery of the Travel & Tourism sector in coming years will vary across European destinations. This variation will in part be affected by the mix of travellers by different source market.
- Resilience of travel demand is greater for destinations that rely more heavily on domestic travellers and those from short-haul markets, which tend to be less volatile.
- The disruption to the Travel & Tourism sector will also lead to changing travel patterns and provide the opportunity for destinations to target new sources of travel demand, including a potential increase in domestic and short-haul including some substitution from other long-haul destinations".

But, as they stated, some destinations are in better position than others (Serbia, as well according to Figure 7). "The combined Travel Potential Index points to destinations which may be in the best position to see a swifter and more stable recovery in Travel & Tourism. However, other factors may impact on a destination's ultimate growth path in travel recovery. For example, the demographic profile of visitors is important. The destinations which have traditionally been more reliant on older travellers may face greater disruption if those travellers are more risk averse (due to health concerns)" European Travel Commission (2020).

Figure 7: Travel Potential Index for countries



Source: European Travel Commission, 2020

Domestic tourism will play an important role in the early stages of recovery from a pandemic, given the fact that no one knows with certainty what will happen in the coming period with restrictions and international travels.

Borders closure influence on international and domestic tourists in Serbia

From 2014 "an expansive growth of the tourism activity in Serbia started, which lasted till March 2020. At that time, due to the COVID-19 pandemic flights were forbidden, accommodation booking were canceled and the activity in the tourist sector recorded general fall" (Statistical Office of the Republic of Serbia, 2020a). "In 2019, the total number of tourists amounted to 3690 thousand, while the number of domestic tourists was 1843 thousand (7.6% increase compared to 2018), and the number of foreign tourists who visited our country amounted to 1847 thousand, presenting the increase of 8.0% compared to 2018. The realized number of all tourists' nights who were using the accommodation facilities was 10073 thousand, which was a 7.9% increase. There were 6063 thousand nights spent by domestic tourists (increase of 6.8% compared to 2018), while the number of overnight stays of foreign tourists was by 9.6% higher than in 2018 and it amounted to 4010 thousand of nights" (Statistical Office of the Republic of Serbia, 2020c).

Figure 8: *Tourists' arrivals and overnight stays 2015-2019*

<i>Republic of Serbia</i>		
	<i>Total</i>	
	<i>Arrivals</i>	<i>Nights</i>
2015	2437165	6651852
2016	2753591	7533739
2017	3085866	8325144
2018	3430522	9336103
2019	3689983	10073299

<i>Domestic</i>		
2015	1304944	4242172
2016	1472165	4794741
2017	1588693	5150017
2018	1720008	5678235
2019	1843432	6062921

<i>Foreign</i>		
2015	1132221	2409680
2016	1281426	2738998
2017	1497173	3175127
2018	1710514	3657868
2019	1846551	4010378

Source: *Statistical Office of the Republic of Serbia, 2020c*

The first case of COVID-19 in Serbia, reported on 6 March 2020. As of 22 February 2021, a total of "439,596 confirmed cases, 4,351 deaths, and 3,641 hospitalized cases have been reported in the country" (Ministry of Health of the Republic of Serbia, 2021). In the tourism sector, the situation

has started to deteriorate from March, with the first case of COVID-19 and more sharply from April.

The most significant decrease (94.6%) was recorded in April, while in the later months, although significantly less than in the same period last year, that number was higher. Over January-September 2020, domestic tourists represented the majority of visitors in Serbia, i.e. "80.8% of the total number of overnight stays. In the third quarter of 2020 the number of domestic tourist overnight stays was by 13% larger than in the same quarter of the previous year. In the second quarter of 2020, the number of foreign tourist overnight stays to the same period of 2019 was down by 91.1%. In the third quarter the number of foreign overnights stays was slightly larger but still by 82.1% less than in the same period of 2019" (Statistical Office of the Republic of Serbia, 2020a).

Figure 9: Number of tourist arrivals and overnight stays (index 2020/2019)

Month	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII
Arrivals												
Total	124,2	118,9	44,0	2,1	12,4	47,5	49,5	65,7	56,9	50,7	38,7	32,9
Domestic	120,2	122,7	53,0	3,1	20,0	83,7	96,6	125,3	108,9	79,3	57,5	51,7
Foreign	128,7	113,5	34,2	0,8	2,2	13,3	11,3	12,9	17,1	25,0	20,7	15,3
Overnight stays												
Total	125,1	120,1	54,3	5,4	17,4	56,7	64,1	82,9	77,1	62,5	53,6	40,1
Domestic	122,5	120,8	62,8	6,0	23,6	82,8	96,8	123,1	118,8	85,1	71,1	53,3
Foreign	128,7	118,6	41,7	4,2	5,6	15,2	14,7	16,3	23,7	33,8	32,0	24,4

Source: Authors, according to Monthly Statistical Bulletin for 2020 (Statistical Office of the Republic of Serbia, 2020a)

The number of domestic tourists and overnight stays began to grow with the relaxation of measures, the arrival of summer and vacations and in August and September there was not only a return to the level of 2019 but even an increase compared to 2019 (arrivals - in August 125.5%, September 108.9%; Overnight stays - August 123.1%, September 118.8%). At the same time, the number of foreign tourists and their overnight stays also increased but slightly, i.e. the decrease compared to 2019 was still huge.

