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### **Nerma Čolaković-Prguda**

Associate professor, Faculty of Law,  
 University of Džemal Bijedić  
 Mostar, Bosnia and Herzegovina  
 e-mail: nerma@unmo.ba  
 Participation (direct/virtual):  
 JEL: Q4, Q1

### **Irma Đidelija Čolaković**

Associate professor, Faculty of Economics,  
 University of Džemal Bijedić  
 Mostar, Bosnia and Herzegovina  
 e-mail: irma.djidelija@unmo.ba

## **CHARACTERISTICS OF RURAL TOURISM SUPPLY IN THE FEDERATION OF BOSNIA AND HERZEGOVINA - POSSIBLE PERSPECTIVES BASED ON THE DEMAND MODEL**

**Abstract:** Rural tourism has become increasingly popular, due to a new perception of travel. It has a high potential to stimulate local economic growth and social change because of its complementary with other economic activities. Local and national governments have found that rural tourism can benefit communities by increasing business, employment and income. Most rural areas around the world, and also in Bosnia and Herzegovina, are facing population decline and changes brought about by industrialization and urbanization. Rural tourism is recognized as a significant factor in the recovery and preservation of nature, landscapes, historical sites and traditional lifestyles. The most important consequence of the development of rural tourism in the Federation of Bosnia and Herzegovina is the progress of rural communities and rural tourism supply, and also the improvement of the socioeconomic status of the rural population. The aim is attracting more tourists who will be satisfied with rural tourism supply.

That's why the following hypothesis is put in the paper: "The development of rural tourism has a statistically significant effect on the level of satisfaction of tourists in the Federation of Bosnia and Herzegovina." The questionnaire research technique was used to collect data for both the dependent and independent variable of the defined hypothesis. For both variables, the survey question was asked in the form of a Likert scale with five levels. Considering the above data, both the dependent and independent variables of this hypothesis are were of a quantitative nature, so the statistical method of least squares, the linear regression method, was used to test the hypothesis. The results of the conducted research show that the development of rural tourism affects the satisfaction of tourists in the Federation of Bosnia and Herzegovina (correlation and determination show a connection of medium strength, and the model is significant at level 1 % statistical significance,  $p=0.001$ ). So, it can be concluded, regarding the results, that the development of rural tourism has a significant effect on the level of satisfaction of tourists in the Federation of Bosnia and Herzegovina.

**Keywords:** rural tourism, ethnic villages, rural tourism supply, demand and satisfaction of visitors.

## **1. INTRODUCTION**

Today, with an endless variety of destinations, activities, modes of transport, accommodation, and more, it is possible for anyone to plan perfect trip. It is not surprising that the travel and tourism industry is one of the most competitive in the world and has a great contribution to gross domestic product. This paper deals with special type of tourism and that is rural tourism and its characteristics in the Federation of Bosnia and Herzegovina. Rural tourism means travelling to

non urbanized places with low population. An incredible chance to connect with local communities, support them and immerse yourself in their local culture.

In the Federation of Bosnia and Herzegovina, the number of interesting and unknown destinations in rural areas is growing. Eco and ethnic tourism has been developed with numerous tourist centers. During data collection and analysis (paper writing), we visited certain ethnic villages in the Federation of Bosnia and Herzegovina. We had conversations with the owners or employees and interviewed some of the guests (visitors). We obtained some data on supply, but also demand, such as preferences and satisfaction of users of ethnic village services. Some of the visited ethnic villages are: ethnic village Čardaci (complex with cottages, indoor and outdoor pools, restaurant, spa center, green area); village Zlatna nit, Bosanska Krupa (agriculture production, accommodation, wellness, restaurant); agrotourism Matuško, Neum (agriculture production, restaurant, swimming pool, accommodation); Eko-Fis Vlašić (accommodation, adrenaline park, sports, spa center, hiking); eco village Semešnica (restaurant, bungalows, pond fish, green area), Babići ethnic village, Rostovo (bed and breakfast, restaurant, hiking, cycling, children playground, wellness); ethnic village of Begovo, Ilijaš (accommodation within cottages, restaurant) with authentic Bosnian dishes); Herceg ethnic village, Međugorje (stone houses, restaurant, outdoor swimming pool, banquet hall); ethnic zone Oasis of Peace, Donji Vakuf (accommodation, restaurant, children playground); SRC Ajdinovići, Olovo - the only all-inclusive center in Bosnia and Herzegovina with a large number of facilities (spa center, sports fields, indoor and outdoor pools, zoo, riding school, motorized touring), ethnic village Mirna dolina, Mačkara, Gornji Vakuf (agricultural production, restaurant, tennis court, playground for children).

