

PRELIMINARY REPORT

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**HUMAN RESOURCES
– ONE OF THE KEY
CHALLENGES OF TOURISM
DEVELOPMENT IN THE
REPUBLIC OF CROATIA**

ABSTRACT: Tourist activity in the Republic of Croatia is one of the leading and most promising activities. It is our past, present and future. According to the National Bank, the share of revenues from travel - tourism in overall GDP in the first 9 months of 2015 was 22.2%, an increase of 1.2% compared to the same period in 2014. In the third quarter share of revenues from travel - tourism in total GDP amounted to 41.3%, as compared to the same period in 2014, representing a growth of 1.4%. The conclusion is that tourism is one of the leading economic sectors in the Republic of Croatia. Due to realized 78 million and 569,000 overnight stays (6.8% more than in 2014) and more than 8 billion of foreign exchange inflows, the Republic of Croatia on the overall tourism market has been recognized as an important destination whose development potentials have not yet been exhausted. Relevant institutions and predictions underline the fact that tourism is one of the keys for faster integration of Croatia in the entire world economy and the networked society, from which it can be read that Croatia must view this sector in a new way and allow tourism to undergo complete transformation, in order to cope with future competitive challenges more easily. According to estimates by the World Travel & Tourism Council

direct and indirect employment in the tourism sector in 2008 was about 300,000 employees, but that number will have increased by additional 100,000 in the next ten years. The Croatian tourism today employs 35-40% of workers. Thus, the tourism industry is a comprehensive and a very important generator of jobs of different profiles - from catering and hotel industry to entertainment and animation. In the light of progress in the development of tourism, and regardless of specific personnel, Croatia still needs a lot of work on the construction of the existing profile of tourism personnel and management and educate the tourist interest in tourism future. In addition, employment in the hospitality and tourism industry has a very high seasonal fluctuation of work, while the proportion of highly educated so-called senior managers is weak due to the contemporary needs of the tourism of the 21st century. The system of education for tourism is not performed well at all levels of education, and the result is inadequate qualifications. On the other hand, salaries of employees in the tourism industry, especially in the hospitality and catering industry, are among the lowest in the Republic of Croatia. With its tourism development strategy, the Republic of Croatia has turned towards building quality

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destinations (new facilities, renovation of existing and quality services). This paper will analyze how the quality of services, backed by human activity, is the key to the success of any enterprise, with an adopted conclusion about what kind of future we are building in this segment. The research will be carried out through the review and analysis of trends in employment in the tourism industry, the qualifying term structure of employees, their share in the total employees in the Republic of Croatia, the competitiveness in the international labor market for a period of last 5 years.

KEY WORDS: human resources, education, employment, legal provisions

INTRODUCTION

Taking into account the fact that the world has stepped into the third millennium in which major changes are to be expected in all areas of life, human activity and interest; the pressure focuses on man as the object of all changes, but also as the subject that affects and changes everything. The curious nature of man is his basic fuel that continually drives and stimulates him to accept new challenges.

Despite the fact that all resources are essential for business processes in all segments of society, human resource, i.e. the human capital is nevertheless the most important. The human capital embraces knowledge, education and the ability of the labour force for economic growth and development. It is the power, which in addition to all other natural and material resources, breathes in vitality, and breathes usage value into products and services – and people use this ability to satisfy certain needs.

Tourism, as a service activity, and in terms of hiring necessary workforce, is by its nature an extremely labour intensive economic activity. It offers great opportunities, not only in tourism but also in other economic sectors and affects the

balance of the economic situation of a country. Tourist trade is labour intensive, especially while creating seasonal jobs. The problems of seasonal employment are numerous, from “black” labour to the problems of insufficiency of skilled workers with specific skills.

The quality of services in tourism is highly dependent on invested human labour and special attention should be given to motivation, impressions and to personal welfare of all participants, both in creating and offering, as well as in receiving tourism product. Hence, the importance of educated, motivated and skilled human resources equals the importance of quality accommodation and amenities. A satisfied customer contributes to the reputation of a tourist destination, as well as to the arrival of new guests. This is why the purpose of this paper is to fully investigate and consider one of the key development challenges faced by tourism industry in the Republic of Croatia – human resources through a period of 10 years.

DEVELOPMENT OF TOURISM IN THE REPUBLIC OF CROATIA

Tourism as a mass phenomenon started to appear about sixty years ago. The period of nationalization and renewal of destroyed tourism infrastructure followed World War II. It was also the time when national parks were founded and drama, film and music festivals were organized.

During the economic expansion of the 1960s numerous tourist facilities were built, hotels, marinas, camps, and even entire resorts, mainly on the Adriatic but also in continental Croatia. In 1979, an important year for tourism, the UNESCO World Heritage listed the top three sites (Diocletian’s Palace in Split, the old town of Dubrovnik and Plitvice Lakes National Park). Namely, Croatia leads in intangible heritage under UNESCO protection in Europe, while on a global scale Croatia is right behind China and Japan. Despite the exceptional richness and abundance of

natural, historical and cultural attractions, only a small number of sites are evaluated and included in the overall destination offer.