Figure 10: *Tourist overnight stays Nov. 2019 – Nov. 2020*

Source: *Statistical Office of the Republic of Serbia, 2020b*

Quarter trends of Statistical Office of the Republic of Serbia, more clearly represent this decline.

Figure 11: *Tourist overnight stay, quarterly indices (%) (Comparison with the same period of the previous year)*

	2018				2019				2020		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Total	110.7	113.9	113.4	109.1	103.9	107.2	105.6	116.6	98.3	28.1	74.9
Domestic tourists	109.7	113.6	110.2	106.7	101.3	107.5	105.4	113.6	101.5	39.3	113.0
Foreign tourists	113.5	114.5	118.6	112.3	108.5	106.4	105.8	120.6	93.2	8.9	17.9

Source: *Statistical Office of the Republic of Serbia (2020a)*

An important question for tourism workers, due to further analysis and potential tourist offers, may be: Which places did tourists visit the most? Answers are given by the Statistical Yearbook of the Republic of Serbia for 2020. It shows: "Out of the total number of tourists' nights (10073 thousand), 27.6% (2782 thousand) were recorded in spas and 22.9% (2302 thousand) in mountain resorts" (Statistical Yearbook of the Republic of Serbia for 2020):

- *The structure of domestic tourists' nights* shows that 40.0% was spent in spas (2427 thousand) and 31.7% (1919 thousand) in mountain resorts, out of the total number of domestic tourists' nights (6063 thousand).
- *The structure of foreign tourists' nights* shows that there were 54.2% (2172 thousand) of tourists in Grad Beograd, 7.0% (279 thousand) in Grad Novi Sad, 8.8% (354 thousand) in spas and 9.6% (383 thousand) in mountain resorts, out of the total number of foreign tourists' nights (4010)".

The Tourist Organization in Sokobanja told news agency Tanjug that the visit during the summer months of this year (2020) is 20% better than in the same period last year. The tourist organization of Vrnjačka Banja reported that July is a record month and that they noticed an increase in the number of guests by 16 percent. 150,000 overnight stays, i.e. 40,000 visits, were realized. They had primarily guests from Belgrade and places from Vojvodina (Mondo.rs, 2021).

Domestic tourists, in the absence of the possibility to travel abroad, looked for opportunities inside the country and places that would be interesting to visit. They visited traditionally known tourist places, but lesser-known tourist places in Serbia as well, who with a good offer and promotion (primarily via the Internet), found their position on the tourist market.

In the next period probably the largest portion of tourist activities will be connected with domestic tourists, due to difficult international transport, border closure and other measures that are still present. This should be the reason touristic sector need to more closely communicate with domestic tourists and adjust supply and products to their needs and demands.

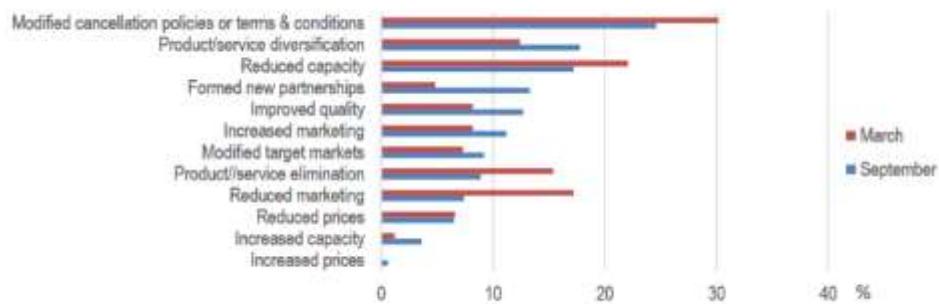
Communication with domestic tourists as important aspect in strategies for dealing with the effects of the pandemic in tourism

"Today's organizations operate in a global environment, regardless of whether they are from production or service industry. Although the term globalization is used to describe the process of integration of markets and production globally, globalization is a process that can be viewed from multiple angles, as economic globalization, political globalization, cultural globalization, etc. Each of these aspects of globalization affect tourism, the providers and users of tourist services" (Cvetkovska Ocokoljić & Babić, 2016, p. 485). With COVID-19, the interrelationships between pandemics and tourism became fully clear. Globalization means that urban and tourist centers are now more connected by plane, train, shipping and road. "A passenger, and therefore a disease, can now travel from one urban center to another the other side of the world in a day" (Hall et al., 2020, p. 579).

The tourism sector, at the beginning of COVID-19 pandemic, started with "the modification of cancellation policies, there was present increase in new partnerships, and an emphasis on increasing quality and marketing activity in the search for new customers" (Richards & Morrill, 2021, p. 5). From one side they need to reduce their capacity to adjust to falling

demand, but from another they need to increase marketing budgets in order to find new customers for their products, mainly to domestic markets.

