

Destination Competitiveness: Public and Private Sector Tourism Management in Serbia

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Abstract

This study explores the underlying dimensions of destination competitiveness, analyzing the contributions of government and industry stakeholders in enhancing the competitive position of Serbia on the international tourism market. Exploratory and confirmatory factor analysis were used to explore latent dimensionality of “destination competitiveness” among 48 competitiveness attributes evaluated by experts from the public and private sectors of Serbia’s tourism industry. Results show that Serbian competitiveness structure comprises five dimensions: risk management and adaptive environmental strategies, innovation and product development, planning for sustainable development, networking and community concern, and education for sustainability. The research identifies challenges and suggests areas where private and public linkages should be strengthened in order to enhance the competitiveness of Serbia’s tourism industry. Generically, the study advances our understanding of destination competitiveness, its multidimensional nature, and the implications for policy making.

Keywords

private and public partnership, destination competitiveness, tourism management, Serbia

Introduction

Studies have confirmed the importance of various managerial actions in enhancing destination competitiveness (Ritchie and Crouch 2003). The types of strategies required depend on certain features peculiar to a tourism industry at a particular time as well as destination stage of development (Dwyer et al. 2009). The destination competitiveness research literature generally has shifted from a focus on comparative advantage offered by endowed resources (natural, sociocultural) toward greater emphasis on private and public sector management to enhance competitive advantage. Included among the activities of the public sector are the developments of national tourism strategies, marketing by the destination management organization, national and regional employment creation and productivity enhancement programs, environmental protection legislation, etc. Activities of the private sector include strategies in the functional business areas of sales and marketing, finance and accounting, IT and support, customer services, production and operations, R&D, human resource management (David and David 2015), and the strategies of tourism/hospitality industry associations.

A technique particularly suited to identifying management strategies appropriate to different destinations at different development stages is importance–performance analysis (IPA). IPA, based on the conceptual foundations of multiattribute choice models (Edwards and Newman 1982; Martilla

and James 1977), identifies and assesses management strategies to achieve certain objectives. The key objective of IPA is diagnostic in nature, facilitating the identification of attributes of varying importance and performance in respect of organizational objectives. The IPA matrix helps organizations to precisely identify the areas for improvement and actions for closing the gap between importance and performance. The technique is particularly useful in identifying stakeholder perceptions of managerial priority activity areas to improve destination competitiveness. IPA has been used in a variety of tourism contexts, including operator and destination management as well as informing strategic planning and sustainable development activities (Oh 2001; Azzopardi and Nash 2013), identifying industry perceived performance. An increasing number of IPA studies are being applied to destination competitiveness research (Enright and Newton

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2004; Coghlan 2012; Sorensson and Friedrichs 2013) as well as allowing assessment of the importance of different strategies to underpin tourism development.

The database used for IPA can also be subjected to factor analysis. The advantage of this extended approach, not attempted in previous studies as far as we know, is that the factor analysis provides “groupings” or “meaningful categories” of items that are useful both in design of the IPA questionnaire and also in policy analysis. Factor analysis enables us to explore the underlying structure of destination competitiveness frameworks and empirically test the results. It provides an ideal extension of the IPA in that it identifies actions that survey respondents perceive to be grouped together in the context of destination competitiveness, enabling policy discussion to extend beyond consideration of actions taken in isolation to better enable strategic options to be analyzed for their common elements.

Formerly a member of Yugoslavia, Serbia provides an interesting focus for study as it seeks to develop its tourism industry with limited financial resources, low GDP, and lack of tourism-related investments, within an overall transition from a socialist to a market-based economy. An additional advantage of a focus on Serbia for our purposes is that two comprehensive IPA studies have recently been undertaken in Serbia based on a detailed survey of Serbian tourism stakeholders (Dwyer, Dragičević, et al. 2014; Dwyer et al. 2015). The present study undertakes a factor analysis of the same database previously subjected to IPA of the competitiveness of the Serbian tourism industry. Factor analysis is an important tool that can be used in the development, refinement, and evaluation of tests, scales, and measures. To our knowledge, this approach has not been attempted before.

This article extends the analysis of the perceptions of stakeholders from both the public and private sector as to Serbia's tourism industry performance on a range of actions important to maintain destination competitiveness in the context of a changing tourism environment. It has several aims: first, to undertake an exploratory factor analysis (EFA) of the responses of tourism stakeholders to a survey requiring them to rate destination performance in respect of each of 48 action items; second, to undertake a confirmatory factor analysis (CFA) of the same set of responses; third, to display the results of the analysis in terms of a multifactor solution with explanatory value; and fourth, to discuss the implications of the multifactor solution for development of concepts relevant to destination competitiveness and their implications for policy.

The article is structured as follows. The next section describes the research design and data collection procedure. The distinction between EFA and CFA is discussed along with their relevance to the present study. The third section presents findings from the study, with a five-factor solution reasonably explaining the variances of the original observations. The five dimensions are risk management and adaptive environmental strategies, innovation and product development, planning for

sustainable development, networking and community concern, and education for sustainability. The fourth section discusses the results. Interesting differences between the perceptions of private and public sector industry stakeholders are identified and discussed. This section also addresses the challenges that Serbia faces while proposing new areas of intervention for the private and public sector in order to enhance the competitiveness of the tourism sector. The concluding section identifies some areas for further research as well as addressing the significance of the findings to destinations globally.

Research Methodology

To examine the latent structure of destination competitiveness, EFA and CFA were used in the present study. The goal of EFA is to identify the underlying relationships between measured variables (Hair et al. 2010). CFA was then applied to confirm the factor structure extracted by the EFA. While EFA is primarily an exploratory technique because it limits control over variables loading on latent factor, CFA plays a confirmatory role enabling control over the specification of indicators for each latent dimension. CFA also allows testing goodness of fit for the proposed extracted factor solution and is therefore particularly useful in the validation of scales for the measurement of specific constructs (Bentler and Bonett 1980).

