



# The Strategy for Improving the Quality and Sustainability of Tourism Organisations in the Republic of Serbia during the Global Crises

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**Abstract:** *The main goal of this research is to use the tools of strategic analysis to identify the factors from the macro environment that affect tourism and to propose a strategy for improving the quality of business and the sustainability of tourism organisations in the Republic of Serbia during the global crises. The research findings indicate that a strategy based on the implementation and application of international quality standards and orientation to domestic tourism products ensures the sustainability of tourism organisation. The significance of this manuscript is considered from the aspect of giving guidelines to the management of tourism organisations to improve the quality and sustainability of business in time of global crises.*

## 1. INTRODUCTION

Today, when the world is facing a global health and economic crisis, there is no doubt that tourism is one of the most affected economic sectors. The question of the sustainability of tourism companies is not only a problem of their owners or management but also state policy, considering that the contribution of tourism to the national economy is characterized by two indicators such as the share of tourism in GDP and the percentage of employment in this sector. Before the crises, from 2014-2018, the average annual growth of foreign exchange inflow from tourism in Serbia accounted for approximately 6.9% (UNWTO, 2020).

Nowadays, the business sector faces various risks, particularly in the tourism sector. The risks that come from the external environment are conditioned by many global crises that cause instability and lead to disruption of the organisation's business activities. Such a situation requires certain measures by the management of the tourism organisation. This implies modeling a strategy that will be adaptable to all changes coming from the external environment. A good strategy determines what types of risks are acceptable for the organisation as well as the measures to eliminate deficiencies and treat the risks. In this way, the organisation's management can harmonise its decisions with the guidelines for goal achievement.

Crisis management in tourism requires a strategic approach that includes proactive scanning and planning, implementing strategies when crises occur and evaluating their effectiveness. The duration of the crisis directs policymakers to adapt to the situation or minimize costs, assess possible responses from interested parties, and implement appropriate tourism policies (Kuščer et al., 2022).

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United Nations World Tourism Organisation (UNWTO) states that the tourism development master plan should recognise the actions/activities, roles and responsibilities of stakeholders, time-lines, indicative budgets, monitoring guidelines and success criteria for ten aspects of tourism at the destination such as transport, accommodation, tourism activities, product development, tourism zoning, marketing and promotion, institutional framework, statistics and research, legislation and regulations, and standards for the quality of tourism services (Mašić et al., 2017).

Many studies are focused on analysing the impact of the macro environment and development strategy of the tourism destination (Ateljević, 2016; Bojović & Plavša, 2011; Mašić et al., 2017; Reza zadeh et al., 2017; Stefanović & Began, 2013) as well as different types of tourism (Nasution & Rahmawati, 2021; Perić et al., 2017; Ünüvar et al., 2017). However, there is a certain research gap in exploring the influence of macro-circulation on the development of tourism organisation's business strategy and sustainability during the crisis, especially in the Republic of Serbia. The research on the impact of the macro environment and modelling of the development strategy of tourism enterprises was carried out by authors from Ukraine, Fisun et al. (2022). Furthermore, Kuščer et al. (2022) proposed a crisis management model that includes actions for crisis management and building business resilience in the stages of response, recovery, and business restart of tourism organisations. The authors have indicated the importance of stimulus packages and interventions by the government.

Considering various socio-cultural, political, economic, and technological factors, the main goal of this research is to use the tools of strategic analysis to examine internal and external factors that affect the business of tourism organisations in the Republic of Serbia, as well as to propose a strategy for improving the quality and sustainability of tourism organisation during the global crises.

