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# Performance and Recovery of Tourism Business Entities in Serbia

**Milan Mihajlović**[1]
**Jelena Tadić**[2]
**Bela Muhi**[3]

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**Abstract:** *The chapter aims to analyze the performance of the tourism sector in the Republic of Serbia before the pandemic, during the pandemic, as well as in the post-covid period. The contraction of tourism activity caused by the COVID-19 pandemic was absorbed by the economic measures of the Government of the Republic of Serbia, which created opportunities for the rapid recovery of this sector of the economy. The tourism sector, which faced major challenges in the previous period, was analyzed from both macro and micro aspects. Based on the analyzed theoretical background and research objective, the main hypothesis of the research was set, which is whether positive post-covid effects on the performance of business entities in tourism are expected, in the form of higher income realization, the same level of expenditure, with the same number of employees. Hypothesis testing was carried out using the cross-tabulation method, because each projection of income, expenditure and number of employees is shown according to the activity, size and legal form of business entities in tourism.*

## 1. INTRODUCTION

Today, tourism is undoubtedly one of the fastest-growing economic activities in the world. Under the influence of numerous factors such as strong economic growth, increase in personal income, investment in infrastructure, improvement of means of transport, the building of tourist capacities, greater flow of information, etc. tourism, as a global socio-economic phenomenon, has been recorded constant and stable growth in the last five decades. Tourism is one of the most dynamic economic sectors, which is constantly evolving and differentiating. People have more and more free time, they live at a higher level and they have a greater desire to get to know different forms of tourism and destinations. Demand for tourism is rising as the living standards of the population rise, the economy thrives, wages rise and technological development move forward. At the same time, narrower segments of tourism participants are emerging, which have different wishes and requirements and travel for specific purposes (Muhi & Vemić Đurković, 2020, p. 227). According to the data of the World Tourism Council and the World Tourism Organization (UNWTO 2022), more than 10% of the total global GDP and 7% of the total global exports are created through tourism. Despite the constant growth in the previous period, there were crises and setbacks in the development of tourism. In addition to natural, political and economic factors, the crisis in the development of tourism was also caused by the emergence of infectious diseases. Infectious diseases documented in the tourism literature include avian flu, swine flu (H1N1), severe acute respiratory syndrome (SARS), Lyme disease, and foot-and-mouth disease (Donohoe, et al., 2015; Lee & Chen, 2011; Lee, et al., 2012; Miller & Ritchie, 2003). The mentioned health crises did not have a global impact on people's health, they mostly affected certain countries and regions.

[1] University Educons, Faculty of Business Economics, Vojvode Putnika 87, 21208 Sremska Kamenica, Serbia
[2] University Educons, Faculty of Business Economics, Vojvode Putnika 87, 21208 Sremska Kamenica, Serbia
[3] University Educons, Faculty of Business Economics, Vojvode Putnika 87, 21208 Sremska Kamenica, Serbia

At the end of December 2019, in the Chinese city of Wuhan, there is an outbreak of the coronavirus disease COVID-19. A new and ongoing infectious disease outbreak, COVID-19, was declared a pandemic by the World Health Organization on March 11, 2020 (WHO, 2020). As a result, many countries and regions have introduced travel restrictions, which are exerting a severe negative economic influence on the tourism sector worldwide (Yang et al., 2020). The outbreak of the pandemic, which is related to the worldwide spread of COVID-19 and its direct shock to the area of tourism has caused that in the present this industry is reaching a significant loss (Jánošová et al., 2022 p. 189).

After an unprecedented 73% drop in international tourism in 2020 due to the COVID-19 pandemic, demand for international travel remained very weak in the early months of 2021 (UNWTO, 2022). By suppressing the effects of the virus during 2021 and gradually easing the measures, tourism began to recover at a strong pace. According to the latest UNWTO World Tourism Barometer, international tourism saw a 182% year-on-year increase in January-March 2022, with destinations worldwide welcoming an estimated 117 million international arrivals compared to 41 million in Q1 2021. Of the extra 76 million international arrivals for the first three months, about 47 million were recorded in March, showing that the recovery is gathering pace (UNWTO, 2022).

Tourism in Serbia in the years before the pandemic recorded a significant boom, which was especially evident in 2019. In that year, a record number of tourist arrivals in Serbia of as much as 3.7 million was recorded, which is 84.4% more than in 2010 (Spalević & Ilić, 2022, p. 458). Then, for the first time, an almost equal number of arrivals of domestic and foreign tourists was recorded, with an increase in domestic tourist nights of 57.1% compared to 2010 and an incredible percentage increase in the number of foreign tourist nights of as much as 176.2% (Radivojević, 2020, p. 9). As well as worldwide, with the emergence of the COVID-19 virus in Serbia at the beginning of March 2020 and by introduction restrictive measures regarding the free entry of foreigners into the country and the movement of people, tourism in Serbia experienced a sharp decline. However, already during 2021, and especially in the first two quarters of 2022, there was a strong recovery of this economic branch. Looking at the graphic representation of the crisis caused by the pandemic takes on a classic V shape.

In this chapter, the authors analyze the impact of the pandemic on the performance of the tourism sector in the Republic of Serbia, as well as the recovery of this important sector of the economy. The analysis was performed both from the macroeconomic aspect and at the level of business performance of individual tourist entities.

## 2. LITERATURE REVIEW

Tourism is one of the most vulnerable economic branches in times of crisis and natural disasters. but also one of the economic branches of the global economy, known for its ability to overcome crises and downturns. There is no doubt that COVID-19 is one of the most influential events of the 21st century (Zenker & Kock, 2020 p. 81). The COVID-19 pandemic is complicated and combines public health, economic, and sociopolitical crises (Zhang et al., 2021, p. 14). Experiences and analyses of previous crises caused by infectious diseases cannot provide absolute guidelines because none of the previous crises had such a global impact.