The survey instrument comprises two parts. The first part is related to sociodemographic characteristics of respondents and the second part employs 48 action items that have been used to assist tourism managers to act proactively to maintain or improve destination competitiveness and which have been tested in previous studies of destination competitiveness (Dwyer et al. 2009; Dwyer et al. 2012; Dwyer, Cvelbar, Mihalič, and Koman 2014). These action statements were selected following a detailed review of the national and destination competitiveness literature and subsequent rigorous testing of their relevance to destination competitiveness (Dwyer, Cvelbar, Mihalič, and Koman 2014). Each of these was evaluated as to their performance in enhancing Serbia's destination competitiveness by stakeholders from the public and private tourism sectors on a 5-point Likert-type scale. The target population comprised private and public sector tourism managers and experts in the field of tourism and hospitality in Serbia.

A convenience sampling approach was used in the research. Questionnaires were distributed during the five research months of February to June 2013 via e-mail using a database of managers in the accommodation sector, tour operators/agencies, transportation agencies, national or regional governmental organizations, media, related research and education institutions, nongovernmental organizations operating in the field of tourism and hospitality and tourism destination organizations. The database of contact details was created from official reports of the Statistical Office of the Republic of Serbia (RZS 2012), the National Association of Travel Agencies of

Serbia (YUTA 2013), and the Travel Guides Association of Serbia (2013). From a total number of 520 participation invitations, 310 questionnaires were returned, with 40 cases excluded as containing extreme values (outliers) of measured items on several variables. To detect univariate outliers, we inspected standard *z* scores of every measured item to ensure that standardized scores do not exceed the value of 3.29 (significance < .001, two-tailed test) following the recommendation of Tabachnick and Fidell (2012, 73). In addition to inspection of *z* scores, after cleaning our data, we used graphical representation such as histograms, normal probability plots, and detrended normal probability plots, to ensure no extreme value out of the ± 3 standard deviation range are present. The criterion for multivariate outliers was Mahalanobis distance at $p < .001$. The Mahalanobis distance is evaluated as χ^2 with degrees of freedom equal to the number of variables (Tabachnick and Fidell 2012, 99).

A total of 270 valid questionnaires were used in the statistical procedure. The average age of the respondents was 34, ranging between 20 and 81. Females represented 57% of the sample. On average, respondents' working experience in the tourism sector was 7 years. The greatest percentage of respondents work in tour operations/travel agencies (29%) and accommodation services (28%). Overall, 65% of the respondents were employed in the private sector and 35% were in the public sector. Further details on respondents' characteristics are shown in Table 1.

A principal axis factoring extraction method with Promax rotation was performed on the underlying factors. In order to confirm the factor solution extracted by EFA, CFA with the following model fit criteria was employed: normed chi-square (χ^2/df), goodness-of-fit index (GFI), root mean square error of approximation (RMSEA), and root mean square residual (RMR) (Kline 2005), comparative fit index (CFI), incremental fit index (IFI), and Tucker–Lewis index (TLI) (Bentler and Bonett 1980). To analyze the consistency of the “competitive” factors extracted across public and private Serbian tourism sectors, an independent *t*-test was conducted. To define the effect size of between-sector difference, eta-square is calculated. Eta-square represents the proportion of variance of the dependent variable that is explained by the independent variable. Values for eta-square can range from 0 to 1. To interpret the strength of eta-square values, the following guidelines are used: 0.01 = small effect; 0.06 = moderate effect; and 0.14 = large effect size (Cohen 1988).

Results

Exploratory Factor Analysis

To test the assumptions for conducting the EFA, the Kaiser's measure of sampling adequacy and the Bartlett's test of sphericity suggested that the data were suitable for factor analysis (KMO = 0.968). Underlying factors were extracted by principal components analysis with Promax rotation and the optimal number of factors was determined by a range of

Table 1. Respondent Characteristics.

Variables	Frequency	Valid percent ^a
Gender		
Males	116	43
Females	154	57
Missing values	–	–
Highest level of education		
High school / vocational school	70	26
Undergraduate university degree (bachelor of sciences)	137	51
Postgraduate university degree (master's degree /doctoral degree)	63	23
Missing values	–	–
Current working position		
Tour operators/agencies	78	29
Accommodation sector	77	28
Research and education	45	17
Tourism destination organization	37	14
National or regional governmental organization	12	4
Other	9	3
Nongovernmental organization	6	2
Transportation	5	2
Media	1	1
Missing values	–	–
Sector of current work		
Private sector	176	65
Public sector	94	35
Missing values	–	–

Note: All percentages are rounded up to the nearest unit.

Table 2. Extracted Principal Components with Percentage of Explained Variance, Eigenvalues, and Parallel Analysis Criterion.

Component	Initial Solution		Parallel Analysis
	% of Variance Explained	Eigenvalue	95th Percentile of Random Eigenvalues
1	52.725	26.890	1.9238
2	4.711	2.403	1.8282
3	2.660	1.357	1.7556
4	2.420	1.234	1.6859
5	2.030	1.035	1.6337

cut-off criteria such as eigenvalue near to one, percentage of variance, item communalities, factor loadings, and parallel analysis (Blunch 2010). Finally, items with loadings lower than 0.4 or with cross-loadings were discarded from further analysis. Based on the criteria mentioned above, three items with factor loadings lower than 0.4 were extracted from further analysis, and a five-factor solution was suggested that explained 64.54% of variance (Table 2).

Table 3. Factor One: Risk Management and Adaptive Environmental Strategies.