Figure 12: *Actions taken in response to the COVID–19 crisis*



Source: *Richards & Morrill, 2021*

Restrictions on travel and border closure were the first measures during COVID-19. Removal of those measures will be important step of tourism recovery. But while we wait for the borders to be opened and for possibility to travel abroad, we must rely on domestic tourists and domestic destinations, products and services. In order to encourage people to travel, countries will have to start with domestic tourism promotion campaigns. Demand for travel within the country decreased less than demand as a whole (for the whole market). We saw the same trend in Serbia, in 2020. Over 45% of respondents in Richards & Morrill survey (2021, p. 5) "indicated that they had developed new products for domestic customers during the pandemic".

"While efforts are being made to market domestic tourism aggressively, there is a need to develop packages that are tailor-made for the domestic market. Competitive prices must be deliberately pursued as a means of building financial inclusion, and government can play a crucial role in making subsidies available for the sector to charge less for domestic travellers" (Woyo, 2018, p. 485). Domestic tourism is perceived to recover quicker to pre-COVID-19 levels compared to international travel in other contexts. However, for this to happen, there is a need to increase accessibility to domestic attractions. This is the reason why communication with domestic tourists is so important. We can talk about importance in order to find what those tourists needs and appreciations are, what price they can pay but also to inform them about our products and services. In

this communication, all available means (media) should be used, and in particular organizations should rely on the use of new ICT.

Communication is mentioned, directly or indirectly, by many authors as one of the strategies for dealing with effects of Covid-19 pandemic. Hao et al. (2020, p. 14) outline a number of strategies in China's hotel industry "including diversification, product design and investment preference, digital and intelligent transformation, and market reshuffling". They suggested that "hotel firms need to re-evaluate the current business model and set out a new agenda to enhance competitiveness" (Hao et al., 2020, p. 14). "New technologies make communication easier and faster. It is easier to perceive the future service, to offer a service or to estimate it. With the help of new technologies it is easier to monitor competitors but also to improve or develop new tourism products and services. Tourism benefits from the new IC technologies" (Cvetkovska Ocokoljić & Babić, 2016, p. 487).

Richards & Morrill (2021) found that "The development of domestic travel products had a positive impact on business, with those developing new products" (p. 6). "In general, mutual respect, and understanding will help enable the tourists to have good time, meet new people and meet all those goals that are motivation for travel" (Langović Miličević & Cvetkovski, 2016, p. 475). Richards & Morrill (2021) also argue that in sectors "there was clear evidence of a digital shift, with products and services being offered online as a result of the pandemic. "This was most notable in the educational travel and language learning sectors, with over 40% of language programmes being offered online in some form" (Richards, & Morrill, 2021, p. 6). The core of communication is in mutual understanding. "Deeper instrumentalization of religion and culture can be observed in the language and speech. Thus, it can be determined what a viewpoint a speaker takes when he evaluates and perceives the world he describes" (Cvetkovska Ocokoljić & Cvetkovski, 2010, p. 96). "The world of symbols, visual and mental images, as a sign, seal or deceptive reality is connected to the most receptive human sense – sight" (Cvetkovska Ocokoljić & Cvetkovski, 2012, p.1903).

Obviously, in attracting domestic tourists as well as those from around the world "certain roles has the country, tourist organizations, travel agencies, hotel operators, restaurants, culture organizations, etc. because the tourist product is complex and the tourist experience is multi-layered. It is

determined by many elements, as well as the expectations with which tourists come" (Cvetkovski & Langović Milićević, 2018, p. 253).

But all the measures taken will not be enough if tourists do not know about them. Communication is a two-way process, which involves the reaction of the recipient of the message (Cvetkovski & Cvetkovska Tomanović, 2017) and the reaction expected from tourists is measured by the number of tourists, the number of nights, and consumption during the stay. It is a process of social interaction and only mutual understanding can give the success.

Conclusion

It is likely that many trends such as sharing economy, mobile payment systems, virtual reality etc. will influence tourism products and services as well as business models in the future (OECD, 2020a). However, they are currently most affected by the COVID-19 pandemic, which appeared in the beginning of 2020 and still completely determines all spheres of our lives. The COVID-19 pandemic closed borders, restricted movement and social interaction, and hit the tourism sector the hardest. However, due to primarily restrictions on movement, international tourism has felt the consequences the most, and salvation is sought in domestic tourism. Until the pandemic, the race was mainly aimed at attracting foreign tourists, but now the tourist offer have to be specially adapted to domestic tourists, and good communication will generally play a key role in this process.