Taking the SARS epidemic management as an example, Zhang (2004, p. 43) evaluated government responsibility in public crisis management and concluded that, whilst paying attention to economic development, governments should also focus on public safety and public health and strive to build a complete government crisis management system. Also, a group of authors (Ćulafić et al., 2021) considered the challenges that the health sector is facing during the COVID-19 crisis, and what are the incentives that lead to increased employee motivation. Three dimensions of state incentives (employment program, COVID-19 bonus, training opportunities) were analyzed and their influence on the health workers' motivation and the sustainability of the health system in the Republic of Serbia was examined. It was established that training opportunities as a dimension of the state incentives have a significant and greatest impact on the health motivation of workers and the sustainability of the health system.

Governments must plan discretionary policies to enhance social safety nets, allocate resources, promote communication between stakeholders, and provide financial assistance (Huang & Min, 2002; Ritchie & Jiang, 2019) all to support the recovery of the tourism industry. Governments, tourism enterprises, and tourists are the main stakeholders in tourism recovery after the pandemic (Ellis & Sheridan, 2014 p. 468). Therefore, it is necessary to analyze the dynamic evolution of the tourism industry from the perspective of stakeholders to solve the issues that stakeholders care about, which will contribute to promoting tourism recovery under the influence of the pandemic. A holistic approach is necessary because one of the basic tourism specificities is reflected in the multisectoral impact and the fact that tourism connects and extends through a large number of other branches (Beránek, 2013). In addition to the hotel and catering industry, traffic is a directly involved industry in tourism trends and is an activity that is of immeasurable importance for the development of tourism (Kisin, et al., 2022 p. 316).

Li et al. (2021) adopted the theory of planned behavior (TPB) to discuss the planned changes in travel behavior after the pandemic, and their results showed that the planned travel behavior changed significantly after the pandemic. Tourists planned to take a vacation for six months or more once the pandemic is under control, and the vacation time will also be shortened, so changes in demand cannot be ignored in tourism economic recovery (Yan et al., 2021). Certainly, tourism crisis events often bring about different degrees of economic and security losses because they directly impact tourists' travel decisions and can affect the development of tourism activities (Uğur & Akbıyık, 2020, p. 36). The changing patterns of tourism demand have shed light on domestic tourism and local markets as an immediate and suitable response to the crisis outbreak. It is considered that the "substitution effect" and shift to domestic tourism may to a certain extent mitigate the COVID-19 pandemics' harmful effects (Lazić & Bradić-Martinović, 2022 p. 53).

Economies worldwide have been negatively affected by the COVID-19 pandemic, and both the income levels in the source markets and the travel costs at the destination are being adjusted. Therefore, special price discounts on airline tickets, accommodations, and other tourism products might attract potential tourists and retain existing tourists (Zhang, et al., 2021, p. 12).

The negative effects on the tourism sector and its destinations are due not only to travel restrictions but also to potential tourists' reduced willingness to travel during epidemics or pandemics. Understandably, the danger of catching an infectious disease has become a major health concern, which influences tourists' willingness to travel. The mass media can play a vital role in promoting communication between a destination and potential tourists and in influencing public perceptions of tourist destinations (Eugenio-Martin et al., 2005, p. 32). In recent times, in addition to traditional media, social networks have also played an important role as a means of communication that helps tourists get important information about the destination, but also as a tool that influences their decision-making about choosing a destination.

## 3. THE PERFORMANCE OF THE TOURISM SECTOR IN SERBIA

The expansion of tourism in the Republic of Serbia has begun in 2015, primarily with incentive measures that led to an increase in the number of domestic tourists, but also to an increase in the interest of foreign tourists. Expressed in the number of overnight stays, tourist turnover exhibited a growing trend until 2019, when a record total of 10.1 million overnight stays was achieved. In 2020, due to the pandemic caused by the COVID-19 virus, there was a contraction in tourist activity and the number of overnight stays dropped to only 6.2 million. The drop in the number of overnight stays was particularly pronounced among foreign tourists who had only 1.3 million overnight stays, while domestic tourists had almost 5 million overnight stays, i.e. 79% of the total number of overnight stays. Serbia experienced a recovery in tourist demand in the first half of 2021 by 22.49% (y/y). Despite a much more liberal situation regarding the ongoing pandemic, the turnover structure still had not returned to 2019 when 40% of foreign guests generated overall demand. After falling to 20% in 2020, it rose to 25% in 2021. The average length of stay remained similar to 2020 (3.14 days) (Lazić & Bradić-Martinović, 2022, p. 67). During 2021 visible recovery has been recorded at 8.2 million overnight stays. Domestic tourists again achieved a dominant number of overnight stays of 5.8 million, which is an increase of 16%, while foreign tourists almost doubled the number of overnight stays (2.4 million) compared to 2020.