## 2. THEORETICAL BACKGROUND

In the scientific literature, many definitions refer to tourism organisation. According to Kaspar (1991), the tourism organisation is a special organisational structure that takes over the functions of coordination within the tourism of a place, at the local level. Inskip (1991) points out the fact that tourism organisations include public and private organisations at the local, regional, national, and international levels. While UNWTO (1993) refers to tourism super-organisations that will organise existing tourism in terms of planning the strategy of tourism organisation (Magaš et al., 2018, pp. 70-71). According to O'Fallon (1994), the tourism product has composite nature and includes both material and immaterial aspects. The author differs three types of tourism products, such as the tourist experience, which includes everything that the tourist sees and experiences, the tourism destination as the second product, and the third product, which includes accommodation, attractions, accompanying tourism facilities, souvenirs, etc. (Berno & Bricker, 2001). The specificity of the tourism product requires that all participants in the provision of services undergo quality standardisation (Rajković & Arsovski, 2009). The sustainability of a tourism organisation is conditioned by competitiveness and continuity of business quality. It is of great importance for a company to maintain its market position despite changes in the external environment. Bearing in mind the instability and frequent changes, the management of organisation should use strategic planning as an instrument of strategic development. Strategic planning presents the first stage of strategic management that identifies the long-term organisational goals and the activities needed to achieve them. It provides an understanding of organisation's current position and forecasts its place in the future. Furthermore, it is oriented towards the growth and development of the company, achieving success and sustainability. The need for

strategic planning arises from changes that come from both the external and internal environment and the organisation's need to respond to them. Changes in user requirements, employee structure, technology, competition, economic, social, political, and other changes require strategic planning of actions and activities.

Strategy formulation is an analytical part of the decision-making process to achieve the organisation's development goals (Mašić, 2010, p.185). To correctly formulate and implement the strategy, it is necessary to carry out strategic planning beforehand. Peter Drucker believes that strategic planning is analytical thinking and the preparation of resources for allocation. He indicated that strategic planning does not deal with future decisions, but with the future of current decisions (Milosavljević, 2012, p.23). The main goal of most strategies is to achieve a competitive advantage (Mašić et al., 2017). Creating a competitive advantage is possible with the values and resources that the organisation has in comparison with its competitors. One of the central parts of the strategy should be the attitude towards the risks arising both from the internal and external environment. A good strategy determines what types of risks are acceptable for the organisation and what are measures to eliminate deficiencies and risks (Janovac, 2014, p.66). The adaptation of tourism organisations to the external environment must be carried out within the strategy framework (Fisun et al., 2022). The tourism organisation establishes a quality assurance strategy aimed at meeting the requirements of users and interested parties. An understanding of their needs and requirements is an important aspect of formulating the organisation's strategy and setting organisational goals.

Many tools and techniques in management systems can serve to establish an adequate strategy. However, SWOT and PEST analysis were mostly applied. By using these tools, the organisation can effectively identify its strengths and weaknesses, opportunities, and threats of the external environment to provide a more effective evaluation of the development strategy (Wang et al., 2022) and improve the quality of business. The application of a strategic tool such as SWOT is important from the aspect of analysing internal and external factors for assessing the current level of competitiveness and choosing the optimal strategy. SWOT is a business acronym typically used to identify an organisation's strengths (S), weaknesses (W), opportunities (O), and threats (T) (Goonwalla & Neog, 2011). The SWOT method analyses the strengths and weaknesses of the organisation's operations, as well as the opportunities and threats from the external environment (Rezazadeh et al., 2017; Ward, 2005). Through the analysis of its strengths, the organisation's management should see the good sides of the business and continue the processes in that direction. Analysing the weaknesses of organisation's operations will help management to identify weak points, find the direction and focus efforts on the future. The opportunities are found outside the established business and provide possibilities to improve the business quality. Threats come from the external environment and can have a negative impact on business. Threat analysis allows the organisation to reduce losses. PEST is an acronym for four sources of change: political, economic, social, and technological. PEST analysis refers to the macro environment, which is extremely important when it comes to risks that are conditioned by external factors (Sammut-Bonnici & Galea, 2014; Ward, 2005). Political factors include consideration of the political and institutional system of the country, laws and political stability. Economic factors refer to the trend of economic development of the country, the stability of the national currency, interest rates, and foreign investments. Social or socio-cultural factors include demographic characteristics, social trends, customs, living standards of the population, etc. Technological factors refer to the state of technological development. According to many authors, PEST analysis is one of the most important tools for evaluating external influences and the most suitable for application in the overall business environment (Ho, 2014).

