



XXIX International Scientific Conference
Strategic Management
 and Decision Support Systems
 in Strategic Management
SM2024

Subotica (Serbia), 17-18 May, 2024

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DIGITAL NOMADS AND THEIR INFLUENCE ON LOCAL ECONOMY DEVELOPMENT

Abstract: Digital nomads are the simplest to describe as professionals who perform tasks independently of location and with the application of digital technology. Those individuals are characterized by a constant search for freedom, an escape from the traditional work environment, autonomy in choosing a destination for life and work. The locations chosen by digital nomads are pleasant environments, i.e. destinations where it is possible to satisfy work, social and financial needs. The purpose of this paper is to analyze the significance of digital nomadism as a global phenomenon. Acknowledging the impact that digital nomads have on the development of the local economy and community, the findings of the paper indicate the role of a strategic approach in creating an attractive environment for their arrival, stay and work.

Keywords: digital nomadism, digital nomads, digital technology, destination, impact, economic development

1. INTRODUCTION

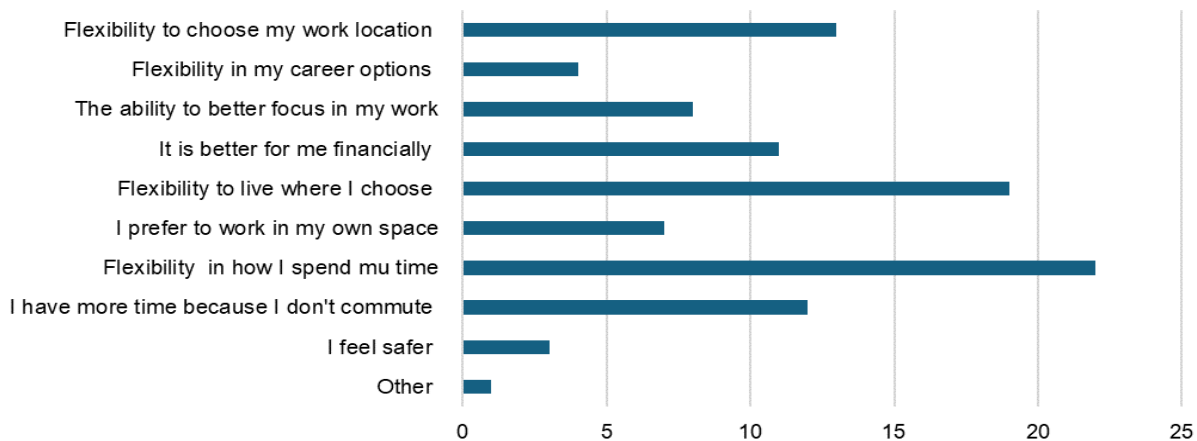
In recent decades, the world of work environment has changed considerably, particularly in terms of the flexibility of working conditions (Demaj et al., 2021). These changes are due to numerous factors, in particular the development of modern information technology and events triggered by the emergence of the COVID-19 virus pandemic. The global crisis in 2020 challenged traditional working practices and showed that many jobs can be carried out regardless of location without compromising productivity. The lessons learned during and after the crisis have significantly changed the mindset of employees both employees and employers. In the current circumstances, remote working is becoming the new standard. To protect the health and safety of employees and keep operations running, many companies are adopting a working model known as 'working from home'. During this period, the location of work activity has shifted away from the office and with the use of modern technology, work is predominantly carried out from home.

This paper focuses on digital nomadism. It refers to a specific type of 'remote work' (Jiwasiddi et al., 2024) that has been on the rise for years and is increasingly shaping the global labor market. Digital nomads are a distinct category of highly mobile workers who should not be equated with traditional remote workers. Both categories of workers rely on modern technologies to carry out their work activities outside the traditional workplace. However, digital nomads also have a unique approach to life and work. They combine work with travel and constantly strive for a balance between work and leisure.