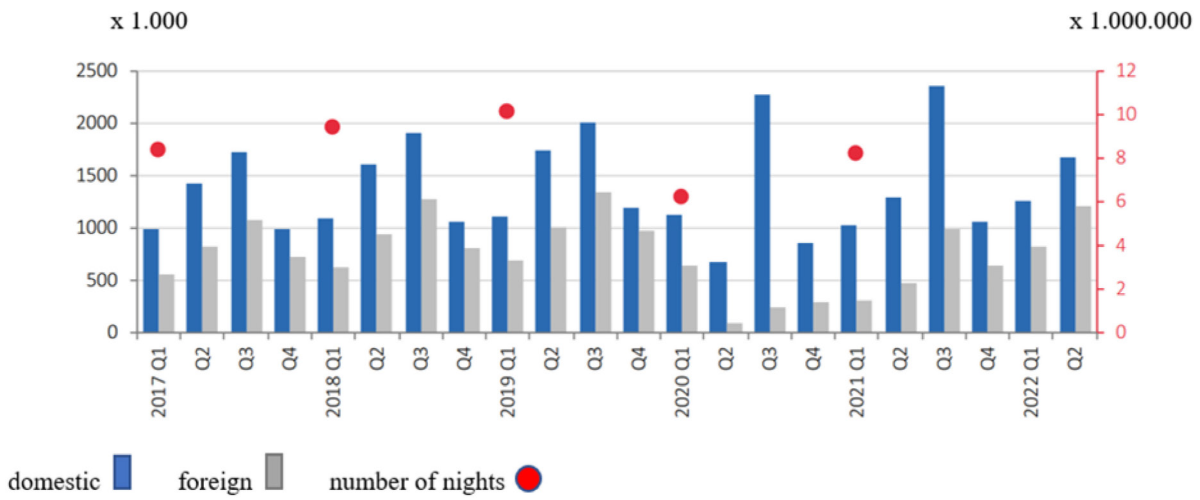


**Figure 1.** Overnight stays by tourists – domestic, foreign and total; quarterly and annual data
**Source:** Statistical Office of the Republic of Serbia, 2022, p. 61

The upward trend was maintained during the first half of 2022. Over this period, the number of overnight stays by foreign tourists increases significantly. In the second quarter alone, the number of recorded tourist overnight stays amounted to 2.9 million, which is 64.1% more than in the second quarter of 2021, and the number of domestic and foreign tourist overnight stays is increasingly balanced (domestic 58.2%, foreign 41.8% of the total number of overnight stays). To sum it up, Table 1 offers a comparative survey of tourist activity in Serbia through the pandemic given in indices.

When it comes to the rate of international tourist arrivals in the first six months of 2022, Serbia is among the 10 most successful countries worldwide, with only 8% of arrivals less than in the same period of 2019. Interestingly enough, the influx of foreign tourists and their intertemporal increase could be easily identified by comparison of the most popular tourist destinations in the country for the first six months of 2021 and 2022, respectively. In the first half of 2021 most frequently visited tourist destinations in Serbia were spas with 905,000 stays as well as mountain resorts with 899,000 stays (see Figure 2), traditionally frequented by domestic tourists (in 2021 91,6% and 89.2%, respectively) even outside COVID window. Conversely, over the first half of 2022, the most popular destinations were the Serbian capital Belgrade (1.3 million overnight stays) and other bigger cities (e.g. Novi Sad, Subotica, Nis), with the majority of tourists being non-residents (Belgrade 82% of foreigners, Novi Sad and Subotica circa 60%), as evident from the following figure.

**Table 1.** Tourist nights, indices (comparison with the same period of the previous year)

| | 2020 | | | | 2021 | | | | 2022 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 |
| **Total** | 98,3 | 28,1 | 74,9 | 52,8 | 76,1 | 228,4 | 133,3 | 148,2 | 156,3 | 164,1 |
| **Domestic tourists** | 101,5 | 39,3 | 113,0 | 71,1 | 91,9 | 188,5 | 103,6 | 123,5 | 122,2 | 130,8 |
| **Foreign tourists** | 93,2 | 8,9 | 17,9 | 30,2 | 48,3 | 535,8 | 412,6 | 220,0 | 270,1 | 253,8 |