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THE COVID-19 PANDEMIC EFFECTS ON THE HOTEL INDUSTRY

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Abstract

The novel coronavirus pandemic has brought about significant disruptions to hotel operations, affecting demand for hotel services and guests' behavior, as well as financial stability of hotel companies and, consequently, hotel employees. A hotel company is interconnected with various partners in the supply chain, thus, the problem in hotel operation is transferred upstream the supply chain. The aim of this article is to present an overview of the COVID-19 impact on the hotel business, and provisions to cope with the new reality, including safety measures, technology application, quality of service, marketing communication, human resource management, and the supply chain management. Many authors believe that majority of these provisions will prevail in the post-COVID-19 environment, as people will be more cautious regarding safety. Apart from huge destructive impact, the present crisis will also have some positive effects, such as improved innovativeness, resilience, efficient communication and care for internal and external customers, all resulting in improved quality of hotel service.

Key Words: *hotel business, COVID-19, safety, quality, human resource management, corporate social responsibility*

JEL classification: *I15, Z31*

Introduction

A hotel is a commercial establishment which functions as a temporary home of travelers. Hotels allow people to satisfy their basic human needs during the trip, but also to relax, entertain, do business, and improve their

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physical and mental health. Many hotels today strive to provide exceptional service and create a unique experience for their guests. This goal can be achieved through a pleasant environment, variety of services tailored to the needs of a selected market segment, and with a help of committed employees. The novel coronavirus pandemic has brought about significant disruptions and challenges to hotel operations. It significantly affected demand for hotel services and guests' behavior, but also financial stability of hotel enterprises and, consequently, hotel employees who face double fear – the fear of infection and the fear of losing the job in a situation when overall economic activity stagnates. A hotel is not an island on the market as it is interconnected with various partners in the supply chain. Thus, hotel businesses suffering from sudden and unpredictable disruptions transfer the problem upstream the supply chain, affecting its main suppliers. The aim of this article is to present an overview of COVID-19 impact on hotel business and implications for coping with the new reality related to human resource management, corporate social responsibility, demand management, quality management, and supply chain management.

Discontinuity of the hotel business due to COVID-19

The contact-intensive nature of tourism industry makes it sensitive to the development of infectious diseases (Sobaih et al., 2021). Yu et al. (2021) posit that such diseases are spreading fast because of the growth in population, tourism, and transportation. According to the World Tourism Organization, there has been a 74% drop in international tourist arrivals for 2020 in the world (381 million in 2020 compared to 1.5 billion in 2019), which brings international tourism to the level of 30 years ago. Estimated loss in global GDP is over \$ 2 trillion, while there are 100-120 million of direct tourism jobs at risk (UNWTO, COVID-19 and Tourism: Tourism in Pre-Pandemic Times). As a result, COVID-19 has particularly impacted the hotel sector which faced dramatic drop in sales due to travel restrictions, event bans, and fear of getting infected.

Regarding travelers' behavior in times of COVID-19, it occurs that domestic travel gains importance, as people tend to travel closer. Moreover, tourists prefer open-air activities, nature, rural tourism, and road trips. The main travelers' concerns are health and safety measures, and cancellation policies, while last-minute bookings have increased due to volatile and unpredictable pandemic. Although closed borders and travel restrictions made domestic tourism of prevalent importance, propensity to travel even within the same country is dependent on people's available income and

savings, work arrangements, and their safety perceptions (Pappas & Glyptou, 2021). Pappas and Glyptou (2021) find that COVID-19 has affected accommodation preferences in a way that tourists prefer to rent a house than to book a hotel room. Similarly, Zhang et al. (2021) assert that COVID-19 severely impacted shared accommodation sector in which interactions between hosts and guests are more intensive than in the traditional hotel business. It was also found that, although in normal circumstances demand-driven scarcity cues positively affected guests' purchasing intentions, during the current pandemic the effect was the opposite (Li et al., 2021). Scarcity cues signal a hotel's popularity and superior quality, what motivates people to visit it. However, in the current circumstances, guests perceive such place as less safe, and prefer not to visit it. This means that the pandemic has induced a shift in perceptions and affected purchase decisions, where highly occupied places are likely to be avoided.

Table 1: The comparison of overnight stays between the first three quarters of 2019 and 2020

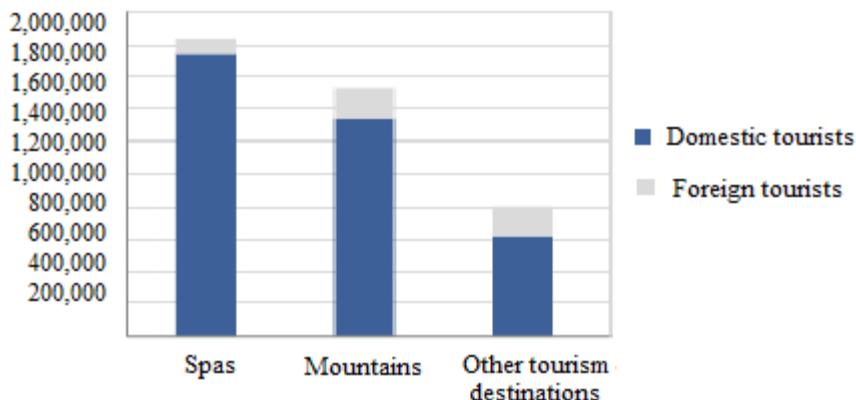
	2019			2020		
	Q1	Q2	Q3	Q1	Q2	Q3
Domestic tourists' overnight stays	101.3	107.6	105.4	101.5	39.3	113.0
Foreign tourists' overnight stays	108,3	106,4	105,8	93,2	8,9	17,9
Total overnight stays	103,9	107,2	105,6	98,3	28,1	74,9