	Eigenvalue	Variance Explained	Cronbach's Alpha	Factor Loadings	Item Communalities
F1: Risk management and adaptive environmental strategies	26.890	52.725	0.958		
P12 Consumers should be educated to purchase tourism products that match environmental constraints				0.697	0.597
P13 Green business strategies can increase profits				0.789	0.662
P14 Visitor needs should be balanced with a destination's environmental objectives				0.611	0.649
P17 To ensure consistency in the marketing message, operators should collaborate with destination managers on the "fit" between destination products and visitor preferences				0.539	0.693
P26 Governments and operators should develop risk management strategies for tourism to deal with future crises				0.645	0.644
P27 Tourism managers should ensure that risk management strategies are part of a firm's business management plans				0.614	0.679
P28 Communicating a destination's risk management strategies is important to maintaining destination attractiveness				0.520	0.674
P29 Industry and government should work together to mitigate and adapt to climate change				0.758	0.695
P30 The tourism industry should contribute to wider efforts to reduce greenhouse gas emissions and other pollutants				0.840	0.724
P31 The tourism industry should put in place climate-friendly and climate-proof alternatives				0.856	0.754
P32 The benefits of reducing greenhouse gas emissions and other pollutants will outweigh the costs involved				0.734	0.649
P41 New product development should not be too reliant on environmentally and culturally sensitive assets				0.479	0.578
P48 An aging population should be encouraged to undertake volunteering activity in tourism at the destination				0.770	0.644
P49 Society should re-skill an aging population to become involved in the tourism industry				0.757	0.680
P50 Tourism firms should acknowledge the importance of lifelong learning through ongoing training				0.515	0.708

As shown in Tables 3 to 7, the item communalities of the 48 variables retained in the analysis ranged from 0.524 to 0.754, suggesting that the variances of each original variable (from 52% to 75%) were reasonably explained by the five-factor solution. Factor loadings of the variables ranged from 0.419 to 0.890. The Cronbach's alpha for the five factors varied from 0.831 to 0.958, suggesting high internal consistency. A large number of questions in our study inevitably inflated the value of alpha. To address this, we calculated Cronbach's alpha for each factor rather than for the entire 48-item competitiveness scale as recommended by Nunnally and Bernstein (1994), and Cohen and Swerdlik (2010). Extracted factors were labeled based on the core variables that constituted them.

Factor one, risk management and adaptive environmental strategies (Table 3), explains 52.73% of total variance with an eigenvalue of 26.89. It comprises 15 items mostly related to the need for environmental awareness and environmentally friendly behavior of tourism operators and visitors in the destination. Respondents also considered risk management

strategies, and communication of the same, to be an important aspect of destination management, together with the importance of volunteering, re-skilling, and lifelong learning for both youth and the ageing population to adapt to tourism market changes while maintaining competitive advantages.

Factor two, innovation and product development, comprises 17 variables and explains 4.71% of total variance, with an eigenvalue of 2.403 (Table 4). Innovation relates to the need to refresh products and services as well as for new technologies employing social networks to improve the interpretation of tourism attractions. Product development is related to development of authentic customer-oriented travel experiences and new niche products based on the strengths of local assets such as rural experiences in urban environments.

Factor three, planning for sustainable development, explains 2.66% of total variance, with an eigenvalue of 1.36 (Table 5). It comprises eight variables, ranging over the need for long-term planning, driven by sustainability principles with a focus on the fair distribution of rewards. Tourism managers need to have sound knowledge of e-commerce and

Table 4. Factor Two: Innovation and Product Development.

	Eigenvalue	Variance Explained	Cronbach's Alpha	Factor Loadings	Item Communalities
F2: Innovation and product development	2.403	4.711	0.956		
P18 Smaller players can benefit from Web technology, as the Internet makes it possible for small businesses to connect directly to consumers				0.666	0.605
P19 Tourism firms should use database marketing to understand, communicate, and build relationships with key target markets				0.419	0.589
P20 Tourism planning and development should focus on the uniqueness of the destination				0.476	0.623
P22 Tourism firms should engage communities through social networks such as YouTube, Twitter, Flickr, Facebook, mySpace, and Second Life				0.890	0.617
P23 Destinations should seek to increase resident awareness and reputation of domestic holidays				0.621	0.591
P24 Destination managers should make tourists feel safe and secure while in the destination to maintain destination competitiveness				0.706	0.611
P25 Perceived risk in a destination should be minimized through publicization of information about destination				0.490	0.647
P33 Operators should become "experience providers," developing personal encounters and authentic experiences				0.583	0.667
P34 Tourism firms should ensure that their products are continually refreshed				0.534	0.656
P35 New product development should harmonize with the destination assets and brand				0.473	0.648
P36 Tourism firms should create niche products based on the strengths of local assets for use by local communities as well as visitors				0.670	0.599
P37 Innovation in products and services should be customer orientated				0.721	0.662
P38 Operators should seek new technologies to improve the interpretation of tourism attractions				0.878	0.675
P39 Destination managers and tourism firms should create experiences in their destinations that differentiate themselves from other destinations				0.571	0.644
P40 There is a need to re-create authentic rural experiences in urban environments in order to bring the "destination" experience to visitors				0.459	0.540
P42 There is a need for public-private partnership in order to support already existing tourist products (e.g., festivals)				0.630	0.646
P51 There is a need for study/training programs related to specific tourism products (e.g., business tourism, events)				0.593	0.627

use of IT to achieve competitive advantage. Product development and marketing should be targeted and increasingly theme based.

Factor four, networking and community concern, accounts for 2.42% of the total variance, with an eigenvalue of 1.23 (Table 6). Comprising four variables, this factor describes types of cooperation and stakeholder networking to underpin destination marketing, new product development, community benefit, and stakeholder communication. It also highlights the importance of a long-term vision to drive strategies for environmental management.

Factor five, education for sustainability practice, represents 2.03% of the total variance, with an eigenvalue of 1.04 (Table 7). This factor comprises variables related to education, training programs, and employability associated with the sustainable development of the tourism and hospitality sector.

Confirmatory Factor Analysis

The proposed baseline model posits five factors or latent constructs extracted by EFA: Risk Management and Adaptive

Table 5. Factor Three: Planning for Sustainable Development.