**Source:** Statistical Office of the Republic of Serbia, 2022, p. 61

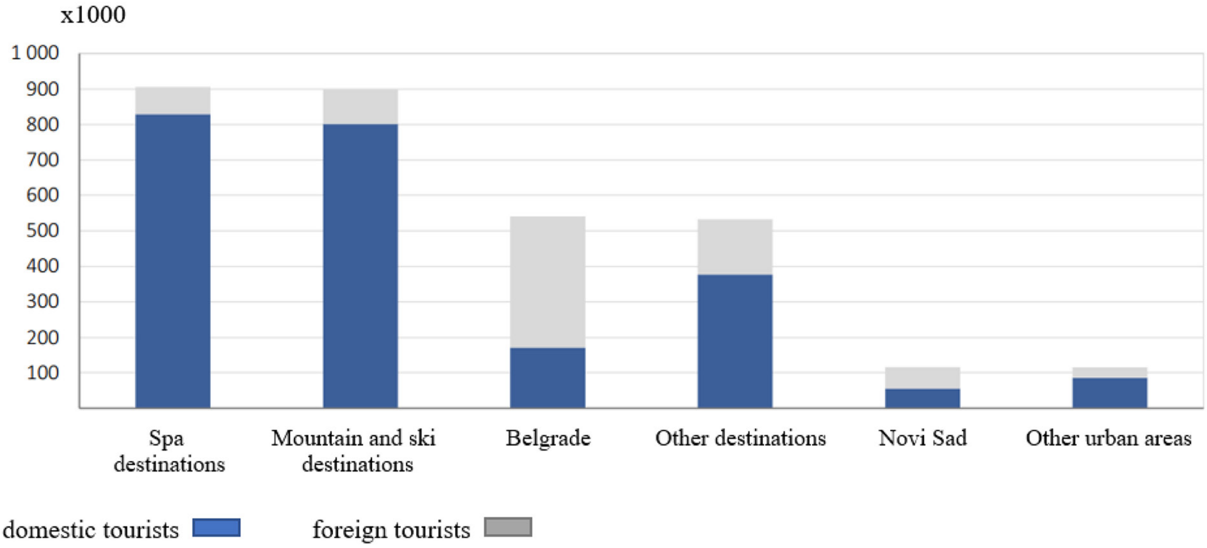


**Figure 2.** Overnight stays by tourists in selected tourist places in the period January-June 2021.

**Source:** Statistical Office of the Republic of Serbia, 2022, p. 62

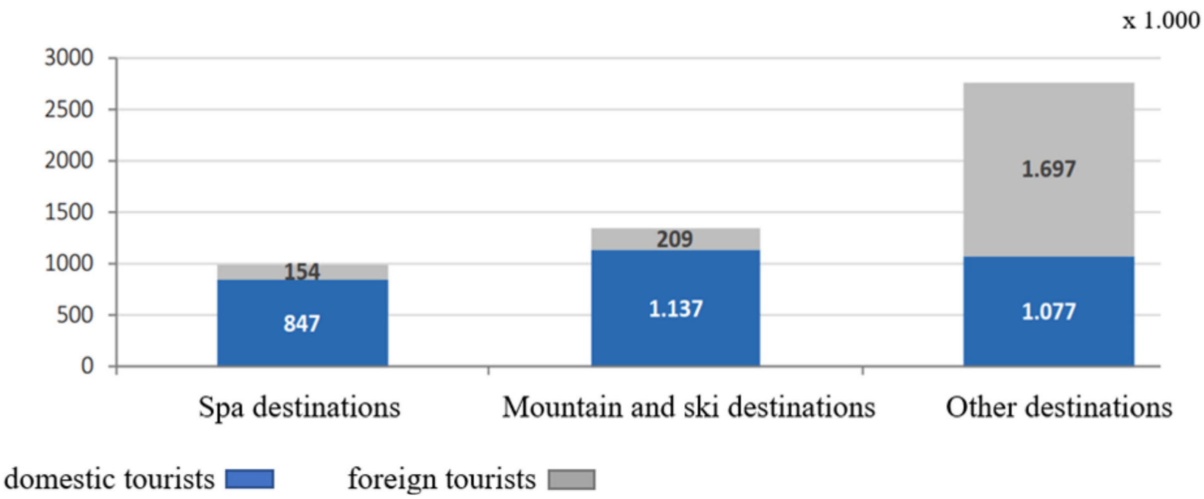


**Figure 3.** Overnight stays by tourists in selected tourist places in the period January-June 2022.

**Source:** Statistical Office of the Republic of Serbia, 2022, p. 62

Judging by the data, such a huge downturn, from a larger perspective, appears to be short-lived since the numbers available for 2021 and the first two quarters of 2022 indicate almost a V-shaped recovery for Serbia! For instance, the balance of payments cross-border tourism figures indicates that even contractionary 2020 was the first recent positive result from the Serbian perspective (in as much as Serbian residents reduced their trips abroad by more than foreigners stopped coming to the country at least in monetary terms), while the positive trend (with absolute numbers rebounding to roughly pre-pandemic level) continues in 2021 (NBS, 2022). Except for February 2022, a similar situation is recorded in the first half of the current year, namely revenues from foreign tourists spending in Serbia overshadow foreign exchange outflows due to domestic tourists travelling overseas (NBS, 2022a).

The rapid recovery of tourism in Serbia was certainly influenced by the economic measures of the Government of the Republic of Serbia to mitigate the consequences of Covid-19. The Government of Serbia decided to enable three packages of measures to support the economy in the fight against the crisis caused by the Covid-19 virus with a total value of 675.9 billion dinars. The first package of measures, as well as in most European countries, represented a combination of all three groups of measures: tax policy measures, direct payments and measures to maintain the liquidity of economic entities. This package of measures was of the highest value (608.3 billion dinars). The second package of measures was, again, a combination of measures, but this time two of them. It included tax policy measures and direct payments. This package of measures was significantly smaller than the first one (66 billion dinars). The third package of measures is a sectoral package, more precisely, it was aimed only at companies operating in the tourism industry, i.e. hotels and travel agencies. This package of measures is the smallest in size (1.6 billion dinars) (NALED, 2020).

The third package of measures formulated in the form of subsidies was intended for companies operating in the tourism industry. The package was formulated in the form of two public calls. The first public call envisages giving subsidies, i.e. non-refundable aid to privately owned hotels, in the amount of 350 euros per individual bed and 150 euros per accommodation unit (room). The hotel would lose its right to the subsidy in the event of a reduction in the number of employees by more than 10% in the period from August 15 to December 31, 2020 (Muhi et al., 2023, p. 41). The second public invitation was intended for travel agencies. To be entitled to the subsidy, travel agencies had to be registered in the appropriate register, have a tour operator's license, provide a travel guarantee, and not be in bankruptcy, reorganization, or liquidation proceedings.

## 4. METHODOLOGY

In the paper, the authors are going to analyze the post-covid effects on the performance of business entities in tourism in Serbia. Quantitative research was carried out using a survey technique on a convenient sample of 281 respondents. The sample includes respondents of different business activities, sizes and legal forms. Each questionnaire contained a cover letter explaining the objectives of the research and the identity of the researcher. Respondents were informed that the survey is anonymous, that the data are presented in aggregate, and that the results will be used exclusively for scientific research. The survey was conducted from May to July 2022. The questionnaire consisted of two parts: the first part related to socio-demographic characteristics (business activity, size, legal form, current state of the company), while the second part related to the situation before the crisis and projections of income, expenditure and the number of employees in 2022. The socio-demographic characteristics of the respondents included in the sample are shown in Table 2.

**Table 2.** Profile of survey respondents (n=281)

| Variables | | Frequency | Percent (%) |
|---|---|---|---|
| **Business activity** | Accommodation | 52 | 18.5 |
| | Preparing and serving food and drinks | 110 | 39.1 |
| | Travel agencies, tour operators, reservation services and related activities | 119 | 42.3 |
| **Size of company** | Micro | 171 | 60.9 |
| | Small | 89 | 31.7 |
| | Medium | 13 | 4.6 |
| | Large | 8 | 2.8 |
| **Legal form** | Business enterprises | 204 | 72.6 |
| | Entrepreneurs | 77 | 27.4 |
| **Current state of the company** | Very bad | 13 | 4.6 |
| | Bad | 19 | 6.8 |
| | Good | 116 | 41.3 |
| | Very good | 121 | 43.1 |
| | Excellent | 12 | 4.3 |

**Source:** Authors' calculation

Based on the presented socio-demographic characteristics of the respondents, it is evident that the largest part of the sample (42.3%) consists of travel agencies, tour operators, reservation services and related activities, followed by the activity of preparing and serving food and drinks (39.1%), and accommodation (18.5%). According to size, the largest number of respondents are micro enterprises (60.9%), and the smallest number are large enterprises (2.8%). According to the legal form, commercial companies prevail (72.6%). The majority of respondents (43.1%) rated the state of their company as very good, 41.3% of respondents rated the condition of the company as good, 6.8% of respondents rated it as bad, 4.6% as very bad and 4.3% as excellent. In the second part of the questionnaire, respondents expressed their views on the state and projection of the level of income, expenditure and number of employees, as well as their view on the current state of the company in 2022, as the year of recovery from the crisis. When it comes to the projection, the respondents stated whether they expect the same, higher or lower level of income, expenditure and number of employees compared to 2019, as the year before the crisis.