The paper sheds light on the growing trend towards the accelerated development and acceptance of remote working models. The focus emphasis is on digital nomadism and the impact that digital nomads have on the development of the destinations in which they reside. Considering that digital nomads are recognized as a significant tourism segment and that their visits can bring numerous benefits, the paper emphasizes the importance of a strategic approach to attracting this category of workers. The desk research method was used in the study, articles, reports and other relevant publications dealing with digital nomadism serving as data sources. The findings of this paper confirm the increasing role and importance of digital nomads in the development of the local community and can serve as a basis for creating programs to attract this market segment.

2. DIGITAL NOMADISM - CHALLENGES AND OPPORTUNITIES

The percentage of employees working remotely is constantly increasing, a trend particularly pronounced during and after the Covid-19 pandemic. Certain studies conducted to examine workers' attitudes toward the new business model indicate a positive perception and experience. Both employees and employers positively evaluated the forced adoption of this business model. According to the State of Remote Work report (2023), the majority of respondents (91%) have a positive opinion of remote work and express a desire to continue with this form of work in the future, at least for some time until the end of their careers. The key reason cited is flexibility, both in terms of choosing how to use their time and selecting a place to live and work. Employees believe that remote work brings other benefits as well. It allows for greater focus on work, more efficient management of stress and time, and avoids unnecessary daily commutes, fewer meetings, and distractions present in offices (Ozimek, 2020). On the other hand, research also confirms that remote work has its shortcomings. Some key issues include feelings of anxiety and burnout. Employees also cite overload as arguments against this approach to work. These phenomena lead to decreased job satisfaction, negatively impact interpersonal relationships, and reduce productivity (McKinsey & Company, 2021).



Picture 1: Key benefits of remote work (%)

Source: The 2023 State of Remote Work Report, <https://buffer.com/state-of-remote-work/2023>

The global crisis caused by the pandemic has proven that this business model works in many industries and delivers better results than expected. From the employer's perspective, remote working has proven to be a good way to reduce overheads and increase productivity (Harmann & Paris, 2020; Statista 2024). The introduction of this new business model removes geographical barriers to employment and creates the opportunity to find and employ talent regardless of their location (Ozimek, 2020). Due to the numerous benefits, it brings, companies around the world continue to embrace remote working, either fully or through some form of hybrid working model, even after the COVID-19 pandemic.

These factors have had a significant impact on the global labor market. The number of remote workers is constantly increasing. One particularly noticeable trend is the growing number of workers belonging to the digital nomad segment. The term 'digital nomads' mainly refers to young professionals who have replaced office work with work in an online environment. This is a category of highly mobile workers who use modern information technology to carry out their activities regardless of their location. As a rapidly growing class of mobile professionals, digital nomad work also includes international travel on a semi-permanent or continuous basis (Hannonen, 2020). Author Cook (2023) classifies this category of workers into: 1) Freelance digital nomads - individual knowledge workers who freelance while traveling; 2) Digital nomads as business owners; 3) Salaried digital nomads - the fastest growing category; 4) Experimental digital nomads - traveling, working, not earning; 5) Armchair nomads - earning, not yet traveling.

What distinguishes digital nomads from other categories of remote workers is their particular approach to life and work. Digital nomads seek to escape the traditional work environment characterized by standard working hours, hierarchy and constant supervision. For this category of workers, freedom and flexible scheduling are crucial prerequisites for a quality life (Mancinelli, 2020). They find inspiration for innovation and creativity in the flexibility and mobility they enjoy at work (Orel, 2019).

Table 1: Types of remote workers

Remote Worker Type	Work and Residence Circumstances
In-country remote worker	Resides in the same country as their employer Never (or rarely) works in the office
Hybrid worker	Resides in the same country as their employer Splits time between working in the office and working remotely.
Digital nomad	Resides in a different country from their employer, and often a third country from their nationality Works purely in a telework fashion.

Source: Business Business Advisory Group on Migration (2024).