	Eigenvalue	Variance Explained	Cronbach's Alpha	Factor Loadings	Item Communalities
F3: Planning for Sustainable Development	1.357	2.660	0.906		
P1 Tourism enterprises must engage in long-term planning				0.656	0.622
P2 Sustainability principles should underpin tourism development				0.654	0.657
P3 Tourism managers need to have sound knowledge of e-commerce and use of IT to achieve competitive advantage				0.650	0.631
P4 Industry should embrace "clean green" tourism to reduce the environmental effects of their operations				0.503	0.693
P8 The tourism industry should be "fair" in its distribution of tourism revenue to different stakeholders				0.470	0.666
P10 A yield focus of expenditure is more important than a tourist numbers focus, for a winning destination strategy				0.526	0.580
P15 Product development and marketing should be targeted and increasingly theme based				0.479	0.639
P21 Tourism operators should shift promotion of the functional benefits of their products and services to the emotional benefits				0.468	0.524

Table 6. Factor Four: Networking and Community Concern.

	Eigenvalue	Variance Explained	Cronbach's Alpha	Factor Loadings	Item Communalities
F4: Networking and Community Concern	1.234	2.420	0.831		
P5 Tourism firms should form clusters for such purposes as destination marketing and product development				0.532	0.66
P6 Networks or alliances of people is a good strategy to increase business efficiencies and improve communication between stakeholders				0.605	0.675
P7 Tourism development should also increase the recreational and leisure opportunities for local communities				0.522	0.625
P11 Tourism operators lack the long-term vision to adopt environmentally appropriate management strategies				0.656	0.707

Environmental Strategies (RMAES), Innovation and Product Development (IPD), Planning for Sustainable Development (PSD), Networking and Community Concern (NCC), and Education for Sustainability Practice (ESP), with each set of the variables acting as indicators of the separate constructs.

To confirm the latent structure of destination competitiveness, a CFA was conducted. The covariance matrix was used as the input matrix to estimate the model, with the missing values for the variables analyzed and replaced with likely values imputed from an estimation maximization (EM) procedure, available in SPSS 12.0, missing value analyses.

The baseline model did not provide a good fit. To improve the fit of the measurement model, two items (P25 and P38) with low factor loading and a large value of standardized residual were dropped from further analysis. In addition, several parameters with high residual errors, large (>10) modification index (MI) and large expected change statistic (EC) were set free by correlating their measurement errors as

shown in Figure 1. Those items with correlated errors have very similar semantic content, which can explain the origin of their common variation. The final model displays satisfactory model indices: $\chi^2/df = 1.946$ ($p = .000$); GFI = 0.900; RMSEA = 0.059; RMR = 0.050; CFI = 0.906; IFI = 0.906; TLI = 0.900 (Figure 1).

Testing convergent validity. The convergent validity of the measurement scale was examined using several tests. First, for each variable, the t value associated with each of the loadings was significant at the 0.01 level (see standard loadings in Table 8). All variables were found to be significantly related to their specified constructs, verifying the posited relationships among indicators and constructs. Second, squared multiple correlation coefficients (SMC) for all observable variables in the model were assessed. SMCs lie between 0 and 1. The closer to 1, the better the variable acts as an indicator of the latent construct (Hair et al. 2010). Table

Table 7. Factor Five: Education for Sustainability Practice.

	Eigenvalue	Variance Explained	Cronbach's Alpha	Factor Loadings	Item Communalities
F5: Education for Sustainability Practice	1.035	2.030	0.866		
P43 The new generation of managers in the tourism and hospitality must have the knowledge content, and the adaptive capabilities to apply their knowledge in contexts of change				0.611	0.739
P44 The principles and practices of Sustainable Tourism should be placed into all tourism and hospitality curricula				0.435	0.655
P45 Tourism/hospitality education should prepare students for a proactive, leadership role in a rapidly changing industry				0.598	0.703
P46 Destinations should provide community education and training programs that support the tourism industry				0.466	0.661

8 shows that the SMCs for observable variables range from 0.43 to 0.70, indicating fairly high reliability (convergent validities) of the measurement model.

Testing reliability and discriminant validity. To test the reliability of the destination competitiveness measurement model, construct reliability (CR) and the average variance extracted (AVE) were computed for the five latent factors. For both CR and AVE, all five constructs exceeded the threshold value of 0.70 and 0.50, respectively (Table 9), suggesting that the indicators for all five factors were appropriate in terms of how the measurement model was specified. The results also offered evidence of discriminant validity since none of the correlations between the latent constructs were larger than 0.9, ranging from 0.74 to 0.87 (see Table 9). All squared correlations shown in the *diagonal* of Table 9 were less than the AVE values for the corresponding latent variables.

Competitiveness Dimensions across Public and Private Sector

The respondents can be divided into two large groups: private sector and public sector. In order to test for significant differences in the mean scores of the underlying dimensions of destination competitiveness for respondents from each sector, an independent *t*-test was conducted together with eta-square to determine the size of the between-sector difference (Cohen 1988). The results are shown in Table 10.

Results show significant difference in the scores of respondents from the private and public sectors on all five underlying dimensions of competitiveness. Moreover, public sector score performance on each dimension was greater than its private sector counterpart. The greatest difference between respondents from the private and public sectors is evident within Networking and Community Concern ($t = -6.089$; significance = 0.000), implying that opportunities exist to foster more formal linkages and coordinating initiatives between the private and public sector if destination competitiveness is to be improved. Planning for Sustainable

Development ($t = -2.811$; significance = 0.000) perform the least difference score, clearly indicating that both private and public tourism stakeholders highly value sustainable practice in planning developmental strategies.

Discussion

The main purpose of this study was to propose and examine a theoretical model of destination competitiveness and to address the differences between public and private sector in terms of how they evaluate performance of priority activities for improving and maintaining destination competitiveness of the Serbian tourism industry.