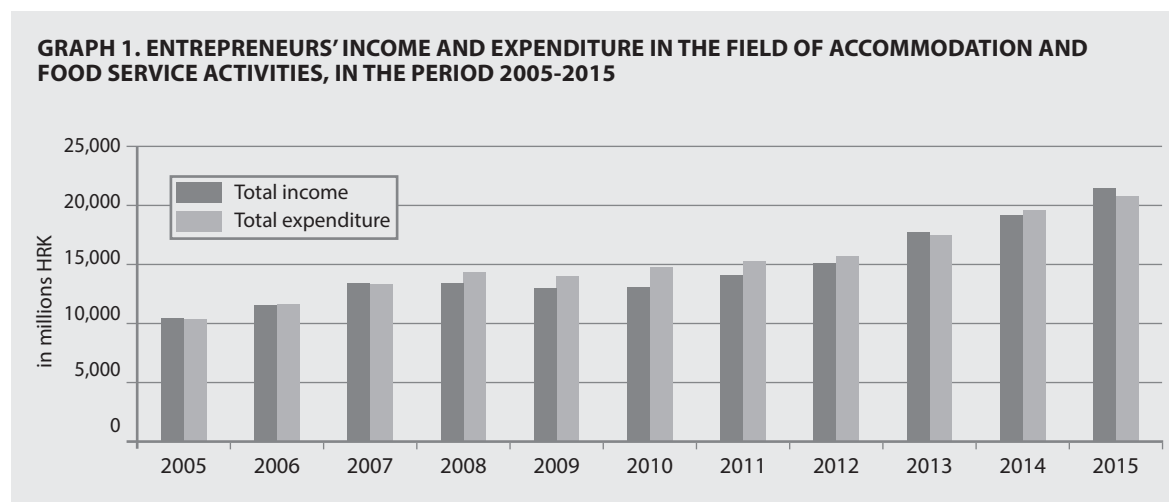
During the Croatian War of Independence from 1991 to 1995 tourism practically halted. The new impetus appeared after 1995, and especially in the past decade, when a number of Croatian tourist resorts recorded a large increase in the number of foreign tourists and Croatia secured its position as the world's leading tourist destination (Bakan, 1913).

Tourism in overall Croatian economy

Products and services in tourism industry are mutually complementary, not competitive, since each of them individually could hardly achieve its economic effect unless included in the system of tourism. It follows therefrom that tourism as an economic category is a highly sophisticated integral system within the national economy and has direct and indirect effects on it. The basic economic effects which can be realized through tourism development by Vukonić B. (2005) are:

- ☞ Activating tourism potential,
- ☞ Enabling tourist economy,
- ☞ Transportation job capacities,
- ☞ Tourism and other complementary jobs capacities,
- ☞ Increasing employment,
- ☞ Activating underdeveloped areas,
- ☞ Higher international exchange of labour and services,
- ☞ Improving the foreign currency balance,
- ☞ Stimulating economic flows between the regions and between all the participants in the tourism process.

There are three basic economic functions of tourism, multiplicative with induced economic effects, conversional and developmental function. These functions should be extended by the function of tourism in employment and foreign exchange, that is, the export function of tourism, which relates to balance of payments function and absorption function (Bartoluci, 2013).



Source of data: FINA (Financial Agency), The Register of Annual Financial Reports, analysed by GFI for the period 2005-2015

TABLE 1. NUMBER OF ENTREPRENEURS, NUMBER OF EMPLOYED AND KEY FINANCIAL DATA IN THE FIELD ACTIVITY 1. ACCOMODATION AND FOOD SERVICE ACTIVITIES (NATIONAL CLASSIFICATION OF ACTIVITIES 2007) FROM 2005 TO 2015

YEAR	NUMBER OF TAX-PAYERS	DISTRIBUTION OF EMPLOYED BY HOURS OF WORK	TOTAL REVENUE	TOTAL LOSS	PROFIT FOR THE PERIOD	LOSS FOR THE PERIOD	NEW FIXED ASSET INVESTMENT
2005	3,260	37,801	10,593,783,733	10,400,650,675	883,057,448	750,003,781	2,181,528,087
2006	3,817	40,336	11,591,774,658	11,647,862,384	690,679,752	829,069,538	4,016,948,149
2007	4,153	42,238	13,375,581,130	13,349,567,365	956,417,844	1,048,016,833	4,484,951,929
2008	4,697	44,946	13,362,038,206	14,320,702,001	570,523,316	1,626,315,145	3,813,581,775
2009	4,833	43,547	12,985,718,798	13,868,412,424	587,243,511	1,576,277,471	2,292,835,756
2010	5,418	43,919	13,100,761,445	14,754,414,645	474,592,158	2,212,759,806	1,613,642,715
2011	5,706	45,191	14,056,811,296	15,244,991,114	656,756,050	1,955,480,319	1,920,343,110
2012	5,929	44,974	14,921,623,494	15,554,376,508	1,006,142,309	1,729,267,544	2,128,210,816
2013	6,745	48,658	17,605,583,067	17,339,893,872	1,694,193,725	1,518,422,572	2,087,356,915
2014	7,772	53,982	19,054,259,897	19,366,006,855	1,604,190,253	2,098,113,591	2,734,146,107
2015	8,262	57,220	21,164,295,228	20,519,001,183	1,994,781,863	1,571,616,883	3,315,042,616

Source of data: FINA (Financial Agency), The Register of Annual Financial Reports, analysed by GFI for the period 2005-2015

In tourist countries like Croatia, tourism is a very important component of the national economy due to its impact on income increase, population employment, capital investment, public revenue growth, as well as stimulating regional and local growth and development.

Graph 1 shows entrepreneurs' continuous income increases in the field of accommodation and food service activities in the last decade. The profit reached its peak in 2015.

According to the Croatian National Bank data, the share of travel and tourism accounted for 22.2% in total GDP in the first nine months of 2015, which is by 1.2 percentage points higher than in the same period in 2014.