Digital Nomads and Hybrid Work: [https://www.ioe-](https://www.ioe-emp.org/index.php?eID=dumpFile&t=f&f=159891&token=319e52a2beee5e0e3616a5919f2d1c418db11f0b)

[emp.org/index.php?eID=dumpFile&t=f&f=159891&token=319e52a2beee5e0e3616a5919f2d1c418db11f0b](https://www.ioe-emp.org/index.php?eID=dumpFile&t=f&f=159891&token=319e52a2beee5e0e3616a5919f2d1c418db11f0b)

Digital nomads take numerous factors into account when choosing where to live and work. They usually choose recognizable tourist destinations or pleasant environments with many tourist attractions and favorable working conditions. They always prefer safe and welcoming destinations characterized by a pleasant climate, public services, the presence of a like-minded community, and, above all, optimal internet speed (Sánchez-Vergara, et al., 2023; Mancinelli, 2020; STATISTA, 2022). As they mainly focus on using online tools in their work, internet connection is one of the most important requirements they consider when choosing their location. They often work in public places such as restaurants, cafés and coworking spaces. In addition, the cost of living is one of the most important criteria for choosing a location (STATISTA, 2022; Mancinelli, 2020). Digital nomads primarily choose locations that offer a comfortable living and working environment but cost less. They also choose attractive locations that are rich in leisure and sports facilities. Their focus on sports is not surprising, as digital nomads mostly belong to a younger demographic, usually between 23 and 44 years old (Nomad List, 2024). They are young and energetic people who are constantly on the lookout for adventure and maintain a healthy lifestyle that includes regular physical activities such as hiking, fitness, yoga, swimming, running and cycling (Pumple, 2024).

According to certain estimates, the majority of digital nomads are self-employed, are millennials, have a higher education, earn an average income of between 50,000 and 99,999 US dollars (which varies from country to country), and work up to 40 hours a week (Shewale, 2023). They are predominantly employed in IT - 19%, creative services - 14%, education - 9%, sales and marketing and PR - 9%, finance, and accounting - 8%, and teaching and research - 7% (MBO Partner, 2023).

The significant increase in digital nomadism is confirmed by the fact that the number of digital nomads reached 35 million in 2023. The majority of digital nomads come from the United States, which is estimated to make up 48% of the total digital nomad population. In addition to the United States, most digital nomads come from the United Kingdom (7%), Russia (5%), Canada (5%), Germany (4%), France (3%) and Brazil (2%). In addition, the United States is the destination most frequently chosen by digital nomads (Statista, 2024). In addition to the USA, digital nomads frequently visit Spain, Thailand, the United Kingdom and other countries.

Table 2: Most visited cities and countries

Most visited cities	Most visited countries
London	United States
Bangkok	Spain
New York City	Thailand
Berlin	United Kingdom
Lisbon	Germany
Paris	Mexico
Barcelona	France
Amsterdam	Italy
San Francisco	Portugal
Chiang Mai	Indonesia

Source: The 2024 State of Digital Nomads. https://nomadlist.com/digital-nomad-statistics#trip_duration

Compared to traditional remote workers, digital nomads move intensively and can work from virtually anywhere with the help of digital technology (Newland Chase, 2022). Unlike travelers or tourists, they stay longer at their chosen destination. They usually stay at a certain destination for one to two months.

Table 3: How long do nomads stay in one city or country

How long do nomads stay in one city	%	How long do nomads stay in one country	%
< 7 days	48	< 7 days	0
3-30 days	33	3-30 days	61
30-90 days	14	30-90 days	26
90+ days	6	90+ days	13
Avaraga - 65 days (2 months)		Avarage – 198 days (6 months)	

Source: The 2024 State of Digital Nomads, https://nomadlist.com/digital-nomad-statistics#trip_duration

3. DIGITAL NOMADISM IN FUNCTION OF LOCAL COMMUNITY DEVELOPMENT

According to certain estimates, 35 million digital nomads worldwide contribute to a global economic value of 787 billion dollars annually. By staying in one place, digital nomads impact the development of the local economy in various ways. Their contribution is particularly evident in the promotion of tourism. Unlike the average tourist, digital nomads stay longer in one place and make extensive use of various services offered by the local population - coworking spaces, cafés, accommodations, and restaurants. Their presence extends the tourist season. According to certain estimates, they spend more money during their stay than the local population and tourists. Through their consumption and use of local services, as well as additional investment, they can also influence the need to create new job opportunities. On the other hand, given the potentially lower costs, employers may prioritize this category of workers and overlook local workers with similar skills (Business Advisory Group on Migration, 2024).