Because of the growing importance of rural tourism in the Federation of Bosnia and Herzegovina, especially ethnic tourism, and its impact on local economic development, we have chosen topic related to rural tourism. We find it very interesting to analyze rural tourist supply and expectations of visitors and their satisfaction. Our scope is to have satisfied tourists and tourists who will be back one day or who will give good marks and recommendations. There are some studies in Bosnia and Herzegovina (Peštek and Tufo, 2018; Knežević et al., 2017; Krajinović et al., 2011) which deal with rural tourism, in general, and there are also some similar studies in Croatia (Mesić et al., 2021; Škaberna, 2017; Gojak, 2016; Piskač, 2016).

Combination of desk (relevant publications) and field research method (survey questionnaire) was used as data sources. Within our research we reach some answers about rural tourism supply, tourist satisfaction and expectations and how they rate rural tourism offer. It will be presented, including some additional elements of research, within this paper.

## 2. LITERATURE REVIEW

The World Tourism Organization (UNWTO) (2021) has recognized that “tourism is one of the driving forces of global economic growth and is currently responsible for the creation of 1 in 11 jobs. Tourism is an activity that contributes directly and indirectly to the development of rural areas. But this development needs to be sustainable. To do this, appropriate policies that positively influence these areas from an economic, social and cultural point of view must be implemented (Lopez-Sanz et al., 2021). Svržnjak et al. (2014) emphasize how tourism, in general, is largely responsible for knowledge about the need for sustainable development because it is most interested in the sustainability of all resources which are the basis for its development and sustainability.

Rural tourism is seen as an environment - friendly and permanently sustainable. It is based on the need of getting closer to nature (Skalova and Peruthova, 2016). For Polo (2010), the development of the rural tourist activity is very suitable for improving the development of the rural areas, likewise Marzo-Navarro (2017) stated that rural tourism promotes the development and economic growth of the destination areas, for which it is a priority to achieve the objectives of economic, sociocultural, and environmental sustainability. Rural tourism consists of several activities that harmonize with nature, the culture of the rural area, and the lifestyle of the local people (Lane, 2009)

Rural tourism aims to achieve local sustainable development and provide a sufficient response to modern society's leisure needs within a new social harmony between city and rural. The traditional rural economy, which is based on agriculture, forestry, crafts, and other sectors, benefits greatly from rural tourism. (Jha, 2021). Rural tourism has developed rapidly as more and more people are looking for a new space to escape from the city's busy everyday life (Schmidt, 2016)

Among the most influential variables, satisfaction is a key factor that indicates what the trip has meant to the tourist (Lopez-Sanz et al., 2021). Tourist satisfaction has been measured and assessed by a variety of tools – namely overall satisfaction, performance, expectation, positive recommendation, etc. (Yoon and Uysal 2005). If tourists are satisfied with tourist destination it can be expected that they probably will be back one day and promote tourist destinations within social media.

There are already, in the Federation Bosnia and Herzegovina, a lot of interesting destinations: rural households, camps, guesthouses, vineyard houses, mountain huts and ethnic villages that provide rural tourism services. We put focus on ethnic villages. And services that they usually supply to the visitors are as follows: accommodation, domestic food and beverage within restaurants, spa centers (some of them), agriculture production (some of them), sports fields, outdoor swimming pools, zoo, riding school, playground for children, hiking, motorized touring,...However, there are also numerous difficulties faced by those who have decided to stay in their local community and develop it through the

provision of tourist services. And the biggest problem is definitely undefined legal framework for this area which should be the task for local communities and higher government levels, first of all for cantons and the Federation. Some features, that also can be seen as challenges, are following as: seasonality, fragmentation, cooperation between internal and external market, role of women and economic role. These features play important role in creating rural tourism supply as well as achieving satisfaction within demand of visitors.