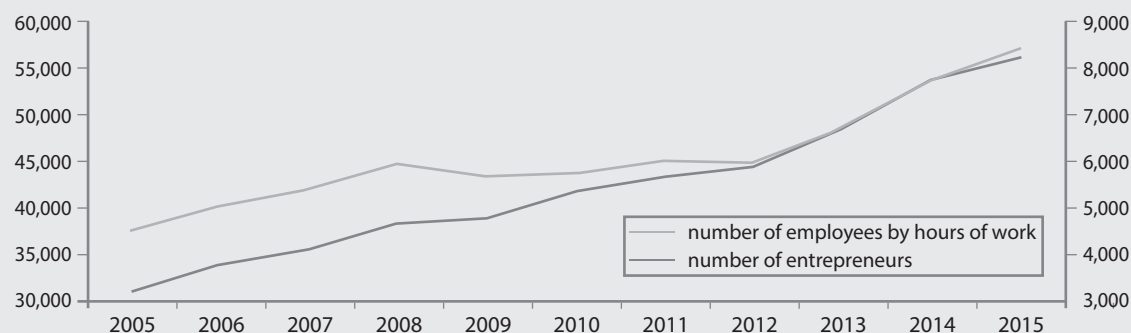
Over the last decade Croatia has shown increasing business results on the global market due to the stable demand on the global market and the situation in the competitive Mediterranean countries (Spain, France, Italy, Greece and Turkey).

A RESEARCH ON HUMAN POTENTIAL IN TOURISM IN CROATIA

A brief review of current situation on the labour market in the field of accommodation and food service activities in Croatia

Employment has one of the most prominent roles in tourism. Tourism is a labour-intensive industry. It provides both direct and indirect employment.

GRAPH 2. NUMBER OF ENTREPRENEURS AND NUMBER OF EMPLOYEES IN SECTOR I: ACCOMMODATION AND FOOD SERVICE ACTIVITIES IN THE PERIOD 2005-2015



Source of data: FINA (Financial Agency), The Register of Annual Financial Reports, analysed by GFI for the period 2005-2015

TABLE 2. NUMBER OF ENTREPRENEURS, NUMBER OF EMPLOYED AND KEY FINANCIAL DATA FOR THE ENTREPRENEURS IN THE REPUBLIC OF CROATIA FROM 2005 TO 2015

YEAR	NUMBER OF TAX-PAYERS	DISTRIBUTION OF EMPLOYED BY HOURS OF WORK	TOTAL REVENUE	TOTAL LOSS	PROFIT FOR THE PERIOD	LOSS FOR THE PERIOD	NEW FIXED ASSET INVESTMENT
2005	71,803	813,762	523,712,497,226	502,004,976,029	27,683,061,352	10,860,939,386	57,946,097,918
2006	78,509	865,883	593,140,267,397	566,387,326,215	31,121,041,243	10,594,929,164	66,193,931,599
2007	83,532	896,013	655,560,536,601	623,617,647,155	36,667,770,741	11,904,061,591	75,480,871,540
2008	89,656	933,625	709,827,307,700	685,637,757,751	34,746,271,343	17,516,739,177	63,717,198,989
2009	91,320	889,396	613,366,627,153	603,876,382,818	36,437,575,978	22,040,707,831	50,845,352,563
2010	96,758	859,808	598,187,419,066	593,810,254,425	28,202,890,986	29,865,960,724	37,784,678,065
2011	98,530	851,386	624,806,765,535	612,393,276,964	32,910,996,616	25,731,063,504	32,989,842,751
2012	97,254	829,874	610,375,510,154	601,182,797,346	34,053,155,903	29,112,240,066	33,353,098,801
2013	101,191	830,928	612,440,964,651	604,997,522,318	30,391,518,041	26,862,026,023	37,489,492,038
2014	104,470	830,116	618,790,718,066	604,883,657,398	34,903,983,500	25,149,912,102	35,184,752,835
2015	106,569	838,584	639,647,946,546	616,954,489,946	35,925,883,708	18,786,379,606	38,444,855,654

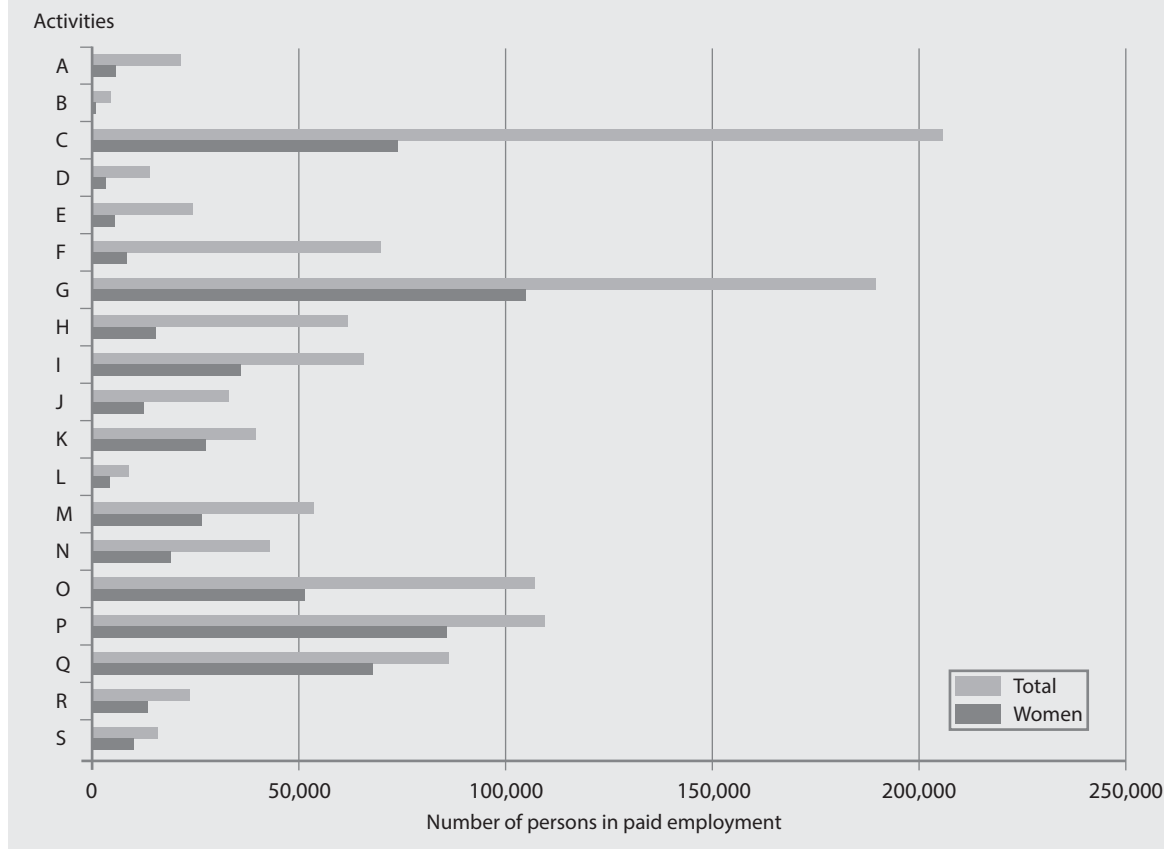
Source of data: FINA (Financial Agency), The Register of Annual Financial Reports, analysed by GFI for the period 2005-2015