Source: *Statistical Office of the Republic of Serbia, Trends, III Quarter 2020, p.51*

Statistical Office of the Republic of Serbia reports changes in the structure of overnight stays for the period January – September 2020 (Table 1). There was a drop of 36% in overnight stays during this period compared to the same period in 2019. The most significant year-on-year decline (94.6%) was registered in April 2020, while in later months a slightly higher number of overnight stays was recorded, but still significantly lower than in the same period last year. Domestic tourists were the dominant users of accommodation services in Serbia (80.8%), however, they realized 16% less overnight stays than in the same period last year. Interestingly, in the third quarter of 2020 the number of overnight stays of domestic tourists was 13% higher compared to the same quarter of the previous year. This could be the result of impossibility to travel abroad, especially for summer

vacation, so domestic tourists have shifted to Serbian tourism destinations, mainly to spas and mountains (Figure 2). After extremely poor results in the second quarter of 2020, when the number of overnight stays of foreign tourists compared to the same period in 2019 was lower by 91.1%, in the third quarter the number of overnight stays of foreign tourists was slightly higher, but still significantly lower (82.1%) than in the same period in 2019.

Figure 1: *The structure of overnight stays by tourism destinations for the first three quarters of 2020*



Source: *Statistical Office of the Republic of Serbia, Trends, III Quarter 2020, p.52*

Hotel companies in Serbia were offered the Government's economic support with respect to the COVID-19 crisis. The support consisted of tax policy measures (deferred payment of payroll taxes and contributions during the state of emergency, with subsequent repayment of incurred liabilities in installments beginning at the earliest from 2021; postponement of advance payment of taxes on profit in the second quarter of 2020; release of donation givers from the obligation of VAT payments), direct financial support to private companies, and credit program of the Development Fund via commercial banks for maintaining liquidity (Ministry of Economy of the Republic of Serbia). There were also subventions for hospitality and tourism companies which are among the most seriously affected by COVID-19 (Acts of the National Assembly). Further, there was no constant mandatory closure of hospitality companies, so they could function by respecting safety measures (working time, social distance, wearing masks, etc.).

Many hotels worldwide provided accommodation to people who needed isolation during quarantine period, as well as to displaced medical staff who treated COVID patients (Kaushal & Srivastava, 2021). Such a new role of hotels demands dealing with guests' physical and psychosocial needs (Jiang & Wen, 2020). Tourists being in isolation face negative sentiments because of prohibited movement, fear of getting infected, and uncertainty about the future. Wong and Yang (2020) found that hotel service quality remarkably reduces the impact of quarantined tourists' anxiety on their feeling of loneliness.

Jung et al. (2021) assert that hotels faced an employment shock in terms of significantly reduced number of employees, and a very high rise in the number of employees being on temporary leave. Apart from modern organizational changes that act as job stressors, such as new technological solutions that require skilled personnel, downsizing, higher performance expectations and other, COVID-19 has also appeared as a significant job stressor as it directly affects job insecurity and employees' fear of getting infected. Work stress negatively influences employees' wellbeing (Inoue et al., 2018), motivation (Ünsar, 2011) and performance (Wang et al., 2015), and positively affects their turnover intention (Akgunduz & Eryilmaz, 2018). Job insecurity is found to be a significant stressor for employees (Gaunt & Benjamin, 2007). Jung et al. (2021) illuminate that perceptions of job insecurity of deluxe hotel employees negatively affected job engagement, which is negatively associated with turnover intent. They further posit that job insecurity caused by COVID-19 had higher negative impact on job engagement of Generation Y than on Generation X, illuminating that hotel management should consider perceived job security as an important predictor of job engagement of the future predominant hospitality workforce.

Stergiou and Farmaki (2021) claim that pandemic is likely to influence absenteeism through employees' willingness and ability to show up for work, causing in this way workforce shortages. Nevertheless, their research shows that front-line hotel employees mainly believed they should work during COVID-19 pandemic, feeling a moral duty to fulfill professional obligation and be collegial. However, some external factors could affect their ability to report to work, such as lack of motorized transportation if they live far and are not willing to use public transportation. Also, childcare or eldercare were found as important reasons impacting employees' willingness to work in case when available care alternatives were perceived as inadequate, so they prioritized family over work. Additionally,

employees' willingness to work was affected by the lack of guidance regarding the correct use of equipment, behavior and employee performance during the pandemic. The authors therefore conclude that employees' decision to work during COVID-19 crises depends on a combination of personal beliefs/circumstances and external constraints. Therefore, the management should help them remove constraints (e.g. facilitate transportation, show care for the health protection of employees and their families, provide sufficient information and training on safety measures, etc.) in order to support their ability and willingness to work. Milovanović (2014) found generally low level of hotel management concern for employee training and motivation in Serbia, although these are key factors for ensuring employees' ability and willingness to work.