### **3. RESEARCH METHODOLOGY**

The setting of the research methodology is conditioned by the defined hypothesis, more precisely by the research technique that was applied for the purpose of collecting data for testing it.

The survey questionnaire research technique was used to collect data for both the dependent and independent variables of the hypothesis. For both variables, the survey question offered closed-ended answers, i.e. a five-level Likert scale was used. Given the above data, both the dependent and independent variables of this hypothesis are of a quantitative nature, so the statistical method of least squares, the linear regression method, was used to test the hypothesis.

Linear regression refers to any approach to modeling relationships between one or more variables marked with Y, and one or more variables marked with X, in such a way that such a model depends linearly on unknown parameters estimated from the data. Most often, linear regression refers to a model in which the conditional mean of Y, for a given value of X, is an affine function of X. The case with one independent variable, as will be used in this research, is called simple linear regression.

The quality of the defined statistical model was tested with additional statistical tests of the model specification, with the aim of reaching a final conclusion on the suitability of the defined model and accepting/rejecting the hypothesis.

### **4. RESEARCH RESULTS**

The survey was conducted on a sample of 45 respondents in selected ethnic villages in FBiH.

Of the total number of respondents, 42.2% were men, and 57.8% were women. Visitors to ethnic villages in the FBiH are mostly young and middle-aged people, more precisely respondents between the ages of 21 and 31, and 43 and 53, cumulatively occupying 57.8% of the total number of respondents. Domestic tourists are mostly present in the ethnic villages of the FBiH, more precisely 84.4% of respondents included in this research come from BiH.

Tourists visit ethnic villages in FBiH mostly once every six months (35.6%) or even less often, once a year (22.2%) and other (24.4%).

The conducted research showed that in 62.2% of cases, tourists are satisfied and absolutely satisfied with the rural tourist offer in FBiH. 31.1% of respondents do not have an opinion about the satisfaction with the tourist offer of ethnic villages in FBiH, which is expected considering the intensity of visits to them.

Among ethnic villages in FBiH, tourists like the natural resources that are represented in them the most (31.1%). In addition to the natural resources, tourists are also satisfied with the food and the friendliness of the staff in ethnic villages. 60% of the answers to this survey question were "other", which means that tourists like more things in ethnic villages, so in addition to the natural resources, they also like the gastronomic offer or the friendliness of the staff.

Respondents included in this research assessed that the degree of development of rural tourism in FBiH is good in 46.7% of cases that is, very good and excellent in 22.2% of cases cumulatively. 28.9% of tourists believe that the degree of development of rural tourism in FBiH is sufficient. These results indicate that providers of rural tourism in FBiH have a lot of things for advancement in terms of exploiting available natural resources, as well as specialization and a more comprehensive business management policy.

The results of the conducted research also show the great importance of agritourism within the framework of rural tourism in FBiH. As many as 80% of respondents, cumulatively, consider that agritourism is an important and absolutely essential segment of rural tourism in FBiH, which can also be a useful development guideline for managers of ethnic villages in FBiH.

When it comes to the material status of the respondents, 64.4% of the respondents have a monthly income in the interval 1001-2001 KM, 24.4% have an income in the interval 2002-3002, 8.9% have an income over 3002 KM, while 2.2% of the respondents have an income of less than 1000 KM. From the above, it can be concluded that, for the most part, tourists in the ethnic villages of FBiH are with medium incomes.

In the continuation of the research, the hypothesis was tested using the method of least squares within the SPSS statistical software package.

**Table 1.:** Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
						F Change	df1	df2	
1	.510 <sup>a</sup>	.260	.243	.72815	.260	15.091	1	43	.000

a. Predictors: (Constant), How would you rate the development of rural tourism in FBiH

b. Dependent Variable: How satisfied are you with the rural tourism offer in FBiH

Source: Independent work of the author

From the results in table 1, it is evident that the correlation coefficient is 51%, which means that there is a moderately strong relationship between the satisfaction of tourists in FBiH and the level of development of rural tourism. Equal results are shown by the coefficient of determination whose value is  $R^2=0.26$ , which according to Chadock's scale means a relationship of medium strength. In this case, the direction of the relationship is positive, which means that the increase in tourist satisfaction in FBiH is influenced by a higher degree of development of rural tourism.