Direct employment refers to employment in activities that are directly associated with tourism like catering, traffic, tourist agencies, while indirect employment refers to related activities which are more or less dependent on the companies providing direct employment for their revenues (water supply, construction industry and others).

The entrepreneurs analyses in Sector I – Accommodation and food service activities in

the period from 2005 to 2015, reveals a continuous and stable increase of entrepreneurs whose dominant activity is in this field, while the number of employees has also been steadily growing, except for the year 2009 when the number was lower by 3.1 per cent than in 2008, and the year 2012 when the number was slightly lower (0.48%) than in 2011. The number of employees increased the most in 2014 (10.94% compared to 2013), while in 2015 the number of employees compared

GRAPH 3. THE EMPLOYEES IN LEGAL ENTITIES BY NCA (NATIONAL CLASSIFICATION OF ACTIVITIES), IN JUNE, 2016



Source: Croatian Bureau of Statistics (2015)

to 2014 was higher by 6.00%). The share of employees in Sector I – Accommodation and food service activities, in relation to the total number of employees in the Republic of Croatia, amounted to 6.82% in 2015 (Graph 2).

In the observed period, the number of entrepreneurs in the field of the Sector I – Accommodation and food service activities increased by 5.002 or 253.4%. For comparison, the total number of entrepreneurs in the observed period in Croatia increased from 71,803, the number of entrepreneurs who composed and submitted annual financial report to the Register in 2005, to 106,569, the number of entrepreneurs in 2015, which is an increase by 148.4% (Table 2).

In June 2016, the number of entrepreneurs in the field of Sector I – Accommodation and food service activities, was 65,233, an increase of 1.7% in relation to June in the previous year. The share of employees in the field of Sector I – Accommodation and food service activities in the total number of employees in Croatia is 5.58%. The number of employees in the field of Sector I – Accommodation and food service activities in the first six months increased by 1.1% in relation to the same period of the previous year (Graph 3).

The problem of seasonality

Seasonal employment has a high share in total employment according to Bureau evidence. It mostly refers to the tourism trade which, besides accommodation and food service activities, also provides other related activities (commerce, transport, administrative and other service industries).

The fields of activities with the highest turnover of workers (getting into employment, getting out of employment) over the year are the following: providing accommodation service, food service, processing industry, wholesale and retail and construction. According to the Bureau evidence in 2015, 121,969 persons were employed in these services or 59.0% of the total number of registered

employees, with recorded annual decline rate of 2.3%. The lowest increase in employment was recorded in accommodation and food services (1.0%), education (0.5%) and agriculture, forestry and fishing (0.4%).

According to the Bureau data, most of the reported vacancies are in the field of education, manufacturing and accommodation and food service activities.

During 2015, the number of those employed in seasonal jobs was 41,467 in total, or 20.1% of the total number of employees according to the Bureau employment evidence. Compared to 2014, the total number of seasonal workers increased by 1,130 or 2.8%. The highest share in seasonal employment goes to accommodation and food services (22,054 workers or 53.2%), followed by commerce (12.7%). If classified by occupation, most of seasonal employees are: sellers (9.8% of total employees), waiters (9.2%), chefs (8.1%), housekeeping staff (4.4%), cleaners (4.3%) and chef assistants (3.9%). Most of seasonal workers in 2015 were from coastal (total 61.6%) and Slavonia (23.3%) counties. In conclusion, coastal area views tourism as a priority, and the other (continental) area normally provides a significant number of seasonal workers to work on the coast.

Interregional intervention plays an important role in meeting the seasonal labour needs during the tourist season. In 2015, according to evidence of the Employment Service regional offices of the Bureau, the total number of 37,258 workers were employed off-site, which is a decline of 1.8% in comparison to 2014. When observed by counties, most of off-site workers arrive from Osijek-Baranja (13.3%), Vukovar-Srijem (10.5%), Sisak-Moslavina (9.4%) and Brod-Posavina (7.6%) counties, while a relative increase in off-site employment was noted in Koprivnica-Križevac (8.9%), Karlovac (8.0%), Dubrovnik-Neretva (6.4%) and Osijek-Baranja (3.2%) counties (Croatian Employment Service, 2015).