The significance of using the stated tools is that the development potential is analysed by providing a comprehensive insight into the macro environment. Likewise, by applying these tools, the organisation can respond to changes promptly and adapt its strategy. In addition to SWOT and PEST analysis, the Internal Factor Evaluation (IFE) Matrix and External Factor Evaluation (EFE) Matrix, as modern strategic tools, were also used in the research. By applying strategic tools, two research questions should be answered. The first question refers to the identification of key internal and external factors that can improve the quality of business. The second question is focused on the market orientation of the tourism organisation's business.

## **2.1. The Advantages of Applying International Quality Standards in the Business of Tourism Organisation**

The business of tourism organisation takes place in conditions of strong competition, where two factors are defined as the most important for success: good organisational management and a high level of service quality (Rajković & Arsovski, 2009). The quality of services is determined based on the fulfillment of requirements and user satisfaction. The best way to constantly monitor quality is through continuous communication with users, and researching their needs, wishes and expectations. Asymmetric information, which underlines the difference between the quality perceived by the customer and the quality offered by the service provider, can negatively affect the value of the entire tourist experience even when the lack of satisfaction involves only one element of the offer (Asero & Patti, 2009).

As quality management has become important in the tourism sector, the application of standardised management systems has become increasingly common in this industry (Casadesus et al., 2010). International standards that can be applied in the business of tourism organisations are the following:

1. ISO 9001 – quality management system,
2. ISO 14001 – environmental protection management system,
3. ISO 27000 - information security management system,
4. ISO 31000 – risk management system,
5. ISO 13810 – management of tourism services.

International standards bring technological, economic, and social benefits. They help to align and harmonise the technical specifications of products and services, making the industry more efficient. By applying international standards, the tourism organisation can raise the level of business success and sustainability through (Raković, 2014, p.66): increasing profitability, return on investment, increasing competitiveness and income, rationalising business costs, optimising the use of available resources, retaining existing and attracting new users, better identification of business risks. To introduce a management system in the business of a tourism organisation, the commitment of management and all employees is necessary.

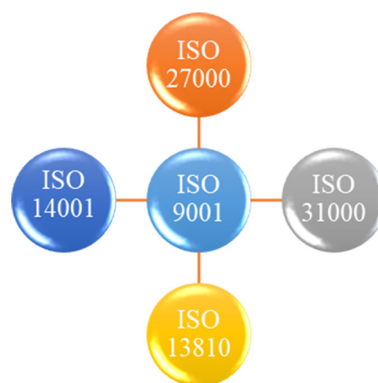
To operate more efficiently, the trend is to integrate management systems. The similarity in the structure of the mentioned management systems indicates that this integration can be performed based on identical and specific requirements that must be answered during the process management.

According to the literature review, different approaches to the integration of management systems can be found (Hatvany & Pucik, 1981; Holdsworth, 2003). The approach of mutual integration of different standardised management systems and their further integration into the organisation's

strategy and practice should be based on the common TQM (Total Quality Management) concept of all observed management systems (MS). The authors' recommendation is to first certify the ISO 9001 standard, and then in the second or third cycle perform the certification and integration of management systems such as ISO 14001, ISO 27000, ISO 13810, and ISO 31000.

The International Standard ISO 9001 represents the basis for the integration of management systems and enables the tourism organisation to connect or integrate its management system with the requirements of others. The application of several management systems with common elements contributes to achieving greater effects than when they are applied separately. ISO 9001 contains requirements for implementing the quality management system. It is a unique model for managing organisations, regardless of their size or field of activity, so it can be implemented in the tourism sector as well. Within the quality management system (Raković, 2014, p. 426), what is particularly emphasised is the commitment of the management, focus on the user, design, development, service provision and user satisfaction.

The introduction of an integrated management system (IMS) represents a reduction in administration through the improvement of internal coordination, easier management in achieving goals, and the creation of a better organisational image.