**Table 2.:** ANOVA test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.001	1	8.001	15.091	.000 <sup>b</sup>
	Residual	22.799	43	.530		
	Total	30.800	44			

a. Dependent Variable: How satisfied are you with the rural tourism offer in FBiH

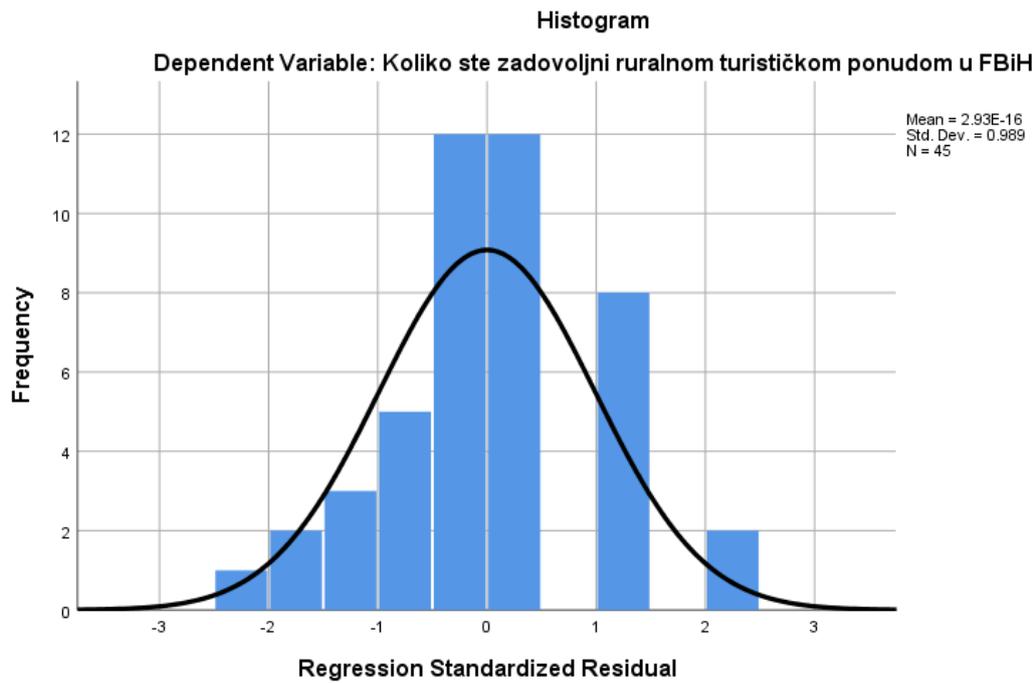
b. Predictors: (Constant), How would you rate the development of rural tourism in FBiH

Source: Independent work of the author

The defined model is statistically significant at the level of 1% statistical significance according to the ANOVA test results ( $p = 0.000$ , table 2.)