Shapoval et al. (2021) assert that during the pandemic COVID-19 personal values are likely to deviate: "the strongly individualistic and masculine American society has rediscovered compassion and empathy toward coworkers, profound connection with family and friends, and focus on emotional values, causing it to become less individualistic, materialistic, and achievement-oriented, and more collectivistic. Sweden, which scored very low on uncertainty avoidance and high on indulgence, expressed fear and strong uncertainty about the hospitality industry's future, which reverberated into personal and professional lives." The authors have identified negative effect of COVID-19 on the hospitality industry image as a workplace, so attracting skilled workforce in the future may be difficult.

The more intensive use of technology to support social distancing and economic activity during COVID-19 pandemic, especially for hotel back-office employees and managers, has created certain challenges, as Chadee et al. (2021) unveil, working from home using digital technology can lead to self-control depletion and further to employees' disengagement from work and withdrawal. Thus, physically displaced employees who work from home using digital technologies are likely to have reduced affective commitment. The authors find a moderating role of relational energy, which may have a buffering effect in the relationship between digital work connectivity and employee withdrawal through self-control depletion. They recommend to the hospitality leaders to generate relational energy by harmonizing employees' work styles and promoting positive working relationships.

The modern business environment imposes the need for customization, specialization and resilience, and, consequently, for cooperation. This means that no single company can achieve competitive advantage on its own, but rather as a member of a network. Such network comprises of all actors involved in the process of delivering the value to the end customer. Tourism supply chains are particularly vulnerable to different sorts of crises, such as natural disasters, economic and political crisis, as well as health crises, such as epidemics. Not all members of a supply chain are equally affected, but the shock is transferred from the most affected member upstream or downstream the supply chain (McCann & Myers, 2020). As tourism and hospitality companies are highly interconnected, they share risks and consequences of any disruptions anywhere in the supply chain.

Strategies and recommendations for coping with COVID-19

Nowadays, companies need to be highly flexible in order to be able to follow changing customer requirements, to ensure consistency in quality and price-competitiveness, and to create value for its owners (Milovanović & Janošević, 2019). Due to economic consequences of the current pandemic, people are more than ever prone to consider the value-for money issues, meaning that the adaptability of companies is crucial for ensuring higher quality at lower costs (Pappas & Glyptou, 2021). Hotel companies have developed a number of strategies to deal with the COVID-19 crisis, mostly relating to human resources management (HRM), demand management, safety assurance and communication. COVID-19 has affected the perceived quality of hotel services, where health protection and safety have growing importance (Pappas & Glyptou, 2021). Therefore, hygiene and other measures for health protection predominantly affect accommodation decision making during the pandemic, and these elements should be at the core of hotel marketing and quality management to reduce potential guests' fear and anxiety. As Yu et al. (2021) assert, hygiene became the key predictor of hotel guests' satisfaction, perceived service quality, word of mouth, revisit intention, and hotel image. Guests evaluate overall hygiene not only through spaces used by them, such as rooms, lobby, restaurants, and so on, but also through personal hygiene of staff, and spaces used by staff. In order to ensure effective hygiene management, and reassure guests about the high level of safety, hotels may also use services of the specialized hygiene companies.

Sobaih et al. (2021) show the importance of planned resilience for successfully coping with pandemic. Proactive managers, who developed a plan in the case a pandemic occurs, were able to positively respond to the COVID-19 crisis. Similarly, Rivera et al. (2021) suggest that hospitality management should develop contingency plans for low probability events that could have a significant harmful impact. They argue that the major elements of a crisis recovery agenda are strategy evaluation and strategic control, crisis communication and control, resource management, and collaboration with stakeholders. Furthermore, these authors find communication with the local media for positive marketing as a highly critical strategy for recovery, as it helps rebuilding tourists' trust in safety at a logging place. Business associations and destination management organizations are also found helpful for the recovery. Kaushal & Srivastava (2021) highlight the need of multiskilling, optimism and better crisis preparedness, along with increased sense of hygiene. Hu et al. (2021) reveal that during the COVID-19 pandemic, organizations have prioritized safety and social responsibility, thus protecting employees from both physical and economic threat. This is achieved by implementing safety measures and conducting business activity in order to ensure employment, although the latter may not be the best option in financial sense.

Hu et al. (2021) showcase that employees' deep compliance with COVID-19 procedures follows a four-stage psychological process, starting with increased risk and health awareness (1st stage), which stimulates implementation of safety measures (2nd stage), which in turn motivate behavioral adaptation (3rd stage). Employees' increased confidence in the effectiveness of safety measures prompts the integration of these measures into their normal daily work practices (4th stage). To facilitate employees' deep compliance with safety measures, the hotel management should demonstrate a commitment to workplace health and safety to employees by prioritizing and promoting safety, and actively following the established safety procedures (Hu et al., 2021).