**Figure 1.** Integrated Management System in Tourism Organisation

**Source:** Authors' elaboration

### 3. RESEARCH METHODS

SWOT and PEST analysis are used to identify key internal and external factors that influence the strategy formulation process for improving the quality and sustainability of the business of tourist organisations in the Republic of Serbia. The internal factors defined by the SWOT analysis are applied for the development of the Internal Factor Evaluation (IFE) Matrix, while the external factors identified by the PEST analysis are applied for the development of the External Factor Evaluation (EFE) Matrix. Internal Factor Evaluation (IFE) Matrix is a strategy tool used to evaluate companies' internal environment and to reveal its strengths and weaknesses. External Factor Evaluation (EFE) Matrix is a strategy tool used to examine companies' external environment and to identify the available opportunities and threats.

Following David's (2011) model, the measurements of the variables were rated and ranked as follows (Ben-Abdallah et al., 2022):

- Coefficient weight is given to each factor to reflect its relative importance. The purpose is to assign the highest weight to the factor that has the greatest impact on the organisation,



from a score of 0.0 (not important) to a value of 1.0 (very important). The sum of these coefficients should be equal to 1. The number indicates how important the factor is if a company wants to succeed in an industry.

- The rating is determined by taking into consideration the following:
- The ratings in the internal matrix refer to how strong or weak each factor is in organisation. For the IFE matrix: 1= major weakness; 2= minor weakness 3= minor strength; 4 = major strength.
- For EFE Matrix: the rating reflects the response of the company to the external factors, where 1= low response; 2=average response; 3= good response and 4= high response.
- Ratings, as well as weights, are assigned subjectively to each factor.
- The final value of each factor is obtained by multiplying the values of the weights and ratings.
- The total weighted score is obtained after the calculation of the total final score for each factor.

Strategic analysis is the basis for strategic planning. In this case, it should determine the possibilities for quality improvement as well as the orientation of the tourism organisation's business.

The methodology consists of two parts. The first part is the definition of strengths, weaknesses, opportunities, and threats of tourism organisation based on the theoretical background.

The second part of the methodology is the weighted score method that uses Internal Factor Evaluation (IFE) Matrix and External Factor Evaluation (EFE) Matrix. An EFE Matrix consists of a list of external factors to indicate and evaluate the relative importance of political, economic, socio-culture and technological factors in Serbia. The use of the EFE Matrix is a systematic method that will allow stakeholders and strategists to identify the available opportunities and avoid potential threats (Talib et al., 2014).

#### 4. ANALYSIS OF RESULTS

To define a development strategy and improve the quality of business and the sustainability of tourism organisations in Serbia, it is necessary to analyse the trends in the tourism sector. The analysis should include the strengths and weaknesses of tourism organisations, business opportunities and threats, considering the political, economic, sociocultural, and technological factors.

Summarized data within SWOT and PEST are evaluated and presented in the form of an IFE and EFE matrix where key factors are analysed and evaluated. The most important internal factors (Strengths and Weaknesses) are analysed in the IFE matrix. According to David's (2011) the identified factors are assigned a weight that ranges from 0.0 (not important) to 1.0 (all-important) for each factor. The factors considered to have the greatest effect on organisational performance should be assigned the highest weights, regardless of whether a key factor is an internal strength or weakness. The sum of all weights must equal 1.0. Ratings from 1 to 4 indicate the following: a major weakness (rating = 1), a minor weakness (rating = 2), a minor strength (rating = 3), or a major strength (rating = 4). It should be noted that strengths must receive a 3 or 4 rating and weaknesses must receive a 1 or 2 rating. Ratings are thus company-based, whereas the weights in step 2 are industry-based. The weight of each factor is multiplied by its rating to obtain a weighted score, and then all weighted scores are added together to obtain the total score (David, 2011, p.122).