Of course, it should not be overlooked that this segment of the workforce comes from different sectors and brings new knowledge and know-how to the local community, which they share with their surroundings. Digital nomads bring different business and entrepreneurial ideas, are highly creative, and tend to be innovative in their ventures. They often collaborate with local entrepreneurs to initiate joint projects or offer consulting services. They also enrich the social and cultural life of the places they visit (Hall et al., 2019). Digital nomads are in constant communication with the local population. By participating in various local events, they share their experiences, knowledge, and the values on which their culture is based. As they are characterized by a high level of environmental awareness, they pass on their awareness of the importance of environmental protection and natural resources to the local population during their stay. Furthermore, it is important to mention that digital nomads have significant promotional potential. Through their active engagement on various social platforms, they promote the destinations they visit and can thus improve their image.

Based on the above, it can be concluded that the influence of digital nomads goes beyond economic boundaries and spills over into the social and cultural sphere. By staying at a particular destination, digital nomads can stimulate entrepreneurship and support the development of local businesses. Communication with the local population creates opportunities for knowledge transfer, the exchange of ideas and the emergence of innovation.

The analysis of digital nomadism on local community development would entail a multidisciplinary approach encompassing economic, sociological, technological, and cultural aspects. The economic impact of digital nomadism underscores its potential to significantly boost local economies. Digital nomads increase local spending on essentials such as food, accommodation, transportation, and various services. In addition, their presence is often a catalyst for the creation of new jobs. When it comes to local community development, digital nomads bring innovative ideas and contribute to the diversification of industries, ultimately leading to sustainable growth and resilience (Jiwasiddi et al., 2023). The sociological impact of digital nomadism can be seen in the promotion of social inclusion within local communities and the enrichment of diversity by bringing together people from different backgrounds. Their interactions with residents allow for a vibrant cultural exchange that fosters mutual understanding and appreciation for different traditions and perspectives. However, it's important to note that the influx of digital nomads can also lead to shifts in the demographic composition of communities, especially in urban areas with a higher concentration of nomads, which can significantly affect social structures and dynamics (Krivtsova, 2018). The technological impact of digital nomadism on local communities means that the creation of a robust technological infrastructure (high-speed internet, safe working environments) must be prioritized. The development of digital platforms tailored to accelerate collaboration between digital nomads and local entrepreneurs must be encouraged (Santos-Júnior et al., 2020). The cultural impact of digital nomadism points to changes in local culture by introducing new perspectives and lifestyles that may alter traditional norms and behaviors within the community. Furthermore, digital nomads have the potential to promote artistic and cultural endeavors within local communities due to their affiliation with the creative industries. Prioritizing education and training initiatives within local communities facilitates the integration of digital nomads and empowers them with the necessary skills and knowledge to actively contribute to the long-term prosperity of the community. By addressing these two needs, communities can effectively navigate the evolving landscape of digital nomadism while promoting sustainable development and social cohesion.

Considering the multiple impacts they have on the development of the country in which they reside, many countries are seeking to attract a greater number of young, mobile, and skilled professionals. Accordingly, these countries are implementing specific attraction strategies and programs that are carefully tailored to the interests of local populations, nomads, and governments. In an effort to make their destination attractive and suitable for digital nomads, more and more countries are adapting their legal frameworks providing certain incentives to encourage the influx of this category of workers. It is clear that their arrival depends not only on the natural beauty and cultural content but also on the treatment they receive during their stay and the way their status is defined.

Digital nomads usually choose destinations where their status is precisely regulated. In addition, these are usually destinations where special visa regulations apply and certain tax benefits can be claimed. Because of these factors, more and more countries are issuing special visas for digital nomads. This trend has been particularly noticeable during and after the COVID-19 pandemic. These are temporary residence permits for a specific country, which are usually valid for 12 months and can be extended. Compared to tourist visas, visas for digital nomads allow for longer stays and should be easier to obtain. These are documents that grant individuals the right to work and reside outside their home country. According to certain estimates, around 58 countries will introduce this visa practice in 2023. Some of these countries are Spain, Greece, Romania, Hungary, Cyprus, Latvia, Albania, St. Lucia, Grenada, Panama, Belize, Brazil, Ecuador, Dubai, Sri Lanka, Thailand, Malaysia, Namibia, North Macedonia, Serbia, Montenegro, Indonesia-Bali, Italy and Colombia. Visa programs vary from country to country and may only apply to citizens of certain countries or only be available to people working in certain industries.