TABLE 3. AVAILABLE JOBS AND EMPLOYMENT RECORDED IN THE CROATIAN EMPLOYMENT SERVICE AND BASED ON EMPLOYMENT BY FIELDS RECORDED IN NATIONAL CLASSIFICATION OF ACTIVITIES (NKD 2007) FOR 2014 AND 2015

ACTIVITIES	AVAILABLE JOBS				EMPLOYED ACCORDING TO THE CROATIAN EMPLOYMENT SERVICE			
	2014	2015	SHARE 2015	INDEX 2015/2014	2014	2015	SHARE 2015	INDEX 2015/2014
Agriculture, forestry and fishing	2,736	4,069	2,0	148,7	7,485	7,512	3,6	100,4
Mining and quarrying	61	82	0,0	134,4	223	196	0,1	87,9
Manufacturing	17,810	24,459	12,1	137,3	34,044	32,833	15,9	96,4
Electricity, gas, steam and air conditioning supply	278	602	0,3	216,5	390	313	0,2	80,3
Water supply, sewerage, waste management and environmental remediation activities	892	1,469	0,7	164,7	1,870	2,012	1,0	107,6
Construction	11,496	17,229	8,5	149,9	18,859	17,515	8,5	92,9
Wholesale and retail trade; repair of motor vehicles and motorcycles	17,106	21,531	10,6	125,9	31,380	30,698	14,9	97,8
Transport and storage	3,953	5,911	2,9	149,5	7,116	6,866	3,3	96,5
Providing accommodation and food service activities	18,835	23,131	11,4	122,8	40,514	40,923	19,8	101,0
Information and communication	2,534	2,707	1,3	106,8	2,374	2,314	1,1	97,5
Financial and insurance activities	1,396	1,810	0,9	129,7	1,723	1,764	0,9	102,4
Real estate	732	1,024	0,5	139,9	1,297	1,093	0,5	84,3
Professional, scientific and technical activities	6,740	8,507	4,2	126,2	6,884	6,491	3,1	94,3
Administrative and support service activities	7,728	11,604	5,7	150,2	14,497	14,968	7,2	103,2
Public administration and defense; compulsory social security	14,608	20,771	10,3	142,2	4,652	8,426	4,1	181,1
Education	22,237	25,508	12,6	114,7	14,116	14,181	6,9	100,5
Health care and social welfare activities	16,886	22,378	11,1	132,5	7,850	9,493	4,6	120,9
Art, entertainment and recreation	2,315	3,238	1,6	139,9	2,818	2,956	1,4	104,9
Other service activities	4,478	6,371	3,1	142,3	4,842	5,410	2,6	111,7
TOTAL	152,869	202,468	100,0	132,4	203,721	206,590	100,0	101,4

Source of data: Croatian Employment Service, 2015

The qualification structure of the labour force in tourism

Some estimates show that about 40,000 people employed in tourism and in complementary activities such as trade, transport, agriculture and similar, including the so-called direct tourism industries, comprise over 10 percent of employees in the Croatian economy. Besides predominantly old workforce, one of the greatest problems in Croatian tourism is insufficiently skilled staff. Only 6% of the total number of employees in tourism are highly educated employees who are employed mostly in management positions in hotels (Mojbiz.com, 2016).

The current formal tourism education system in Croatia is not fully adjusted to the current needs of the tourist economy nor tourist organizations, since it does not ensure a sufficient number of highly trained workers who could actively join work and management processes once they leave education. This is directly reflected in the quality of tourist services, and also the competitiveness of Croatian tourism on the international market, since most countries, particularly Croatia's tourist competitors in the Mediterranean, have developed modern systems in formal education that are tailored to the needs of tourism economies of their countries, thus ensuring an adequate labour market. The main limitations of the formal tourism education system in Croatia are the following (Croatian Government, 2013):

- ☞ The secondary schooling system in tourism has too many schools that train future tourist workers, the plethora of mutually incompatible educational programmes across various secondary schools, and a general lack of practical experience results in inconsistencies and below-par quality of those leaving secondary education to pursue a career in tourism;

- ☞ The higher tourism education system in Croatia is structured across several universities, polytechnics and academies where, in most cases, study programmes are primarily based on

theoretical knowledge, with very little practical, or business-related, experience. Thus, skilled workers who come into the tourism labour market after these degrees are not adequately prepared for the challenges and the responsibilities that come with management positions both in the economy and the tourism sector in general;

- ☞ One of the main limitations of the existing system of formal education for the purposes of the tourism economy, is the non-existence of training centres i.e. hotel units where secondary and higher education students could gain practical experiences and skills necessary for actively joining the labour market, both in executive and management positions (middle and top management);

- ☞ With certain exceptions, current formal tourism education in Croatia does not have sufficient cooperation with international centres for excellence in tourism management education or tourism organisation systems, which would include exchange of knowledge, teaching methods and visiting professors, and preferably even setting up branches of such international centres for excellence in Croatia.

The current system for lifelong learning in tourism in Croatia does not meet the requirements of the tourism economy and the system of tourism organizations, since it is neither comprehensive nor consistent enough. Its basic limitations are (Croatian Government, 2013):

- ☞ The existing further education programmes organized by specialized organizations (such as the Association of Hotel Employers in Croatia) in collaboration with the Ministry of Tourism, are primarily aimed at the specialization of the production and catering hotel staff through training in basic skills, and only occasionally and rarely do they include middle and top-level management which is key to the improvement of the competitiveness of the Croatian tourism economy. Existing lifelong learning programmes insufficiently include specialization in a wide range of personal, communication, sales and general leadership and management skills which

are necessary for the efficient running of the tourism economy and organisations;

☞ There is no licensing system when it comes to lifelong learning providers in tourism; improvements would be based on coordinated programmes adjusted to tailored candidate groups (executive staff, middle management, top-level management) and on contemporary achievements of the practices of the international tourism economy.

In collaboration with leading educational institutions, the country develops and implements the National Lifelong Learning Program for Family Accommodation Providers (households) with various program modules adapted to the specific needs and / or requirements (investment planning, literacy, use of modern sales tools, access to EU funds, relationship with guests, serving, quality standards and so on.