Based on the analyzed theoretical background and the research goal, the main hypothesis ($H_0$) of the research is: *positive post-covid effects on the performance of business entities in tourism are expected, in the form of higher income realization, the same level of expenditure, and the same number of employees*. Hypothesis testing was performed using the cross-tabulation method, because each projection of income, expenditure, and the number of employees was presented according to business activity, size and legal form of business entities in tourism. Data processing was done in statistical software IBM SPSS version 21.

## 5. RESEARCH RESULTS AND DISCUSSION

The level of income in 2019 and the projection of income in 2022 are shown in Figure 4. The year 2019 is seen as the year before the onset of the crisis, while 2022 is seen as the year of recovery from the crisis. It can be seen that the share of companies that projected revenues from 8,500 to 40,000 euros in 2022 is 44.8% higher than in 2019. Also, the share of companies that projected revenues from 80,000 to 850,000 euros in 2022 is higher by 18.2%. However, the number of companies projecting from 40,000 to 80,000 euros was halved and the share of companies projecting income up to 8,500 euros decreased by 25.6%. When it comes to entrepreneurs, the situation before the crisis and after the crisis is quite uniform.

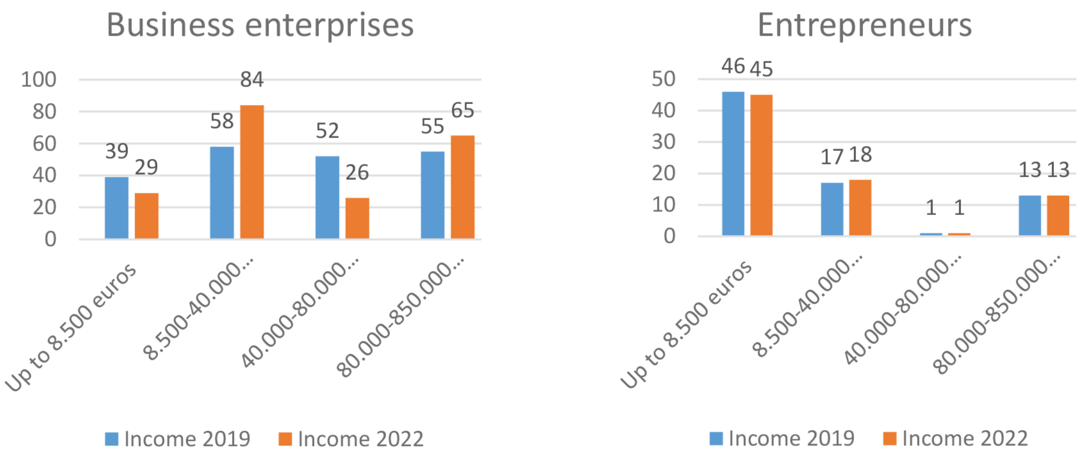


**Figure 4.** Level of income in 2019 and projection in 2022 according to legal form of the respondents

**Source:** Authors' calculation

Looking at the level of expenditure in 2019 and the projection of expenditure in 2022 (Figure 5), it can be seen that the share of companies projecting expenditure from 80,000 to 850,000 euros is 50% higher. The share of companies that project the level of expenditure up to 80,000 euros is certainly lower, compared to 2019. For entrepreneurs, the expenditure projection in 2022 is at the pre-crisis level.

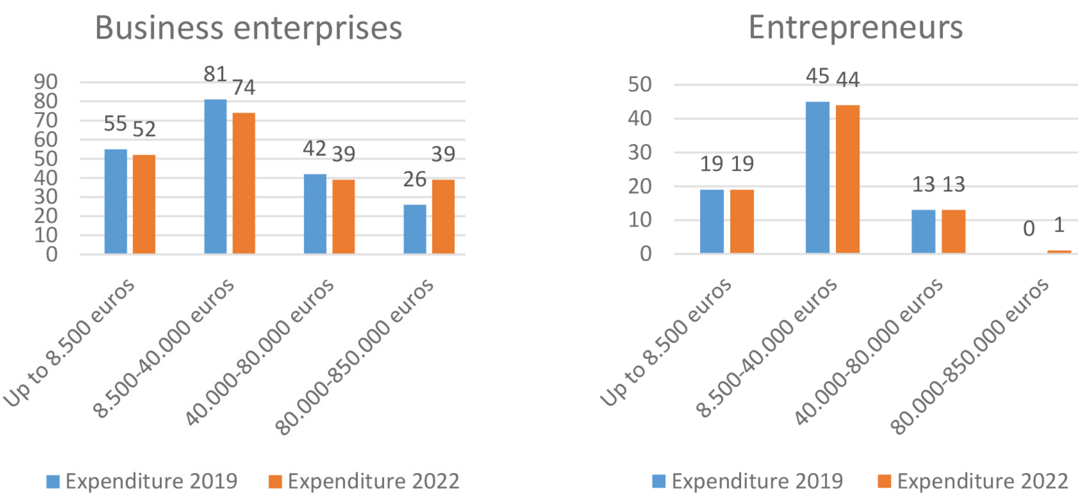


**Figure 5.** Level of expenditures in 2019 and projection in 2022 according to legal form of the respondents

**Source:** Authors' calculation

To obtain descriptive statistical indicators of the number of employees in 2019 and 2022, the minimum, maximum, mean value and standard deviation were used (table 3). Business entities in tourism employed between 1 and 152 workers in 2019, with the average number of employees being 10.96. In 2022, the number of employees ranges from 1 to 155, while the average number of employees is 10.70. The results indicate an unchanged number of employees, which can be considered positive because there were no significant layoffs.