Visa regime can partially or fully exempt digital nomads from taxes, making the destination country more attractive to this category of worker and more competitive compared to other locations. Tax regulations vary from country to country. According to certain estimates, the countries with the best visas for digital nomads in terms of duration, cost and taxes are Costa Rica, Malta, Anguilla, Croatia, Uruguay, Bermuda, Georgia, Portugal and Spain (Drapkin, 2024).

Digital nomads represent an extremely important tourism segment. The benefits resulting from their stay are numerous. In recognition of these benefits, countries are increasingly competing for the favor of this category of remote workers. In this regard, they are actively operating in different directions and segments. In addition to amending existing laws and complying with legal frameworks, countries are striving to optimize their tourism offer and infrastructure to meet the needs of digital nomads, taking into account that these needs are significantly different from those of business or leisure travelers (Zhou et al., 2024). Essentially, it is about creating a friendly environment in which digital nomads can satisfy their specific needs. It is also known that digital nomads mostly choose destinations where a digital nomad community already exists (Lee et al., 2019). They will certainly not choose a place where there is no community of like-minded people and where they would feel lonely. With this in mind, destinations that plan to become attractive to digital nomads need to focus their efforts on organizing various events (business, but also sports or entertainment) where digital nomads can come together, socialize and work. In this context, coworking spaces where digital nomads come together, work and exchange ideas are of particular importance (Makoza, 2023). Digital nomads are extremely active in the online world. They rely primarily on online communication tools to communicate and share information. Considering their habits and in order to attract this workforce segment more effectively, destinations should intensify their promotional efforts in the online world and target this specific market.

4. CONCLUSION

Research in this area points to a new trend - digital nomadism and the impact this phenomenon is having on the development of local economies. Digital nomads represent an extremely mobile category of workers with increasing tendency worldwide from year to year. Through their actions, this category of workers is challenging traditional business models, setting new standards, and stimulating change. The main difference between digital nomads and other remote workers is that they are constantly on the move. Digital nomads work and travel at the same time and choose their location according to different criteria.

Digital nomads have significant impact on local economies around the world. Their presence stimulates local spending, strengthens the tourism industry, promotes entrepreneurship and contributes to the development of the digital economy. However, there are also a number of challenges to overcome, including legal regulations, infrastructure and logistical issues. This phenomenon is becoming increasingly popular among young people and highly skilled workers. By combining flexible work and travel, digital nomads are changing traditional working patterns and placing new demands on economies worldwide, making this topic not only of academic interest but also of great practical importance, especially for local development. By staying in one place, digital nomads contribute to the development of the local environment. Their contribution is particularly evident in the field of tourism. During their stay in a particular place, digital nomads make use of various services and are willing to spend more money on them compared to the local population or the average tourist. In addition, digital nomads exchange experiences, knowledge, and information by interacting with the local population. This category of mobile workers often focuses on collaborating with local entrepreneurs. Joint projects can arise as a result of this collaboration. Through their activities on various social platforms, digital nomads share information and experiences and influence the image of the destination where they are staying. Based on the above, it can be concluded that the contribution of digital nomads to the development of the local

economy goes beyond the economic framework and extends to the social, cultural, and societal dimensions. Given the numerous benefits that can be obtained from their presence, more and more countries are therefore seeking a strategic approach to attracting this category of workers, using various tools and mechanisms in this regard.

The presented research provides a general overview, identifying key factors that may influence digital nomads to choose specific locations. Additionally, it analyzes the benefits and challenges that digital nomads can bring to the development of individual local economies. Considering Serbia's natural potential, future research should focus on examining the impact of digital nomadism on Serbia's development and its positioning in the global context regarding the development of this phenomenon.

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