Management communication to employees during the pandemic is found to have a great impact on organizational trust (Guzzo, 2021). Employees pay attention to how management is following social norms and guidelines from experts and authorities related to crisis. If the management's attitude is not in line with safety recommendations, employees are likely to develop negative attitudes. Crisis, such as the COVID-19 pandemic, pose an uncertain context for employees who need a support and are prone to evoke different emotions toward organizations, such as gratitude, anger, fear, etc.

Thus, the management should demonstrate a concern for employees' well-being, and should not prioritize business goals over employees' safety in order to save its reputation, keep the employees and increase their psychological capital.

Wong et al. (2021) found that during the COVID-19 crisis hotel employees' job satisfaction and organizational commitment remarkably affected job performance, perceived well-being, and prosocial behavior, while the influence on turnover intention was not significant. The pandemic made hotel employees fearful about the job security, as many were laid off, sent to unpaid leave, faced cuttings in compensations etc., and they ignored traditional work stressors as long as they had the possibility to work and earn for living. That is why employees with low satisfaction and organizational commitment had low turnover intention. The mentioned authors suggest that hotel management must provide support to employees in form of mentoring, team building, stress-release workshops and other stress-management programs Kim, Kim & Lee (2021) find that employees' safety behaviors such as safety compliance and safety participation are positively influenced by workplace safety climate. Managers should therefore foster a safety climate at the workplace, and also consider communication transparency as it proved to have a significant positive moderating effect in the relationship between safety climate and safety motivation.

Agarwal (2021) points that any mishandling of guests during the current pandemic is likely to provoke their momentous negative reactions, but also to attract the attention of media, what may cause a long-term harm to the hotel's reputation. In order to ensure adequate treatment of hotel guests during the pandemic, hotels should pay special attention to the HRM practices which should result in employee's excellence in delivering high quality service. Apart from increasing employees' capabilities, training and development during the pandemic also have a motivational effect. Agarwal (2021) asserts that HRM practices should consider the employees' personal lives in order to enhance their job performance and well-being. This means that employees would be better motivated and empowered to perform well at work if they are supported to overcome certain difficulties in their personal lives, especially during the pandemic. Personal burden usually inhibits employees from performing well at work and creates stress. By responding to societal needs hotels can increase employees' wellbeing, and, consequently, their performance. Agarwal (2021) explains why some hotels cannot achieve desirable outcomes although they managed all

organizational factors of wellbeing. The key is to include personal factors of wellbeing, which means to help employees to manage their personal lives.

While job insecurity is commonly found to negatively influence employees' wellbeing and performance, whereas positively influencing turnover intention, Agarwal (2021) finds that job insecurity has actually increased work efforts and performance of hotel staff due to the fear of job loss during the pandemic. She further emphasizes that HRM flexibility helps reducing the stress and anxiety of hotel employees caused by ambiguity and uncertainty, while organizational support together with HRM practices led to reduced feeling of helplessness. Moreover, hotel employees' psychological wellbeing can be enhanced through consistent communication, positive relationships, authentic leadership, training, coaching, mentoring, personal life support, and corporate social responsibility (CSR). In fact, HRM practices enable employees to cope with new role-performance challenges brought by the pandemic, while participating in CSR activities strengthens employees' belongingness to the company. Qiu et al. (2021) argue that investment in CSR activities during crisis is useful to companies' financial welfare. Particularly, the authors find that CSR activities positively impact the value (stock returns) and stakeholder attention of hospitality companies during the COVID-19 pandemic, and that community-related CRS (such as charitable giving, voluntary services, room and/or food provision, disaster relief etc.) is more beneficial for stock returns than customer- and employee-related CSR (hygiene standard improvement, social distancing, medical assistance, training, discounts). The community especially appreciates hospitality corporate philanthropy during crises, so engaging in CSR in difficult times may significantly improve corporate image and draw tremendous public attention, which positively influences investor decisions. In order to attract public attention, hospitality companies' CSR activities during the pandemic should be reported by mass media.

Breier et al. (2021) argue that business model innovation (BMI) might be an efficient way to cope with the COVID-19 crisis. They provide evidence that BMI is applied during and after crisis to create new revenue streams and secure a higher level of liquidity. The business model represents a configuration of a company's value proposition, value creation, and value capture approach (Clauss, 2017). Thus, modifying these components of business model with respect to the nature of crisis and available opportunities, companies have potential to improve performance. Cheah et

al. (2018) find that environmental turbulence nurtures BMI, where BMI plays a mediating role the relationship between market turbulence and hospitality firms' performance. According to existing research, Breier et al. (2021) summarize that BMI helps hospitality companies working in turbulent environment to achieve sustainable competitive advantage. Moreover, they argue that BMI is crucial for companies' success in the contemporary dynamic environment, while external forces, such as globalization, changes in the competitive environment, new technological opportunities, changes in behavior, etc. foster BMI. These authors find that available time, pressure and the role of very frequent guests are driving factors for a BMI. The COVID-19 crisis has created enough pressure on hotel companies to innovate their business model, while the drop in demand and lockdown has increased available time for decision-makers. The authors further argue that "a crisis can result in new perspectives and profit potentials for firms that seize the opportunity of change" (p. 7).