The CFA produced the exact groupings of the competitiveness indicators as set out in the postulated explorative model. The CFA shows us how the 48 activities for improving competitiveness are associated and linked together in the minds of the respondents, while *t*-testing revealed differences in respondents' evaluation of performances of those priority activities that constitute the five-dimensional model of destination competitiveness.

Risk Management and Adaptive Environmental Strategies

This dimension of destination competitiveness comprises strategic actions mostly related to climate change, environmental constraints, risk management, and aging population that the Serbian tourism industry should strive to implement in order to improve its position in the international tourism market. Respondents also linked re-skilling an aging population for involvement in tourism industry as well as lifelong learning through ongoing training as important aspects of risk management and adaptive environmental strategies. Most likely, this reflects a common perception of education as a priority action for sustainable development of the destination over the longer term.

Respondents from the public sector graded performances in priority actions grouped under the 'risk management and

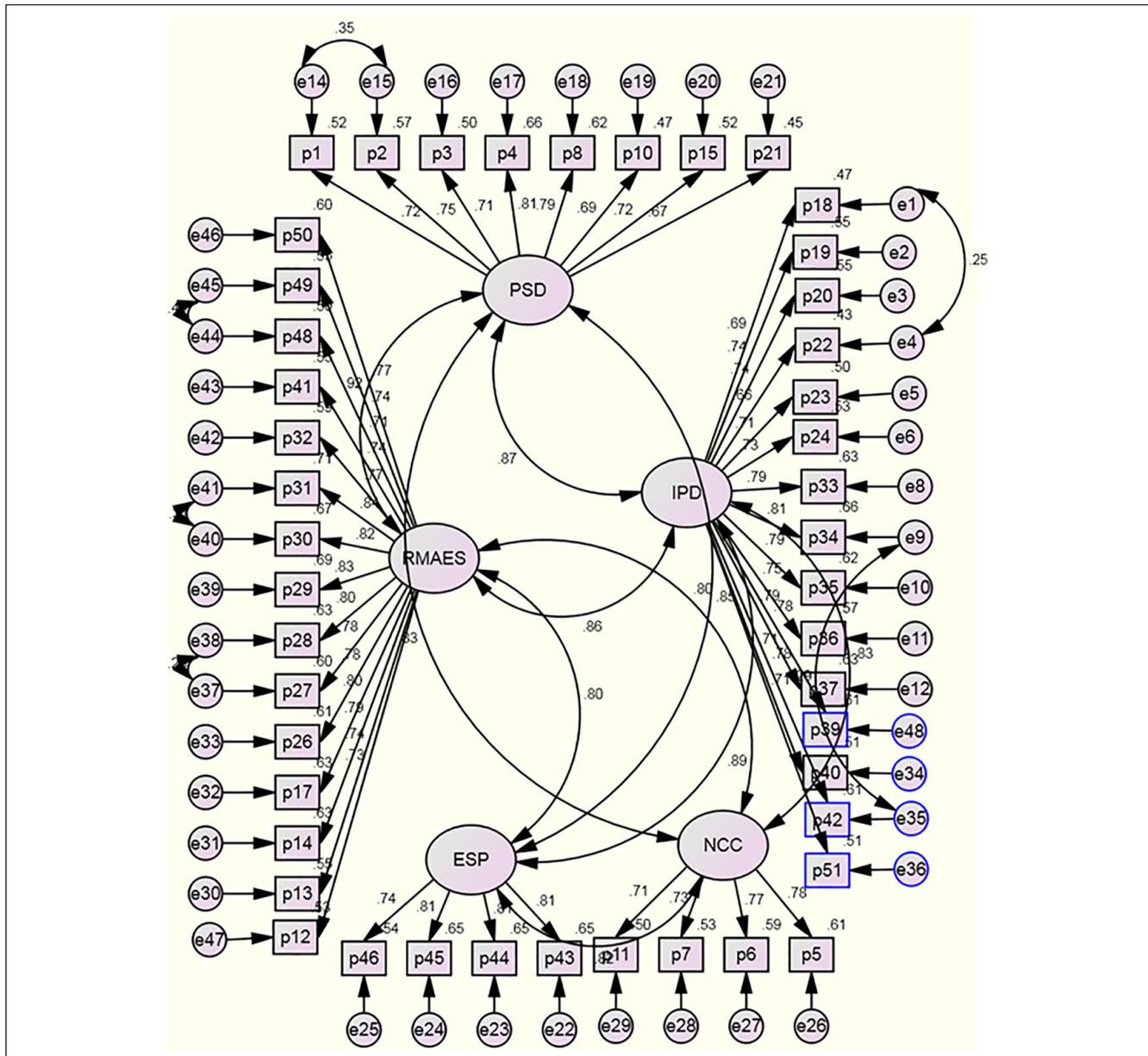


Figure 1. Confirmatory factor analysis measurement model: Serbian competitiveness dimensionality.

Note: RMAES = Risk management and adaptive environmental strategies (15); IPD = Innovation and Product Development (15); PSD = Planning for Sustainable Development (8); NCC = Networking and Community Concern (4); ESP = Education for Sustainability Practice (4). Model indices: $\chi^2/df = 1.946$ (significance = 0.000); goodness-of-fit index (GFI) = 0.900; root mean square error of approximation = 0.059; root mean square residual = 0.050; comparative fit index = 0.906; incremental fit index = 0.906; Tucker–Lewis index = 0.900.

adaptive environmental strategies' factor slightly higher than respondents from the private sector. As tourism is closely linked to the environment, climate changes, and tourism products that match environmental constraints, the private sector should strive to adopt green business strategies and implementing risk management strategies as a part of firms' business management plans. Government can play a key role in industry assistance by developing the required institutional framework, through microeconomic reforms, to facilitate industry's rapid and rational response to

changes in its operating and remote environments (Amir and Ufi 2009).