**Table 1.** The strengths and weaknesses of tourism organisations

Parameter estimation	Strengths	Weaknesses
<b>Organisation</b>	<ul style="list-style-type: none"> <li>- Satisfactory level of knowledge and skills of employees</li> <li>- Cooperation among employees</li> </ul>	<ul style="list-style-type: none"> <li>- Weak motivation</li> <li>- Low level of interest in organisational development</li> </ul>
<b>Production</b>	Satisfactory level of service quality	Short life cycle of a tourism product
<b>Finance</b>		<ul style="list-style-type: none"> <li>- Low profitability</li> <li>- High level of costs</li> <li>- Costs of development and introduction of new technologies (software, applications, quality standards)</li> </ul>
<b>Innovations</b>	Introduction of new tourism products Implementation of new applications and software in business Application of international quality standards	<ul style="list-style-type: none"> <li>- A long period of return on new investments</li> </ul>
<b>Marketing</b>	Using its brand Positive organisational image New approaches to marketing campaigns	<ul style="list-style-type: none"> <li>- Insufficiently developed sales channels</li> <li>- High level of competition</li> </ul>

Source: Adapted by [Fisun et al., 2022](#)

**Table 2.** The market opportunities and business threats of tourism organisations

Factors	Opportunities	Threats
<b>Demand factors</b>	<ul style="list-style-type: none"> <li>- Increasing market capacity</li> <li>- Demand for domestic tourism products</li> <li>- Increase in tourist traffic</li> </ul>	<ul style="list-style-type: none"> <li>- Reduced demand</li> </ul>
<b>Competition factors</b>	Eliminating trade barriers	The emergence of new competitors
<b>Sales factors</b>	<ul style="list-style-type: none"> <li>- Creating a new network in the market</li> </ul>	Decrease in sales
<b>Economic factors</b>	<ul style="list-style-type: none"> <li>- Economic growth</li> <li>- Stability of the national currency</li> <li>- Increase in direct investments</li> <li>- Tourist vouchers</li> <li>- Program to encourage entrepreneurship and SMEs by government agencies</li> </ul>	Economic recession Negative exchange rate changes GDP decline
<b>Political factors</b>	<ul style="list-style-type: none"> <li>- Making positive changes in the legal regulations</li> <li>- "Open Balkan" initiative</li> </ul>	<ul style="list-style-type: none"> <li>- Health crisis</li> <li>- Kosovo crisis</li> <li>- The crisis caused by the Russian-Ukrainian war</li> </ul>
<b>Socio-cultural factors</b>	<ul style="list-style-type: none"> <li>- Urbanisation</li> <li>- Changing demands, needs and expectations of service users</li> <li>- Finding new user categories</li> <li>- Increasing the number of employees in tourism</li> </ul>	<ul style="list-style-type: none"> <li>- Population aging</li> <li>- Fall in living standards</li> <li>- Loss of a certain category of users</li> <li>- Changing requirements, needs and expectations of users</li> </ul>
<b>Technological factors</b>	<ul style="list-style-type: none"> <li>- Implementation of new applications and software in business</li> <li>- Application of international quality standards</li> </ul>	<ul style="list-style-type: none"> <li>- Increasing costs for information and communication technologies</li> <li>- Standardisation costs</li> </ul>

Source: Authors' elaboration

**Table 3.** IFE matrix

Key Internal Factors	Weight	Rating	Weighted Score
<b>Strengths</b>			
Satisfactory level of service quality	0.1	4	0.4
Introduction of new tourism products	0.1	4	0.4
Implementation of new applications and software in business	0.01	3	0.03
Application of international quality standards	0.2	4	0.8
Positive organisational image	0.09	3	0.27
<b>Weaknesses</b>			
Short lifecycle of tourism product	0.13	1	0.13
The costs of development and introduction of new technologies (software, applications, quality standards)	0.2	2	0.4
Long period of return on new investments	0.08	2	0.16
Insufficiently developed sales channels	0.02	1	0.02
High level of competition	0.07	1	0.07
Total	1	-	2.68

**Source:** Authors' elaboration

According to findings presented in the IFE matrix, the most significant internal factor related to the Strengths category is the Application of International Quality Standards (0.8), while the factor that has the highest weighted score and belongs to the Weaknesses category refers to the Costs of development and introduction of new technologies (0.4).