Table 4 shows the projection of income in 2022 according to the respondent's business activity. Based on the cross-tabulation of two categorical variables, the sample structure consists of 84 respondents (29.9%) who expect the same level of income as in 2019, 148 respondents (52.7%) who expect a higher level of income and 49 respondents (17.4%) who expect a lower level of income than in 2019. The same level of income is expected by 39 respondents (46.4%) from the field of accommodation and 45 respondents (53.6%) from the field of travel agencies, tour operators, reservation services and related activities. A higher level of income is expected by 13 respondents (8.8%) from the field of accommodation, 97 respondents (65.5%) from the field of food and drinks preparation and serving, and 38 respondents (25.7%) from the field of travel agencies, tour operators, reservation services and accompanying activities. A lower level of income is expected by 13 respondents (26.5%) from the field of food and drink preparation and serving and 36 respondents (73.5%) from the field of travel agencies, tour operators, reservation services and related activities.

**Table 3.** Descriptive indicators of the number of employees in 2019 and 2022

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| **Number of employees 2019** | 281 | 1 | 152 | 10.96 | 18.033 |
| **Number of Employees 2022** | 281 | 1 | 155 | 10.70 | 17.675 |

**Source:** Authors' calculation

**Table 4.** Income projection in 2022 according to the respondent's business activity

| | | **Business activity** | | | Total |
|---|---|---|---|---|---|
| | | Accommodation | Food and drinks | Travel agencies | |
| Same income as in 2019 | Count | 39 | 0 | 45 | 84 |
| | % Frequency | 46,4% | 0,0% | 53,6% | 100,0% |
| | % Activity | 75,0% | 0,0% | 37,8% | 29,9% |
| Higher-income as in 2019 | Count | 13 | 97 | 38 | 148 |
| | % Frequency | 8,8% | 65,5% | 25,7% | 100,0% |
| | % Activity | 25,0% | 88,2% | 31,9% | 52,7% |
| Lower-income as in 2019 | Count | 0 | 13 | 36 | 49 |
| | % Frequency | 0,0% | 26,5% | 73,5% | 100,0% |
| | % Activity | 0,0% | 11,8% | 30,3% | 17,4% |

**Source:** Authors' calculation

**Table 5.** Income projection in 2022 according to the respondent's size

| | | **Size** | | | | Total |
|---|---|---|---|---|---|---|
| | | Micro | Small | Medium | Large | |
| Same income as in 2019 | Count | 53 | 24 | 7 | 0 | 84 |
| | % Frequency | 63,1% | 28,6% | 8,3% | 0,0% | 100,0% |
| | % Size | 31,0% | 27,0% | 53,8% | 0,0% | 29,9% |
| Higher-income as in 2019 | Count | 88 | 49 | 6 | 5 | 148 |
| | % Frequency | 59,5% | 33,1% | 4,1% | 3,4% | 100,0% |
| | % Size | 51,5% | 55,1% | 46,2% | 62,5% | 52,7% |
| Lower-income as in 2019 | Count | 30 | 16 | 0 | 3 | 49 |
| | % Frequency | 61,2% | 32,7% | 0,0% | 6,1% | 100,0% |
| | % Size | 17,5% | 18,0% | 0,0% | 37,5% | 17,4% |

**Source:** Authors' calculation

Table 5 shows the projection of income in 2022 according to the size of the respondents. The same level of income is expected by 53 micro enterprises (63.1%), 24 small enterprises (28.6%) and 7 medium enterprises (8.3%). A higher level of income is expected by 88 micro enterprises (59.5%), 49 small enterprises (33.1%), 6 medium enterprises (4.1%) and 5 large enterprises (3.4%). Income stagnation expects 30 micro enterprises (61.2%), 16 small enterprises (32.7%) and 3 large enterprises (6.1%).

Table 6 shows the projection of income in 2022 according to the legal form of the respondents. The same level of income is expected by 68 companies (81.0%) and 16 entrepreneurs (19.0%). A higher level of income is expected by 117 companies (79.1%) and 31 entrepreneurs (20.9%). Income stagnation expects 19 companies (38.8%) and 30 entrepreneurs (61.2%).

**Table 6.** Income projection in 2022 according to the respondent's legal form

| | | **Legal form** | | Total |
|---|---|---|---|---|
| | | Business enterprises | Entrepreneurs | |
| Same income as in 2019 | Count | 68 | 16 | 84 |
| | % Frequency | 81,0% | 19,0% | 100,0% |
| | % Legal form | 33,3% | 20,8% | 29,9% |
| Higher-income as in 2019 | Count | 117 | 31 | 148 |
| | % Frequency | 79,1% | 20,9% | 100,0% |
| | % Legal form | 57,4% | 40,3% | 52,7% |
| Lower-income as in 2019 | Count | 19 | 30 | 49 |
| | % Frequency | 38,8% | 61,2% | 100,0% |
| | % Legal form | 9,3% | 39,0% | 17,4% |

**Source:** Authors' calculation

Table 7 shows the projection of expenditures in 2022 according to the respondent's business activity. Based on the cross-tabulation of two categorical variables, the sample structure consists of 174 respondents (61.9%) who expect the same level of expenditure as in 2019, 39 respondents (13.9%) who expect a lower level of expenditure and 68 respondents (24.2%) who expect a higher level of expenditure than in 2019. The same level of expenditure is expected by 26 respondents (14.9%) from the field of accommodation, 110 respondents (63.2%) from the field of food and drinks preparation and serving, and 38 respondents (21.8%) from the field of travel agencies, tour operators, reservation services and related activities. A lower level of expenditure is expected by 39 respondents from the field of travel agencies, tour operators, reservation services and related activities. A higher level of expenditure is expected by 26 respondents (38.2%) from the field of accommodation and 42 respondents (61.8%) from the field of travel agencies, tour operators, reservation services and related activities.