Both destination and enterprise management should display a concern for the natural environment that, importantly, provides an attractive location for tourism. Actions enhancing environmental sustainability can help to ensure a destination's appeal both to visitors and investors (WEF 2015). More importantly, both industry and government should work together to adapt environmental regulations and create risk management strategies to underpin sustainable tourism development.

Table 8. Results for CFA model.

Variables	Standard Loading	SMC	Variables	Standard Loading	SMC
Factor one: Risk management and adaptive environmental strategies (RMAES)			Factor two: Innovation and Product Development (IPD)		
P12	0.728	0.530	P18	0.688	0.473
P13	0.743	0.552	P19	0.740	0.548
P14	0.793	0.630	P20	0.738	0.545
P17	0.795	0.633	P22	0.657	0.431
P26	0.781	0.61	P23	0.71	0.504
P27	0.776	0.602	P24	0.731	0.535
P28	0.796	0.633	P33	0.793	0.628
P29	0.831	0.691	P34	0.814	0.663
P30	0.817	0.667	P35	0.787	0.620
P31	0.841	0.707	P36	0.752	0.565
P32	0.767	0.588	P37	0.793	0.629
P41	0.742	0.551	P39	0.784	0.615
P48	0.710	0.505	P40	0.712	0.507
P49	0.744	0.554	P42	0.784	0.615
P50	0.772	0.596	P51	0.712	0.507

(continued)

Table 8. (continued)

Variables		Standard Loading	SMC	Variables		Standard Loading	SMC
Factor three: Planning for Sustainable Development (PSD)				Factor four: Networking and Community Concern (NCC)			
P1	Tourism enterprises must engage in long-term planning	0.725	0.525	P5	Tourism firms should form clusters for such purposes as destination marketing and product development	0.784	0.614
P2	Sustainability principles should underpin tourism development	0.753	0.567	P6	Networks or alliances of people is a good strategy to increase business efficiencies and improve communication between stakeholders	0.769	0.592
P3	Tourism managers need to have sound knowledge of e-commerce and use of IT to achieve competitive advantage	0.708	0.502	P7	Tourism development should also increase the recreational and leisure opportunities for local communities	0.728	0.529
P4	Industry should embrace "clean green" tourism to reduce the environmental effects of their operations	0.810	0.656	P11	Tourism operators lack the long-term vision to adopt environmentally appropriate management strategies	0.707	0.501
P8	The tourism industry should be 'fair' in its distribution of tourism revenue to different stakeholders	0.790	0.624	Factor five: Education for Sustainability Practice (ESP)			
P10	A yield focus of expenditure is more important than a tourist numbers focus, for a winning destination strategy	0.689	0.474	P43	The new generation of managers in the tourism and hospitality must have the knowledge content, and the adaptive capabilities to apply their knowledge in contexts of change	0.808	0.653
P15	Product development and marketing should be targeted and increasingly theme based	0.720	0.518	P44	The principles and practices of Sustainable Tourism should be placed into all tourism and hospitality curricula	0.805	0.648
P21	Tourism operators should shift promotion of the functional benefits of their products and services to the emotional benefits	0.673	0.454	P45	Tourism/hospitality education should prepare students for a proactive, leadership role in a rapidly changing industry	0.806	0.649
				P46	Destinations should provide community education and training programs that support the tourism industry	0.737	0.543

Innovation and Product Development

This dimension of destination competitiveness comprises actions related to use of new technologies and online business, niche products, and authentic experiences, indicating the links between these variables in the minds of respondents. This is not surprising, as the research literature affirms the increasing use of new technologies in the strategic management and marketing of destinations and enterprises, as well as use by visitors. The perceived importance of interpreting tourist attractions and developing innovative ways of conveying information (Molz 2013) implies the need for new technologies for innovation and tourist product development.

Researchers emphasize the need for industry to meet customer needs and expectations by being more proactive in creating new products and opportunities (Viljoen and Dann 2003). DMOs can play an important role creating authentic products and experiences to differentiate a

destination from others. In Serbia, however, the national tourism organization is more involved in the destination promotion of Serbia rather than development of tourism products (Dragičević et al. 2012). To deliver products and services of a high standard, tourism operators need to shift away from what is predominately a cost leadership strategy toward greater product differentiation. Greater information on the values and needs of visitors from different origins and implications for types of investments is also required. Helping businesses build an understanding of new markets will give the industry the knowhow to improve investment decision making. Investment issues have been particularly neglected in destination competitiveness research (Dwyer and Edwards 2009; Dwyer, Cvelbar, Mihalič, Koman 2014). Greater investment in tourism plant and infrastructure will not merely build productive capacity in the destination but can drive long-term profitability, innovation, and competitiveness. Quality

Table 9. CR, AVE, and Correlation Matrix for Destination Competitiveness.

	CR	AVE	NCC	IPD	PSD	ESP	RMAES
NCC	0.835	0.751	0.748				
IPD	0.950	0.837	0.835	0.748			
PSD	0.903	0.872	0.834	0.869	0.735		
ESP	0.969	0.892	0.821	0.868	0.848	0.790	
RMAES	0.958	0.917	0.802	0.862	0.816	0.797	0.777

Note: CR = construct reliability; AVE = the average variance extracted; NCC = Networking and Community Concern; IPD = Innovation and Product Development; PSD = Planning for Sustainable Development; ESP = Education for Sustainability Practice; RMAES = Risk management and adaptive environmental strategies.

Table 10. Independent Samples Test.