Investments into the creation of strong regional tourism education centres, training centres and specialised higher education business schools are estimated at 20 million euros, while an additional 10 million Euros need to be allocated to the financing/co-financing of education programmes for those working in tourism, as well as retraining of the unemployed (Croatian Government, 2013).

Some basic characteristics and specificities of employment in tourism industry

Human resources are the most valuable part of a company. In the business world, a company's success depends on the quality of its employees' performance. Hospitality, as a virtue, implies that a host's manner and behaviour make guests feel protected and cared for during their stay in a homestay. It includes relations and processes between a guest and a host so that the guest will notice that he is welcomed, accepted, that the host appreciates cultural, religious, ethnic and other guest's heritage and manners (Bahtijarević Sunroof, 1999). Hospitality is actually a tool for achieving the final goal in tourism and catering – achieving successful business results.

The guest is the key for tourism and catering. The strategy of the whole tourism and catering industry development is based on customers' needs and wishes and it is rapidly changing due to the growth and development of technology and industry. The guest is placed in the centre of business, everything revolves around him. It is necessary to raise the awareness about the importance of guest and the goal is not just to meet guest expectations but even to exceed them; their expectations must be anticipated, not only meeting the ones already identified; kindness must be shown so the guest would feel like they are the only one, not one of many. In the end, only a satisfied customer verifies business efficiency and creates profit.

In the constantly growing industry, the offering of various goods and services to guests and the quality of business is more often measured by the ability to individualize services. The guest has specific needs and their desires present a measure of efficiency and profitability. In the tourism and catering sector, taking care of guests is the most important component in professional activities of all the employees involved in the production and provision of services. The success of the tourism and catering industry depends entirely on the care quality for the guest which should be accomplished through coordinated communication process of all the participants involved in the process. The main goal of tourism and catering services is taking care of guests – at the same time selling the product and themselves.

Taking care of guests is differently exhibited within each tourism and catering area. It is particularly important to be able to assess the wishes of a customer in order to offer those specific services and products which will contribute to the additional quality of the offer. The quality of a professional approach to this business requires an appropriate level of knowledge and skills in written native and foreign language communication, developed social skills, and an appropriate level of responsibility in collecting and distributing information

relevant for business and for achievement of the maximum positive effect. Receptionists and agents are among those employees who directly communicate with guests and potential guests. The impression they make in direct relations and communication is extremely important. Very often guests form their permanent impression on their first impression about the quality of agencies, hotels, tourist destinations or the entire region. Waiters and bartenders are represent personnel who are constantly directly communicating with guests. Their role focuses on creating a positive atmosphere and on satisfying their desire to eat and drink. At first visual contact, guests create their first impression of the organization. Later, this impression can be improved or made worse; however, the initial level of quality assessment is created in that first contact. First impression has a strong psychological effect, and as such has implications in creating a permanent quality assessment. Customer dissatisfaction is a serious problem. Dissatisfaction changes the customer's attitude toward a service, as well as the country in which it is located. Studies have shown that only four percent of clients complain when they are dissatisfied, but they share their dissatisfaction with 20 potential guests, for example, their family and friends. Personnel attitude toward guests is the most common reason for customer dissatisfaction. Correcting the first impression is a lengthy process. Therefore, employees should develop their awareness of the importance that a hotel or a restaurant makes on a customer the first time he enters a hotel or an accommodation unit (Tomasevic, Rašan Križanac, Komen Bujas, Serdar, 2009).

The main factors of success in tourism are human resources. The key management task and function is to provide high-quality personnel, to motivate and educate them so they could achieve top results and could contribute in realization of organizational goals. Therefore, candidates undergo a selection procedure that uses pre-defined and standardized methods and techniques

to choose among those employees who best meet the requirements in the tourism sector. Organizations then decide which people to hire taking into account their compatibility with the strategy and culture of the organization and the specific requirements of a particular job. The goal of the selection process is to predict and maximize future operating performance of the employees and the entire organization.

The largest hotels should include the following basic policy specifications on managing human resources:

- ☞ plan a mentoring system in the process of development of trainees and young employees with the aim to reduce the generation gap, and to accelerate the transfer of knowledge to young managers,
- ☞ an efficient reward system as the key for the development of human resources,
- ☞ a qualitative education system for the personnel,
- ☞ the method of *assessment* of the centre in grading and guidance of the employees,
- ☞ introduction of the technique “folder inheritance” aimed at targeted person's development, who in the future could undertake demanding business tasks and head positions.

The key features of management in the tourism industry are higher education, expertise, excellent knowledge of the latest trends in tourism, openness to new experiences and new approaches to tourism. Besides this profile of experts, it is necessary to recruit high quality specialists; primarily chefs and waiters and personnel that would deal with some ambitious business goals. Continuing professional education in foreign languages, computer training and professional seminars should be mandatory for all employees to keep their knowledge and skills updated so that they can offer high quality service, follow the latest trends and develop management skills (teamwork, communication, leadership, delegating, decision making, negotiation, presentation skills, emotional intelligence, etc.) and basic management tools such as: project

management, change management, interpreting financial indicators, people management, use of the benefits of information technology in business processes.

In order to encourage guests to return and to increase their satisfaction, effective leadership should have a profound influence on employees and their behaviour. Very often the main reason for a poor employee performance is the lack of motivation that can manifest in the form of poor customer service, unkindness and unwillingness to be attentive. Today most employees in the tourism industry are not motivated and do not think about the quality of service and sales skills as an indispensable part of today's business environment. For this reason, more and more companies implement changes in their business and set up new systems to stimulate their managers and employees, which would result in customer satisfaction. A satisfied guest is willing to reward good service and kindness.