When using the EFE matrix we identify the key external opportunities and threats that are affecting or might affect a company (Rezazadeh et al., 2017). Each factor is assigned a weight that ranges from 0.0 (not important) to 1.0 (very important). The sum of all weights assigned to the factors must equal 1.0. Opportunities often receive higher weights than threats, but threats can receive high weights if they are especially severe or threatening (David, 2011, p. 80). Major external opportunities and threats are listed, weighted, and rated to derive a total weighted score that is also based on a 1 to 4, where 4 = the response is superior, 3 = the response is above average, 2 = the response is average, and 1 = the response is poor (Capps & Glissmeyer, 2012). It is important to note that both threats and opportunities can receive a 1, 2, 3, or 4. The weight of each factor is multiplied by its rating, to obtain a weighted result, and then the weighted results are summed up to get the total weighted result (David, 2011, p. 80).

The ratings in the external matrix refer to how effectively the company's current strategy responds to opportunities and threats. In our study, the external factors that affect the business of tourism organisations have been observed.

According to the findings presented in the EXE matrix, the most significant external factor within the Opportunities category is the Application of International Quality Standards (1), while the biggest Threats refer to the Recession in the economy (0.8).

The total weighted score is simply the sum of all individual weighted scores. Values can range from the lowest score 1.0 to the highest score 4.0 in both matrices, with an average of 2.5. A value scoring below 2.5 shows a weak internal position, whereas a result above 2.5 represents a strong internal position (David, 2011). According to this matrix, calculating the total weighted score gives an average result of 2.68, which is evidence of a very good internal position. The



total score of 3.27 is an average score for external evaluation. In external evaluation, a low total score indicates that companies' strategies are not well designed to meet the opportunities and defend against threats. This result can be caused by an increasingly certain recession in the economy and a decline in living standards.

**Table 4.** EFE matrix

Key External Factors	Weight	Rating	Weighted Score
<b>Opportunities</b>			
Entrepreneurship promotion program and SME	0.1	3	0.3
Application of international quality standards, new software, and business applications	0.25	4	1
Urbanisation	0.03	3	0.09
Initiative „Open Balkans“	0.07	3	0.21
Finding new categories of users	0.05	2	0.1
<b>Threats</b>			
Economic recession	0.2	4	0.8
Unstable political situation due to the crisis	0.1	3	0.3
Living standards declining	0.1	3	0.3
Increasing costs for information and communication technologies	0.07	2	0.14
Loss of a certain category of users	0.03	1	0.03
Total	1	-	3.27

**Source:** Authors' elaboration

## 5. DISCUSSION

According to the Annual Research World Travel Tourism Council, the contribution of the tourism sector to the GDP of the Republic of Serbia was 3.7% in 2020, and 3.6% in 2021 (World Travel Tourism Council, 2022). During the period before the pandemic from 2014 to 2018, the Republic of Serbia achieved an average annual growth rate of international arrivals of 14.2% (UNWTO, 2020). Such a high growth rate is a consequence of a low starting base, increased quality of the tourism offers, investment in tourism and traffic infrastructure, but also a more relaxed visa regime and procedures, growth in air traffic connectivity, and investment in tourism promotion.

Due to the crisis caused by Covid-19, the Government of the Republic of Serbia undertook certain economic measures (Ministry of Finance, 2022). The program of measures to support the economy of the Republic of Serbia is comprehensive and includes assistance to business entities in the private sector - fiscal benefits (postponement of the due date for tax payments and contributions to wages, the advance payment of taxes and contributions on income from self-employment, as well as advance payment of corporate income tax for the prescribed months with a subsequent postponement for the payment of deferred obligations starting in 2021) and direct benefits from the budget (payment of non-refundable funds to business entities in the private sector, which can be used exclusively for the payment of wages and salary benefits to employees), direct assistance to all adults citizens and favourable liquidity loans in the economy. The Government of the Republic of Serbia, in cooperation with the Development Fund, provided an additional program of support for entrepreneurship through development projects in 2022, which includes grants of RSD 350,000,000.00. Among other things, these funds are intended for purchasing software and computer equipment, as well as permanent working capital, which can make up a maximum of 10% of the total investment (Development Fund, 2022).