		Levene's Test for Equality of Variances		t-Test for Equality of Means							
		F	Significance	t	df	Significance (Two-tailed)	Mean Difference	Standard Error Difference	95% Confidence Interval of the Difference		Eta-Square
									Lower	Upper	
RMAES	Equal variances not assumed	16.50	.000	-3.56	149.54	.000	-0.449	0.126	-0.698	-0.200	0.041
IPD	Equal variances assumed	2.29	.131	-3.51	264	.001	-0.393	0.111	-0.614	-0.173	0.043
PSD	Equal variances not assumed	13.39	.000	-2.81	152.53	.006	-0.333	0.118	-0.568	-0.099	0.017
NCC	Equal variances not assumed	4.97	.027	-6.08	165.02	.000	-0.730	0.119	-0.967	-0.493	0.121
ESP	Equal variances assumed	0.86	.353	-3.30	268	.001	-0.431	0.130	-0.688	-0.174	0.030

Note: RMAES = Risk management and adaptive environmental strategies; IPD = Innovation and Product Development; PSD = Planning for Sustainable Development; NCC = Networking and Community Concern; ESP = Education for Sustainability Practice.

tourism business products and services need development from tourism operators committed to innovation, continuous improvement, and renewal.

The ability of a tourism destination to attract investment in tourism infrastructure is influenced by a complex number of characteristics in both the operating and remote management environments. Only if these factors combine to allow investors to earn an adequate return on their investment will they make the necessary long-term commitment to allocate funding to a destination. UNWTO (2001) emphasizes that various segments of the tourism industry, as well as destination performance, can be improved by focusing on strong private-public partnerships (PPPs). PPPs are partnerships "between the public sector and the private sector for the purposes of designing, planning, financing, constructing and/or operating projects which would be regarded traditionally as part of the public sector" (Webb and Pulle 2002, 1). The success of international practices in PPP formation and implementation (Kojcin 2013) shows that they can help to enhance

tourism destination competitiveness and support service quality improvement.

The major benefit of PPP in tourism development for the public sector is an access to private capital and expertise, especially in underdeveloped areas and when government has limited funds. In general, the role of PPP in transition economies such as Serbia has been underresearched because of limited PPP expertise, low awareness of good practices in the wider EU, and inadequate institutional solutions (Brkić and Kotarski 2012; Rapajić, Purić, and Purić 2013; Knežević 2015).

Although the level and success of PPP in different countries varies, their importance in tourism has increasingly been recognized by industry and governments, specifically in the field of tourism destination marketing (Amir and Ufi 2009). Various forms of PPP exist in the tourism industry globally: contractual public-private sector arrangements in investment and financing; joint public-private forums for knowledge transfer, strategic visioning and planning;

institutions with public–private boards of directors; joint public–private funding and implementation of specific programs, initiatives or events; and privatization of a state-owned facility with some form of regulation by the public sector (European PPP Expertise Centre 2014). A good basis for any PPP is the existence of well-functioning national tourism organization (NTO). Stronger collaboration between the public and private sector, based on some form of PPP, can improve niche products on offer and provide authentic travel experiences in Serbia.

Planning for Sustainable Development

This dimension of Serbian tourism competitiveness includes long-term planning, yield focus rather than tourist numbers focus, and theme-based product development and marketing, each of which is important for both the public and private sector in the tourism industry to operate in a sustainable way.

To improve Serbia's competitive position and to sustain it, both destination and enterprise management must plan for the long term. Focus on expenditure yield, rather than visitor numbers, has recently been identified as the appropriate objective of DMOs' domestic and international marketing activity and is important in firm yield/revenue management, as included in the sales and marketing activities. To provide sustainable yield, tourism operators should create theme-based products and emphasize collaborative relationships with tourists to co-create value (Dwyer, forthcoming).

While this factor grouping reflects the views of both the public and private sector in Serbia, *t*-test results show that private sector stakeholders perceived a lower level of performance for almost every action comprising this dimension. To undertake successful strategic actions related to this competitiveness dimension, public and private sector stakeholders must develop closer cooperation, with a joint commitment to increasing sector productivity. This can enhance the rate of return on tourism investment and lift the profitability and competitiveness of the industry. Putting investment in a productivity context helps to clarify what investment needs to do in order to be efficient and effective in helping to foster destination competitiveness (Cvelbar et al. 2016).

To provide a solid basis for tourism development based on sustainability principles, the Serbian government must regard the tourism industry as of important concern, communicating this point in both word and deed. This will increase tourism operator confidence to undertake direct investments in essential developmental projects. The stability of government policy also affects the ability of the tourism industry to attract private investments. PPP may again be seen as an opportunity for improvement of infrastructure and public services following the example of successful international practice (Kojcin 2013). In particular, the “catalytic” value of government

actions and infrastructure investment needs recognition. As tourism development is in its early stages in respect of Serbia's air, ground, and port-related infrastructure, in an unsatisfactory condition (WEF 2015), PPPs can be the best tool for actualizing important infrastructural projects to support tourism development.

Networking and Community Concern

It is interesting that respondents from both public and private sectors see networking and community concern as a distinctive factorial dimension of destination competitiveness. This may reflect the increasing need for networking between public and private sector stakeholders in improving the performance of Serbia's tourism and leisure industry. The *t*-test results confirm that of all five latent dimensions of destination competitiveness, differences between respondents from the private and public sectors was greatest for this factor.

Researchers have emphasized the role of networking in many tourism areas. Networks can play a significant role in destination competitiveness, since they facilitate access to knowledge transfer, resources, markets, and technologies, which is particularly important for emerging destinations (Costa et al. 2008). The creation of partner networks, clusters or PPPs, support the survival of small companies in a tourism industry (Lazzeretti and Petrillo 2006). This is especially important for Serbia as tourism enterprises are mostly small and medium enterprises.

Networking in many tourism areas is evolving toward the establishment of formal partnerships, between the various parties from the public and private sector (UNWTO 2001). Cooperation between these two sectors allows destinations to offer quality products and to exceed consumer expectations, which will further ensure destination maintenance successfully and in the long term (Buhalis 2000).

The success of the PPP will depend on the formality of the agreement, clear goal definition, organizational structure, leadership and flexibility, social networks and the efficiency/efficacy of the partnership performance (Franco and Estevão 2010). Partnerships should not only be between the public and private sectors but also involve communities as in various pro-poor tourism initiatives. This type of partnership ensures that local communities are able to secure and share the economic benefits from tourism, which will further support sustainable tourism development by way of community improvement projects and supporting infrastructure development (Amir and Ufi 2009). There are opportunities for such initiatives in Serbia.