**Table 7.** Expenditure projection in 2022 according to the respondent's business activity

| | | **Business activity** | | | Total |
|---|---|---|---|---|---|
| | | Accommodation | Food and drinks | Travel agencies | |
| Same expenditure as in 2019 | Count | 26 | 110 | 38 | 174 |
| | % Frequency | 14,9% | 63,2% | 21,8% | 100,0% |
| | % Activity | 50,0% | 100,0% | 31,9% | 61,9% |
| Higher expenditure as in 2019 | Count | 26 | 0 | 42 | 68 |
| | % Frequency | 38,2% | 0,0% | 61,8% | 100,0% |
| | % Activity | 50,0% | 0,0% | 35,3% | 24,2% |
| Lower expenditure as in 2019 | Count | 0 | 0 | 39 | 39 |
| | % Frequency | 0,0% | 0,0% | 100,0% | 100,0% |
| | % Activity | 0,0% | 0,0% | 32,8% | 13,9% |

**Source:** Authors' calculation

Table 8 shows the projection of expenditures in 2022 according to the size of the respondents. The same level of expenditure is expected by 95 micro enterprises (54.6%), 68 small enterprises (39.1%), 6 medium enterprises (3.4%) and 5 large enterprises (2.9%). A lower level of expenditure is expected by 36 micro enterprises (92.3%) and 3 large enterprises (7.7%). 40 micro enterprises (58.8%), 21 small enterprises (30.9%) and 7 medium-sized enterprises (10.3%) expect an increase in expenditures.

**Table 8.** Expenditure projection in 2022 according to the respondent's size

| | | Size | | | | Total |
|---|---|---|---|---|---|---|
| | | Micro | Small | Medium | Large | |
| Same expenditure as in 2019 | Count | 95 | 68 | 6 | 5 | 174 |
| | % Frequency | 54,6% | 39,1% | 3,4% | 2,9% | 100,0% |
| | % Size | 55,6% | 76,4% | 46,2% | 62,5% | 61,9% |
| Higher expenditure as in 2019 | Count | 40 | 21 | 7 | 0 | 68 |
| | % Frequency | 58,8% | 30,9% | 10,3% | 0,0% | 100,0% |
| | % Size | 23,4% | 23,6% | 53,8% | 0,0% | 24,2% |
| Lower expenditure as in 2019 | Count | 36 | 0 | 0 | 3 | 39 |
| | % Frequency | 92,3% | 0,0% | 0,0% | 7,7% | 100,0% |
| | % Size | 21,1% | 0,0% | 0,0% | 37,5% | 13,9% |

**Source:** Authors' calculation

Table 9 shows the projection of expenditures in 2022 according to the legal form of the respondents. The same level of expenditure is expected by 126 companies (72.4%) and 48 entrepreneurs (27.6%). A lower level of expenditure is expected by 26 companies (66.7%) and 13 entrepreneurs (33.3%). A higher level of expenditure is expected by 52 companies (76.5%) and 16 entrepreneurs (23.5%).

**Table 9.** Expenditure projection in 2022 according to the respondent's legal form

| | | Legal form | | Total |
|---|---|---|---|---|
| | | Business enterprises | Entrepreneurs | |
| Same expenditure as in 2019 | Count | 126 | 48 | 174 |
| | % Frequency | 72,4% | 27,6% | 100,0% |
| | % Legal form | 61,8% | 62,3% | 61,9% |
| Higher expenditure as in 2019 | Count | 52 | 16 | 68 |
| | % Frequency | 76,5% | 23,5% | 100,0% |
| | % Legal form | 25,5% | 20,8% | 24,2% |
| Lower expenditure as in 2019 | Count | 26 | 13 | 39 |
| | % Frequency | 66,7% | 33,3% | 100,0% |
| | % Legal form | 12,7% | 16,9% | 13,9% |

**Source:** Authors' calculation

Table 10 shows the projection of the number of employees in 2022 according to the respondent's business activity. Based on the cross-tabulation of two categorical variables, the sample structure consists of 130 respondents (46.3%) who expect the same number of employees as in 2019, 74 respondents (26.3%) who expect a higher number of employees and 77 respondents (27.4%) who expect a smaller number of employees than in 2019. The same number of employees is expected by 39 respondents (30.0%) from the field of accommodation, 58 respondents (44.6%) from the field of food and beverage preparation and serving, and 33 respondents (25.4%) from the field of travel agencies, tour operators, reservation services and related activities. A larger number of employees is expected by 13 respondents (17.6%) from the field of accommodation, 13 respondents (17.6%) from the field of food and beverage preparation and serving, and 48 respondents (64.9%) from the field of travel agencies, tour operators, reservation services and related activities. A lower number of employees is expected by 39 respondents (50.6%) from the field of food and beverage preparation and serving and 38 respondents (49.4%) from the field of travel agencies, tour operators, reservation services and related activities.

Table 11 shows the projection of the number of employees in 2022 according to the size of the respondents. The same number of employees is expected by 56 micro enterprises (43.1%), 59 small enterprises (45.4%), 13 medium enterprises (10.0%) and 2 large enterprises (1.5%). A larger number of employees is expected by 47 micro enterprises (63.5%), 24 small enterprises (32.4%) and 3 large enterprises (4.1%). Stagnation in the number of employees is expected by 68 micro enterprises (88.3%), 6 small enterprises (7.8%) and 3 large enterprises (3.9%).