In the Republic of Serbia, there is a potential to generate high rates of growth in the number of international arrivals during the coming period, after the stabilisation since the pandemic, due to factors such as further development of the tourism offers, better transport connections (air and rail networks), continuous growth in demand, simplification of procedures, etc. Regarding other indicators as well, it can be concluded that the Republic of Serbia records positive developments in the tourism industry. According to the participation of the tourism sector in the GDP, the Republic of Serbia achieves continuous progress. The share of employees in the tourism sector concerning the total number of employees is growing somewhat slower than the competition. In addition, the Republic of Serbia records a continuous increase in the share of foreign exchange inflows from tourism in the total inflow from the export of goods and services, which is higher than the mentioned comparing countries. The share of foreign exchange inflow from the tourism sector in the total inflow from the export of goods and services at the global level is about 7% with a slight growth trend, for Europe, it is at the level of 6% with stagnation, and in the Republic of Serbia, it is 8% with continuous growth, as stated in the Strategic Marketing Plan of the Republic of Serbia until 2025.

According to the Strategic Marketing Plan until 2025, it is expected that the growth model for the period 2020–2025 will reach 14.84 million in 2025, with a projected average annual growth rate of 9.1% in foreign tourist arrivals. If the market structure changes in favour of foreign visitors, respecting the goal of increasing the share of overnight stays to 55% by 2025, it can be expected that foreign tourists will reach 8.1 million overnight stays and domestic tourists 6.6 million overnight stays by the 2025 year. Bearing in mind the stated assumptions, during the observed period of five years, the average annual growth rate of overnight stays of foreign tourists would be 13.5%, and 4.8% of domestic tourists. Therefore, the forecast indicates the development of domestic tourism in the coming period. As one of the incentives for the development of domestic tourism, the Government of the Republic of Serbia in 2022 distributed 200,000 vouchers for holidays in Serbia (Ministry of Trade, Tourism and Telecommunications, 2022a). By applying the mentioned growth models in the Republic of Serbia until 2025, it is possible to achieve the following: an increase in direct tourism income of 3.7 times, about 30,000 new employees directly in the tourism sector, about 157,000 new employees in tourism and related activities with a large number of new micro and small businesses companies in the field of tourism and catering and related activities and growth of the share of foreign exchange income in GDP by 2.7 times, i.e. growth of the share of estimated foreign exchange income from tourism in GDP to 12.5% (Ministry of Trade, Tourism and Telecommunications, 2022a).

One of the significant factors affecting tourism demand is the political situation both in the country and in the surrounding area. When looking at political factors, the situations affecting the region such as the crisis caused by Covid-19, the crisis caused by the Russian-Ukrainian war, the energy crisis, as well as the Kosovo crisis, create a sense of instability and bring a decrease in demand within the tourism sector. The Ministry of Trade, Tourism and Telecommunications, the Serbian Chamber of Commerce, local governments, tourist associations and organisations, professional tourism associations, as well as the private sector are trying to work in many directions, to mitigate the negative impact of these crises. Making positive changes in the legal regulations facilitates the work and employment of personnel. As part of the Open Balkans initiative, among other things, a Memorandum on cooperation in the field of tourism was signed between North Macedonia, the Republic of Serbia and Albania. The goal of this initiative is to increase the tourist traffic of the member countries, as well as to increase the GDP of the tourism sector. As part of the Open Balkans initiative, the first international wine fair "Open

Balkans Wine Vision" was held in Belgrade, where the region was jointly promoted as a unique destination recognizable, among other things, for its excellent wines and traditional gastronomy. The wine vision is part of a broader strategy of expanding stable relations between people in the Western Balkans, facilitating economic development, increasing the potential of tourism, as well as establishing a single market for tourism services (Ministry of Trade, Tourism and Telecommunications, 2022b).