González-Torres et al. (2021) assert that during the crisis, such as COVID-19 pandemic, the hotel business objectives should be redirected from cost reduction and operational efficiency to liquidity control, labor relationship and demand management, emphasizing the role of inter-organizational relationship management within the supply chain. They also accentuate the need for cooperation with competitors in order to influence favorable regulatory framework, and to promote destination so to recover the demand. This means finding balance between cooperation and competition, and focusing on differentiation based on quality and safety. In order to prevent long-lasting devastating effects of COVID-19, Pappas and Glyptou (2021) suggest the collaboration of hospitality companies and tourism destinations, local and national authorities, as well as international collaboration because tourism is predominantly based on international tourist flows. In order to control the negative effects of pandemic, there is a need to manage tourism supply chain as a whole, not each its segment independently. Furthermore, Smart et al. (2021) recommend to the hotel management to search for low cost opportunities in the financial market as a way to maintain financial stability. According to these authors, each market segment's resiliency to crises should be evaluated and new market segments should be explored in order to spread the risk and ensure demand in different scenarios.

Regarding the use of information technology and robot service in particular, it was found that during the COVID-19 pandemic these technologies are more welcome by people than it was before the crisis, and

this preference is explained by perceived threat which showed significant moderating effect (Kim, Kim, Badu-Baiden et al., 2021). Using robots helps increase protection of both guests and staff as the human contact is being minimized. Robots are useful in improving guest service as sometimes direct interaction between guests and hotel staff can lead to negative outcomes, affecting hotel's reputation and financial success. There can be achieved a higher level of consistency in quality of service, and mistakes can be substantially reduced. Kim, Kim, Badu-Baiden et al. (2021) point to the main benefits of artificial intelligence adoption in hotel operations for both hotels and guests, such as efficient service delivery, customization, reduced labor costs, increased productivity, flexibility, safety and potentially lower service costs. However, human service is at core of the hotel service and it is hard to overcome. The loss of social relationships can negatively affect customer satisfaction. Moreover, there are guests who are not conversant with technology and are therefore fearful of using robot technologies. These authors express the view that the current health crisis might change guests' mindsets and attitudes towards new technologies, especially because the concern for hygiene and safety may retain importance in the future.

Foroudi et al. (2021) assert that COVID-19 disease has resulted in "many psychological, economic and socio-cultural influences on hospitality stakeholders, some of which may last for years" (p. 5). The authors highlight that individual behavior is impacted by beliefs and perceptions, so the perceived health risk should be lowered in order to increase the customers' buying behaviors. That is, hotels should reassure the potential guests about the high level of health safety. In this regard, safety certifications proved to be useful. Business association of hotel and restaurant industry in Serbia (HORES), with the institutional support of Serbian Ministry of Trade, Tourism and Telecommunications, has created a label "Clean & Safe" (Figure 2) for hotels and other hospitality businesses that fulfill safety standards designed according to the World Travel and Tourism Council's protocol. The aim was to assure potential guests that they can have safe vacation. Standards help to achieve necessary level of hygiene and health protection of guests and employees in hotels and restaurants, thus mitigating risk of contamination with COVID-19. The label is used as a marketing tool to communicate safety to guests via hotels' website, Booking.com, as well as via the website of HORES. The certification is valid 6 months and is not mandatory.

Figure 2: "Clean & Safe" label for hotels fulfilling safety standards during COVID-19



Source: *Business association of hotel and restaurant industry – Serbia*, www.hores.rs

Conclusion

Literature overview of the hotels' struggle to cope with COVID-19 crisis in 2020 provides many practical implications for hotel managers who strive to keep the business alive. Some successful actions used by hospitality companies worldwide are related to the main stakeholders such as employees, customers, and the community. These include increasing safety provision through strict hygiene standards, employee trainings and motivation, social distancing, more intensive use of digital technology instead of human contact, intensive marketing to promote safety, safety certification, orientation towards domestic tourists, more attractive offers, medical assistance, charity giving and room/food provision for those in need especially for displaced medical staff and quarantined tourists, business model innovation, and so on. Some of the empirical findings particularly stress the importance of taking care of employees as they are concerned for the personal health and for the health of their families, while being at the same time afraid of losing the job. Also, many factors were identified to impact employees well-being, motivation, safety behavior, and turnover intention during this crisis and, accordingly, recommendations are provided for hotel managers to successfully manage human resources during the pandemic, such as building safety culture, ensuring communication transparency, helping employees' to overcome difficulties in their personal lives, providing tools, trainings and clear instructions with regard to safety, following social norms and professionals' guidelines, caring more for employees than for profit, and so

on. Many authors expressed their belief that numerous changes introduced during the COVID-19 pandemic will prevail in the future. Anyhow, to be prepared for the similar scenario that might happen in the future, hotel managers should pay more attention to crisis management, including risks identification and evaluation, development of different scenarios and strategies for coping with the potential crisis.

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