**Table 10.** Projection of the number of employees in 2022 according to the respondent's business activity

| | | Business activity | | | Total |
|---|---|---|---|---|---|
| | | Accommodation | Food and drinks | Travel agencies | |
| Same number of employees as in 2019 | Count | 39 | 58 | 33 | 130 |
| | % Frequency | 30,0% | 44,6% | 25,4% | 100,0% |
| | % Activity | 75,0% | 52,7% | 27,7% | 46,3% |
| Higher number of employees as in 2019 | Count | 13 | 13 | 48 | 74 |
| | % Frequency | 17,6% | 17,6% | 64,9% | 100,0% |
| | % Activity | 25,0% | 11,8% | 40,3% | 26,3% |
| Lower number of employees as in 2019 | Count | 0 | 39 | 38 | 77 |
| | % Frequency | 0,0% | 50,6% | 49,4% | 100,0% |
| | % Activity | 0,0% | 35,5% | 31,9% | 27,4% |

**Source:** Authors' calculation

**Table 11.** Projection of the number of employees in 2022 according to the respondent's size

| | | Size | | | | Total |
|---|---|---|---|---|---|---|
| | | Micro | Small | Medium | Large | |
| Same number of employees as in 2019 | Count | 56 | 59 | 13 | 2 | 130 |
| | % Frequency | 43,1% | 45,4% | 10,0% | 1,5% | 100,0% |
| | % Size | 32,7% | 66,3% | 100,0% | 25,0% | 46,3% |
| Higher number of employees as in 2019 | Count | 47 | 24 | 0 | 3 | 74 |
| | % Frequency | 63,5% | 32,4% | 0,0% | 4,1% | 100,0% |
| | % Size | 27,5% | 27,0% | 0,0% | 37,5% | 26,3% |
| Lower number of employees as in 2019 | Count | 68 | 6 | 0 | 3 | 77 |
| | % Frequency | 88,3% | 7,8% | 0,0% | 3,9% | 100,0% |
| | % Size | 39,8% | 6,7% | 0,0% | 37,5% | 27,4% |

**Source:** Authors' calculation

Table 12 shows the projection of the number of employees in 2022 according to the legal form of the respondents. The same number of employees is expected by 84 companies (64.6%) and 46 entrepreneurs (35.4%). A larger number of employees is expected by 72 companies (97.3%) and 2 entrepreneurs (2.7%). Stagnation in the number of employees is expected by 48 companies (62.3%) and 29 entrepreneurs (37.7%).

**Table 12.** Projection of the number of employees in 2022 according to the respondent's legal form

| | | Legal form | | Total |
|---|---|---|---|---|
| | | Business enterprises | Entrepreneurs | |
| Same number of employees as in 2019 | Count | 84 | 46 | 130 |
| | % Frequency | 64,6% | 35,4% | 100,0% |
| | % Legal form | 41,2% | 59,7% | 46,3% |
| Higher number of employees as in 2019 | Count | 72 | 2 | 74 |
| | % Frequency | 97,3% | 2,7% | 100,0% |
| | % Legal form | 35,3% | 2,6% | 26,3% |
| Lower number of employees as in 2019 | Count | 48 | 29 | 77 |
| | % Frequency | 62,3% | 37,7% | 100,0% |
| | % Legal form | 23,5% | 37,7% | 27,4% |

**Source:** Authors' calculation

Bearing in mind that the majority of business entities in tourism expect an increase in income, with the same level of expenditure and without a significant deviation in the number of workers compared to the year before the onset of the crisis, positive post-covid effects can be seen. Tourism, as an activity, is recovering and moving upward, as evidenced by the positive performance of business entities. This confirms the hypothesis that positive post-covid effects on the performance of business entities in tourism are expected.

## 6. CONCLUSION

Throughout history, tourism was constantly faced with crises that affected its development. However, no other crisis has had as great an impact on international tourism as the pandemic caused by the COVID-19 virus. We can freely say that modern times do not record any analogous situation. Tourist traffic indicators were unfavorable all over the world. The traffic connection between the emitting and receiving tourist regions decreased due to the establishment of epidemiological measures aimed at suppressing the rapid spread of the disease.

Worldwide, after several years of continuous growth, tourism activity in Serbia experienced a sudden contraction due to the outbreak of the pandemic. However, influenced by the economic measures of the Government of the Republic of Serbia to mitigate the consequences of Covid-19, on the offer side through three packages of measures to help business entities, as well on the demand side through the distribution of tourist vouchers for the subsidized use of accommodation services in touristic facilities on the territory of the Republic of Serbia, we amortized the negative impact caused by the pandemic. With somewhat milder epidemiological measures, tourism activity in Serbia during 2021 and in the first two quarters of 2022 showed a strong recovery, almost V-shaped.

The analysis of the underlying causes leads to the conclusion that state aid in crises is necessary to stop the shock that occurs in those situations. For some further research, the questions of concreteness of measures, timeliness of measures, generosity, inclusion, effectiveness of coordination and harmonization of interactions between all stakeholders in making such decisions remain open. In addition, the time of recovery after the crisis for tourism in Serbia has opened up some new opportunities and challenges related to quality management, primarily focused on the tourist destination, well-designed destination marketing, rebranding of certain destinations, monitoring the demands of specific market segments, creating attractive innovative products from the tourism sector, harmonization of interaction between numerous relevant subjects, maintenance of high-quality standards of provided services, digitization of services, etc.

The key research question in this chapter was formulated through the hypothesis: positive post-covid effects on the performance of business entities in tourism are expected, in the form of higher income realization, the same level of expenditure, and the same number of employees. The attitudes of respondents of different sizes, legal forms and business activities within tourism, on the state and projection of the level of income, expenditure and number of employees, as well as the view on the current state of the company in 2022, as the year of recovery from the crisis caused by the pandemic, were analyzed. The analysis of the obtained results led to the conclusion that the majority of business entities in tourism expect an increase in income, with the same level of expenditure and without significant deviation in the number of employees compared to the year before the outbreak of the crisis. The positive performance results of business entities correspond to the overall picture of the tourism sector in the Republic of Serbia, which indicates that tourism as an economic activity is recovering and moving on an upward trajectory.

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