There are two modes of motivating employees worldwide, including the tourism sector: financial and non-financial. The tourism segment is much neglected on this point, assuming that the largest number of tourism workers are employed as part-time seasonal workers (Beck, 2003). Direct or indirect compensation approach can result in a better service quality and more satisfied employees, which would ultimately affect their behaviour toward tourists, as well as satisfaction of tourists themselves. It is not possible to have the same approach to workers; therefore, intangible compensation for full-time employees may be in the form of recognition, promotion, additional training. This motivational strategy is not appropriate for ordinary workers. For example, a seasonal worker at the stand of souvenirs has no use of promotions, for example, extra days off.

Code of Conduct for tourism employees

Tourism is not a typical service industry. Over time it has turned into experience-based activity with the growing importance of having fun, excitement and

acquiring new knowledge. Guests should always be the most important. Hosts are facing the biggest challenges. They are supposed to provide everything necessary to achieve guest satisfaction, their loyalty and their recommendations to friends. Kindness is therefore a key element of successful tourism.

Several studies were conducted about kindness of employees in tourism in 2012. The results of the study carried out among travel professionals representing their tourist boards and regions at CroTour 2012 tourism fair, conducted by the MSA agency, showed that in 60 percent of cases, Croatian tourism workers had a rude attitude toward potential guests, they showed no interest in the needs and wishes of their guests and were usually not familiar with the sights of the destinations they represented, which actually might be crucial for an individual in deciding to visit a particular location (Lider Press, 2012). The success of tourism service depends on guest satisfaction with their hosts. The fact that almost 60 percent of employees did not kindly welcome their potential customers, not even smiled, is an indicator that in terms of kindness, Croatian tourism industry certainly needs improvement.

Forbes magazine has released a list of the world's rudest nations for travellers. On this infamous ranking list Croatia was rated fifteenth among the most impolite and the rudest nations for travellers (Lider Press, 2012).

Professions in Catering and Tourism are all about the skill of communicating with other people, that is, guests. Good manners are of primary importance in treating each customer, regardless of whether the employee is tending the guest directly in a restaurant, at a front desk, a gift shop or a simple stand at a local market.

Some basic qualities of Code of Conduct in tourism are:

- ☞ Friendly attitude
- ☞ Affability
- ☞ Kindness
- ☞ Flexibility

- ☞ Privacy
- ☞ Personality
- ☞ Tolerance
- ☞ Responsibility
- ☞ Reliability
- ☞ Caring
- ☞ Fitting in/Integration
- ☞ Speed
- ☞ Client awareness
- ☞ Local information

People working in the tourism sector should be communicative and friendly, and show it in their work performance. They must take a genuine interest in their customers. Each customer has different expectations. Although Croatia has invested heavily in tourism development, it is obvious that awareness of the importance of quality of service has not yet fully come to life in the minds of individuals. One way for the service providers to differentiate themselves is a continual implementation of higher quality services than that of their competitors (Kotler, 2006). Leading service providers are realizing that their exceptional quality brings a strong competitive advantage, leading to higher sales and stronger profit performance.

MAIN GUIDELINES FOR FUTURE DEVELOPMENT OF HUMAN RESOURCES IN THE TOURISM SECTOR

Croatian Tourism Development Strategy by 2020

The vision of tourism development in Croatia for 2020 is that Croatia is a globally recognized tourist destination, competitive and attractive for investments, creating jobs and fostering sustainable territorial development, creating culture of quality, providing hospitality to guests throughout the whole year, as well as safety and unique variety of authentic content and experiences.

Tourism Development Strategy for the Republic of Croatia from 2014 to 2020 was passed by the Croatian Parliament in 2013, and as the main document on Croatian tourism development it answers what type of tourism Croatia wishes and needs to develop, and determines key activities of tourism policy aimed at the improvement of competitive capacities of Croatian tourism, while using resources based on the principles of responsible and sustainable development. This is a document which should ensure Croatia's integration into a consolidated tourism policy of the European Union which enables:

- ☞ Coordinated action from the tourism policy makers and systematic compliance with tourism policy measures;
- ☞ Complete understanding of key directions for the development of Croatian tourism as a prerequisite for attracting interest of potential domestic and foreign investors; and
- ☞ Targeted guiding of the development and investment process, and effective use of EU funds.

The Strategy analyses key indicators of achieved development as a starting point, considers limitations and development possibilities and recognizes key success factors on which Croatian tourism policy should focus.

The strategy emphasises that a desirable development of Croatian tourism demands resource management that meets the requirements of the basic economic, social and aesthetic criteria for sustainable trading in the long-term, as well as growth of prosperity, preservation of cultural integrity and vital ecology systems and bio-diversity.

The development of tourism by 2020 can be divided into two periods. The period until 2015 is marked with the following: elimination of development limitations, preparation of development projects and market repositioning.

The period between 2016 and 2020 is the time of, under conditions of removed institutional limitations and de-regulations, introduction of

new solutions into the tourism management system, of guiding tourism policy and taking the necessary steps to ensure an increase in the efficiency of human resources, when we can expect to see market changes arising from the effects of completion of newly built accommodation and other investment into the growth of volume, quality and diversity of different aspects of accommodation and out-of-season tourist offer.

In the period from 2013 to 2010 it is estimated that the planned projects have the potential to employ between 20,000 and 22,000 workers, 13,000 of which would be employed in the hotel industry, and the remaining 7,000 to 9,000 in areas such as catering, theme parks, golf, visitor centres, etc. The total impact until 2020 has the potential to create 30,000 to 32,000 new jobs (Ministry of Tourism, 2013).