Regarding the socio-cultural or social factors, The Republic of Serbia is a very important destination with its material and immaterial wealth of cultural heritage, its geographical position and climate. In addition, it has riches such as natural protected areas, cultural and historical monuments, and a rich gastronomic culture. The geographical position of Serbia, its historical and cultural ties with neighbouring countries and its openness to destinations, rich cultural and historical heritage are favourable for many alternative forms of tourism such as health and spa tourism, ecotourism, rural tourism, religious tourism, congress, gastronomic and wine tourism. The country's competitiveness is also increased by the fact that it provides opportunities for all types of income and that many experienced tourism organisations can improve the quality of their activities. Furthermore, urbanisation, in terms of providing the necessary infrastructure network, can contribute to the development of domestic tourism, which is an additional motive of the Government of the Republic of Serbia, i.e., the line ministry for investments in infrastructure.

Table 2 shows that the change in user requirements, needs and expectations can be both an opportunity and a threat at the same time. In other words, changing the established habits, that is, the demands and needs of users can be a chance for the success or failure of tourism organisations, depending on the observed circumstances. Finding new categories of users can be a chance for success, while the loss of a certain category of users can threaten the viability of the tourism organisation, as well as the aging of the population. Consequently, a quality strategy that is oriented toward users, their requirements, needs and expectations can respond to this change. By constant modernisation, acceptance and implementation of international quality standards, and business and management models, tourism will become a desirable sector for employment and career development.

According to the Strategic Marketing Plan of the Republic of Serbia by 2025, the establishment of destination management organisations (DMO) is foreseen to enable the optimisation of the tourism organisation process and the achievement of market-oriented management. The objectives of the DMO are not only the branding and promotion of the destination but also the management of tourism development in the destination. Unlike traditional tourism organisations, DMOs rely on the sustainable development of tourism and the creation of partnerships in the destination.

Technological factors significantly affect the work of tourism organisations. The work is unthinkable without modern information and communication technologies, various software, and applications. Likewise, the implementation of international quality standards improves the quality of business in terms of achieving the satisfaction of users and interested parties, fulfilling legal regulations, expansion to new markets and finding a new category of users, more successful identification of business risks, better organisational image, increase in profitability and competitiveness, increase in income, rationalisation of business costs, which ensures the sustainability of the tourism organization in a long period.

## 6. CONCLUSION

To define a quality improvement strategy, the SWOT and PEST analysis were used to identify the key internal and external factors for the sustainability of tourism organisations in the Republic of Serbia during the global crises. Research findings indicate that tourism organisations operating in the Republic of Serbia can increase the chance for business success and sustainability by applying international quality standards. In addition, by introducing new tourism products, the tourism organisation can acquire a new category of users. The introduction of positive changes in legal regulations, urbanisation, as well as the "Open Balkans" Initiative, allows an increase in tourist traffic, affecting the creation of new jobs in the tourism sector as well. Thanks to programs for encouraging entrepreneurship and SME development of the Government of the Republic of Serbia, tourism organisations can reduce business costs, especially those related to the introduction of new tourism products, the implementation of new applications and software in business, as well as the costs of standardisation, which contributes to improving the quality of business.

Identified threats that come from the external environment can carry a risk for the sustainability of business, and refer to economic recession, negative changes in the exchange rate, a decline in the standard of living, as well as political instability caused by crises. Likewise, the increase in costs for information and communication technologies, the appearance of new competitors, the loss of a certain category of users, and the aging of the population are also a threat.

Based on the diagnosis of trends in tourism, considering the environmental factors such as political, economic, social, and technological, as well as the research results, the authors of this work propose a strategy to improve the quality of the tourism organisation's business by implementing international quality standards. Bearing in mind that the economic parameters for the next period indicate the development of domestic tourism, the authors suggest an orientation towards domestic tourism, that is, towards domestic tourism products. The orientation to domestic tourism products carries less risk in the business of travel agencies. The strategy of improving the quality of business based on the implementation and application of international quality standards and orientation to domestic tourism products ensures the satisfaction of users and other interested parties, can respond to the challenges of the external environment, and ensure sustainability in a long period. Furthermore, the contribution of this paper is reflected in the proposal of a unique integrated management system that provides better efficiency of the tourism organisation's operations. In addition, the manuscript's importance can be seen in giving guidelines to the management of tourism organisations to improve the quality and sustainability of the business. Future research will be focused on identifying tourism organisations that have implemented quality standards, as well as measuring the satisfaction of their internal and external service users.

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