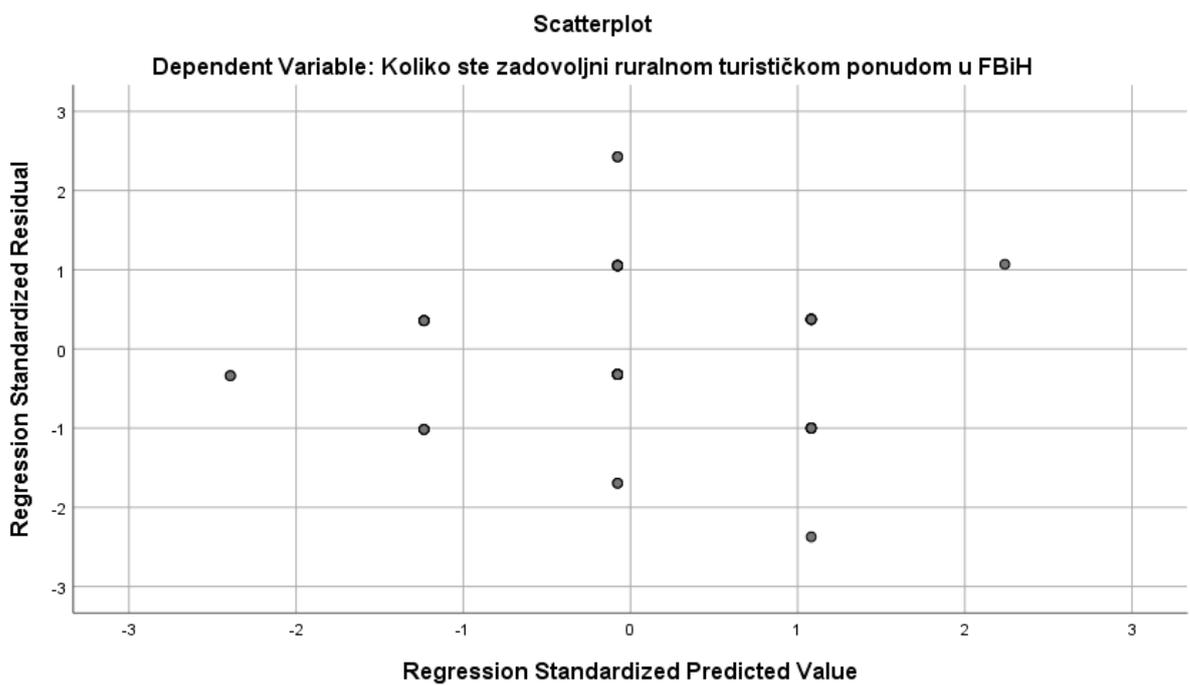
In order to additionally examine the quality of the model and make a final judgment on the acceptance/rejection of the hypothesis, additional tests of the statistical validity of the model were performed. Thus, the histogram shows the normal distribution of the data (graph 1.), while the scatterplot indicates the linearity of the model without the presence of heteroskedasticity (graph 2.).

Graph 1.: Histogram



Source: Independent work of the author

Graph 2.: Scatterplot



Source: Independent work of the author

Based on the results of the method of least squares and additional statistical tests of the quality of the model, it can be concluded that the hypothesis is accepted, the development of rural tourism in FBiH affects the degree of satisfaction of tourists in FBiH.

With that, on the basis of table 3. (regression coefficients), the following regression equation of the model can be written:

$$Y = 0,752 + 0,494X$$

and which can be interpreted as a unit increase in the rating of rural tourism development in FBiH, increases by approximately one rating and the degree of satisfaction of tourists in FBiH.

**Table 3:** Regression coefficients

Model		Coefficients <sup>a</sup>									
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error				Beta	Zero-order	Partial	Part	Tolerance
1	(Constant)	.752	.405		1.858	.070					
	How would you rate the development of rural tourism in FBiH?	.494	.127	.510	3.885	.000	.510	.510	.510	1.000	1.000

a. Dependent Variable: How satisfied are you with the rural tourism offer in FBiH

Source: Independent work of the author

## 5. CONCLUSION

Tourism is one of the driving forces of global economic growth. Due to this, it is not surprising that the travel and tourism industry is one of the most competitive in the world. As tourism continues to be developed in rural areas in order to counter the economic decline in the primary production sectors, the need for sustainable forms of development is recognized. Rural tourism development has been driven by the need for economic growth and diversification and it gives many benefits to rural areas community. When tourists travel to rural areas, they support the local economy and helps in various way. Rural tourism could attract the tourists by providing an excellent glimpse of the village ambiance with local cuisine.

Within our hypothesis we put in relation the development and supply of rural tourism and satisfaction of tourists in the Federation of Bosnia and Herzegovina. According to this the questionnaire research technique was used to collect data and to make some important conclusions and observations. The conducted research showed that in 62.2% of cases, tourists are satisfied and absolutely satisfied with the rural tourist offer in FBiH (cumulative percentage). Among ethnic villages in FBiH, tourists like the natural resources that are represented in them the most (31.1%). In addition to the natural resources, tourists are also satisfied with the food and the friendliness of the staff. According to the survey results, the degree of development of rural tourism in FBiH is good in 46.7% of cases, very good 17,8% and excellent in 4,4% of cases. The hypothesis was tested using the method of least squares within the SPSS statistical software package. It is confirmed that the correlation coefficient is 51%, which means that there is a moderately strong relationship between the satisfaction of tourists in FBiH and the level of development of rural tourism. We need some improvements in this area if we want more satisfied tourists: legal framework, better infrastructure, higher quality of tourist products and services, building employee competencies and using rural resources in the right way. We should be aware that satisfied tourists will promote our potential and bring higher level of local economic development.

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