Education for Sustainability Practice

Several important education-related activities are grouped by respondents into this dimension of destination

competitiveness. These include factors such as importance of education, proactive application of new knowledges in a rapidly changing industry, as well as importance of sustainability principles in the tourism and hospitality curriculum. Respondents associate education for sustainable practice not only with formal education but also through education and training programs that support the tourism industry for the whole community.

Education for sustainability practice implies that tourism managers must assume a proactive, leadership role in a rapidly changing industry. To strengthen competitiveness, facilitate investments, and build a new image, the Serbian tourism industry needs to be explicitly identified by wider stakeholder groups as a key economic sector, with a clear vision and strong leadership. Productivity increases in tourism will require a more highly skilled tourism workforce in each of its component sectors. The Serbian tourism industry needs to develop better educational programs for senior management as well as short intensive seminars on trends and issues on both the tourism demand and supply side. In particular, industry training needs more emphasis as a counter to a formal education system that may be “out of touch” or “too theoretical” for what is at heart a very vocational sector.

Formal education in tourism, adapted to the practical needs of the private sector in Serbia, can also help to allocate human resources to their best use. This is an area for further cooperation between the public and private sectors. The private sector can provide training and specific skills that are not delivered in standard tourism study curricula. As there is low level of knowledge about PPP and its benefits among tourism stakeholders and public in general in Serbia, government, in cooperation with the private sector, could increase awareness of PPP and of its good practices in the EU, through workshops organized for all stakeholders involved in the Serbian tourism industry, as well as through tourism study curricula.

Conclusions

This study contributes to existing knowledge of destination competitiveness by examining the multidimensional nature of the competitiveness concept and through validation of a proposed competitiveness framework relevant to Serbian tourism.

An EFA of the responses of Serbian tourism stakeholders to a survey requiring them to rate destination performance in respect of each of the 48 action items showed that an action agenda relating to destination competitiveness can be classified by means of a five-intercorrelated-factor solution. These factors are Risk Management and Adaptive Environmental Strategies, Innovation and Product Development, Planning for Sustainable Development, Networking and Community Concern, and Education for Sustainability. This management-oriented factor grouping provides a much more

comprehensive understanding of the actions that enhance destination competitiveness than is yielded by an IPA alone. A CFA was then undertaken to confirm that the hypothesized structure of destination competitiveness is represented by five underlying dimensions and to reveal interrelations between those dimensions that constitute the proposed competitiveness model (see Figure 1). CFA supports the claim that a management-oriented factor grouping is reliable and valid across both private and public sectors of the Serbian tourism industry.

To test for significant differences in the mean scores of the underlying dimensions of destination competitiveness for respondents from the private and public sectors, an independent *t*-test was conducted together with eta-square to determine the size of between-sector difference. The test confirmed that in the case of Serbian tourism, private sector managers are more critical of the performance of all competitiveness indicators. Evidence of significant discrepancy in the attitudes of the private and public sector on prioritizing actions that need to be undertaken in order to improve the competitive position of Serbia in the international tourism market are in line with the WTTC report “Travel and Tourism Development Potential 2011-2023” that identified “poor and/or ad-hoc cooperation between the Serbian private and public sectors” to be potentially the greatest concern for tourism industry development in the future.

The article also examined the implications for Serbian tourism stakeholders that can help them develop a focused action agenda to achieve and maintain destination competitiveness. A way to facilitate this may be through the development of PPP, whereby public sector funds can be used to support important investment projects that harness private sector finance, passion, and expertise. The extracted competitiveness framework could serve as a model to monitor trends of changes in competitiveness indicators over time. In this way, trends in destination competitiveness can indicate the areas where various private and public sector initiatives are needed. What is needed are strategies that can improve the rate of return on tourism investment, boosting industry profitability and competitiveness.

Serbian tourism stakeholders face the challenging task to implement strategies that can enhance sustainable destination competitiveness. Tourism managers should be proactive at creating and implementing strategies that can successfully deal with specific challenges. PPPs should have an increasingly important role in carrying out these strategic actions. Sustaining the longevity of public and private partnership will ensure more efficient destination response to market demand and competitive challenges.

In an increasingly turbulent and rapidly changing world, it is more critical than ever for the public and private tourism sector to work together effectively in order to address the challenges, driven by changes in a destination’s internal and external environment. The findings of the present study can inform further conceptual and empirical research. The article

does not seek to replace IPA as an approach to measuring destination competitiveness but to extend its usefulness. Combining an IPA with factor analysis can help identify strategic options that will enhance destination competitiveness. The approach has generic relevance and can be applied to different destinations worldwide. The research establishes the value of understanding a destination's competitiveness indicators, the gains from which will lead to more informed policy making regarding the type of tourism development most likely to enhance resident quality of economic and social life.

Several problem areas have been identified in Serbian tourism requiring the attention of destination managers if the country intends to encourage private–public initiatives and partnership. For starters, little research has been carried out on tourism productivity, and tourism-related enterprises have little knowledge on possibilities to increase productivity in the tourism sector. In addition, the Serbian tourism sector lacks information that could support such estimations such as a Tourism Satellite Account. A greater emphasis on the productivity-enhancing effects of investment should make for greater efficiencies in capital expenditure, thus helping to foster destination competitiveness. Furthermore, the tourism sector requires a more highly skilled tourism workforce as tourism is a service-oriented sector where labor mainly drives overall tourism productivity growth. Tourism training and education are crucial to enhancing industry productivity.

The model developed above can form the basis for further conceptual and empirical research in Serbia and other destinations. More detailed analysis is required to develop the specifics of many of these strategies in different industry contexts and to prioritize them in a focused action agenda. Additional strategies can also be analyzed to contribute to a better understanding of how individual firms can better contribute to overall destination competitive advantage.

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