Development of human potential as the key to achieving excellence and growth of Croatian tourism competitiveness

Tourism Development Strategy of the Republic of Croatia by 2020 will initiate a lot of measures that aim to create conditions for ensuring market trading and investment that are both long-term and viable. Furthermore, in addition to activities related to marketing and product development, human resources development and tourist policy management aim to create an encouraging entrepreneurial and investment environment. The operational programme for human resources, as part of the priorities supporting sustainable recruitment and improvement of human potential activities in tourism, will aim funds primarily at developing the projects that raise the capacity of educational institutions. Fast and increasingly intensive changes in market and business environments, as well as the development of new technologies, require new skills and knowledge, especially various practical skills that are necessary to efficiently carry out executive and management processes in tourism. With the development of the Croatian tourism sector, the tourism economy

will show an increasing need for highly skilled executive and management staff. Since the formal systems of formal and lifelong education are not well-adjusted to the needs of the tourism economy sector and the system of tourist organisations, education in the function of human resources development in tourism needs to be structured as a joint responsibility between the state, employer and local communities. It is necessary to establish several strong regional centres within the secondary education system with a high quality infrastructure and teaching staff. Regional centres will provide coordinated teaching programmes based on the balance between different current knowledge theories and practical lessons based on work experience in the tourism sector. This is the way to achieve possibilities for flexible adjustments to market needs for skills, knowledge and competencies that are required in the tourism sector.

At least two to three reference centres should be established across Croatia responsible for executing practical teaching and acquisition of current and relevant knowledge and skills required for the tourist trade. These centres would be market-orientated hotels where students could perform work duties through their learning experience and work across different areas of the trade, gaining experience and skills relevant for executive and management functions.

The key to achieving excellence in tourism is training of the middle management, which is the basic requirement for delivering high quality. Several private highly specialised schools for hotel management, catering and tourism should be established, which would focus on specialised programmes based on an efficient combination of acquiring specialised knowledge and practical skills.

It is necessary to establish a complete and consistent lifelong education system in Croatia for tourism needs, which would be based on current needs in the economy and tourist sectors. Lifelong learning programmes involve everyone working in the private and public sector related to

tourism. They encompass content related to hotel operations, management, controlling and finance, marketing and sales, modern distribution and fund management systems, investment projects development, strategic planning, hospitality culture, excellence culture, energy efficiency, etc. Public sector programmes include destination management through partnership, development and management of the DMOs, managing destination marketing and using marketing tools, creation of tourism development plans, project management, controlling and monitoring of efficient fund allocation, applications for EU funds, creating complex tourist products, etc. Lifelong learning programmes should be carried out in cooperation and partnership with professional bodies (Croatian Association of Hotel Professionals), as well as specialized consulting organizations and specialized educational institutions. Despite recognizing the importance of lifelong learning, it is not supported with an adequate institutional framework in Croatia, and therefore is lacking the support and responsibility of the State, employers and local communities. The measure will introduce an institutional framework for a sustainable implementation of lifelong learning for all tourism and catering workers, and also of further education for tourism and catering industry for the unemployed. This includes programmes to attend relevant courses (at least every two years) and elaborates on the development programmes aimed at increasing competitiveness in human resources (based on best European practice examples).

Connecting with global centres of excellence in education such as the Cornell School of Hotel Administration, Ecole Hoteliere de Lausanne, etc. is also an important aspect. In addition to coordinating the teaching curriculums and/or visiting lecturers, the programme also envisages student exchange or international practical work experience for Croatian students. Finally, activities include the possibility of opening branches of these schools in Croatia.

Among priority measures for the improvement of the competitiveness of the Croatian tourism are amendments to the laws and regulations in employment, regulation of simple and informal methods of employment and organization of legal working hours (re-arrangement of working hours) and rest (daily and weekly rest), and incentives for work in tourism. The measures of active recruitment policy that will be issued annually will encourage recruitment in the tourism industry by supporting the protection of work places for permanent seasonal workers, and through co-financing of hiring workers on a definite or indefinite basis who have worked in tourism on a seasonal basis and with the appropriate conditions for the implementation of these measures.

The three main goals of the National Strategic Reference framework are: encouraging faster economic growth that is based on the integration of the market and institutional reforms, higher employment rate and promotion of sustainable development. Similarly, and taking into account the existing limiting factors for future tourist development in the Republic of Croatia, as well as global tourism demand trends, the main goal for the development of Croatian tourism by 2020 is to increase its attractiveness and competitiveness, resulting in bringing Croatia into the 20 most competitive tourist destinations in the world. At the same time, other strategic goals for tourism development by 2020 are: creating 20,000 to 22,000 new jobs in tourism and around 10,000 new jobs in non-tourist industries, but involved in tourism activity;

CONCLUSION

Tourism has an important role in the overall economic sector of Croatia. International tourism market recognizes Croatia as a tourism destination with great potential. Relevant institutions and predictions support the thesis that tourism is one of the keys for faster integration of Croatia

into the global system and social network, which actually indicates that Croatia should turn toward this sector in a new way and allow complete transformation in the tourism industry in order to easily cope with future competitive challenges.

Direct and indirect employment in tourism sector has been steadily growing. Employment in catering and tourism is characterized by high seasonal workforce fluctuation, while the ratio of highly educated personnel, the so-called top managers, is insufficient for the modern needs of the 21st century tourism. The system of education for the purposes of the tourist economy is below quality.

Thus, skilled workers are inadequately prepared. On the other side, the salaries of people employed in tourism, especially in the hotel and catering industry, are among the lowest in Croatia.

Tourism Development Strategy of the Republic of Croatia assumes orientation toward a quality destination (new facilities, improvement of existing facilities and increasing the quality of service). The suitability and quality of human resources, i.e. possessing the right knowledge and practical skills, is essential for delivering the highest quality of the tourist offer and improving the competitiveness of Croatian tourism.

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