



THE INFLUENCE OF EMPLOYEES' PERCEPTION ON SERVICE QUALITY AND SUSTAINABLE BUSINESS PRACTICES IN TOURISM AND HOSPITALITY

Milena Turčinović*,
Aleksandra Vujko,
Dušan Mandić

Singidunum University,
Belgrade, Serbia

Abstract:

The paper examined the satisfaction of employees engaged in work activities within enterprises providing tourism services in the areas of Vrnjačka Banja and Sokobanja. The research was conducted through a questionnaire survey. Respondents expressed their satisfaction level with the work they perform and how the enterprise treats its employees. It was concluded that the enterprise plays a crucial role in the level of employee satisfaction achieved. Factors such as how the management structure of the enterprise values employees, their performance, opportunities for advancement provided to employees, and similar aspects, all influence the quality of personnel, motivation, and employee satisfaction. The study confirmed hypothesis H that a high-quality, satisfied, and loyal workforce is a key asset in competitive battles and a fundamental element of business success.

Keywords:

tourism enterprises, human resources, employee satisfaction indicators.

INTRODUCTION

The tourism market, which represents the meeting point of tourist demand and supply, is constantly expanding and evolving (Gajić *et al.*, 2019). Enterprises from other sectors are joining in, broadening and diversifying the offerings, while tourists, as consumers of tourism products, are becoming increasingly demanding (Vujko&Delić-Jović, 2024). Tourists today are more informed and experienced compared to previous years, posing an additional challenge to tourism enterprises to offer attractive and differentiated products to better position themselves in the consumer's mind and in the tourism market (Vanić *et al.*, 2019a).

Tourism products can vary based on additional amenities, competitive pricing, better promotion, and more. However, the factor that retains customers and ensures loyal clientele for enterprises, in most cases, is their employees. This primarily refers to the quality of services provided by employees in tourism and hospitality (Vujko *et al.*, 2022). If employees are satisfied with their work, the services they provide will be at a significantly higher level, and this relationship is mutually reinforcing (Cvijanović *et al.*, 2021). A satisfied worker leads to higher service quality, whereas inadequate recognition and treatment by superiors can result in lower service quality, which tourists keenly perceive (Vunjak *et al.*, 2020).

Correspondence:
Milena Turčinović

e-mail:
mturcinovic@singidunum.ac.rs



A significant challenge faced by enterprises offering tourism and related services is the lack of skilled personnel. This problem was intensified post the COVID-19 pandemic (Chen, 2022). Due to reduced tourism demand and unmet business goals, companies were compelled to take drastic measures, resulting in widespread layoffs and reduced wages, prompting many employees to change professions. The struggle for survival pushed employees to abandon tourism, and according to various studies, only a small number returned even after the economic recovery of the industry.

An analysis of tourism market shows that enterprises often fail to adequately focus on their employees, who are their primary resource. (Vanić *et al.*, 2019b). Employee satisfaction within tourism offerings is crucial for gaining a competitive advantage and achieving profitability for tourism enterprises. Only satisfied and loyal employees can ensure satisfied and loyal customers, which is the ultimate goal of every market-oriented enterprise.

There are numerous ways in which enterprises can contribute to higher employee satisfaction, ranging from material compensation (salaries, bonuses, raise, etc.) to non-material rewards (promotions, opportunities for further training, recognition, etc.). Continuous internal research is essential for identifying and fulfilling employee needs and demands. Human resources have diverse needs, and hence, the same rewards do not motivate everyone uniformly. It is the task of supervisors to identify employee dissatisfaction and address it to minimize negative turnover and retain quality personnel within the enterprise.

Sustainable business practices are the only way to ensure that enterprises operate ethically over the long term. The numerous benefits of sustainable business practices positively impact every segment of a company's operations equally. Enterprises that operate without jeopardizing the environment, local communities, or employee interests are highly regarded by actual and potential consumers, influencing business results and competitiveness in the market. Using resources responsibly generates positive publicity, which holds significant influence in modern business on a company's market position.

The research focuses on enterprises engaged in tourism and hospitality within the territories of Sokobanja and Vrnjačka Banja. These spa destinations were chosen as representative tourism spots in Serbia due to their high level of tourist services, as evidenced by annual visitor numbers in both locations (Cvijanović *et al.*, 2023; Vujko, Bojović, 2023). The study was conducted through a questionnaire survey, which employees could complete on-site or online, depending on their preferences and capabilities. The study started with the initial hypothesis H that a high-quality, satisfied, and loyal employee is the main advantage in competitive battles and a fundamental element of business success.

It was concluded that employees are existential resources for enterprises, ensuring their successful operations, but also requiring constant investment and improvement to sustain the enterprise in the market.

METHODOLOGY

The research is part of a larger research endeavour aimed at writing a master's thesis. Employees engaged in work activities in hotels, tourist agencies, tourist organizations, and other enterprises participating in the overall tourism offerings of the destinations were surveyed. A total of 162 respondents in Vrnjačka Banja and 42 in Sokobanja were included. Field research was conducted in April, using the "personal contact" method where researchers interacted directly with the employees. The survey utilized a questionnaire containing basic questions and inquiries regarding the degree of employee satisfaction. Additionally, the survey included questions about the employee's contributions and overall job satisfaction. Employees were expected to respond clearly and precisely to enable conclusions and propose solutions if problems were identified.

The territorial scope of the study encompassed employees from Vrnjačka Banja and Sokobanja.

The study commenced with the initial hypothesis H that a high-quality, satisfied, and loyal employee represents the primary advantage in competitive battles and a fundamental element of enterprise success.

Sub-hypothesis h1: The enterprise positively impacts employee satisfaction if it correctly identifies their unmet needs. Sub-hypothesis h2: A satisfied employee has no intention of turnover.



Vrnjačka Banja is located in central Serbia, approximately 200 km south of Belgrade. It is well-connected to all parts of Serbia and surrounded by good local roads that lead to its forested mountainous hinterland. The area includes high mountains such as Kopaonik (2017m), Željin (1785m), Stolovi (1376m), and nearby Goč (1216m). Vrnjačka Banja boasts a long tradition as a spa resort. The Romans built their spa and recuperation facility, AQUAE ORCINAE, around the Vrnjačka warm mineral spring between the 2nd and 4th century. The wider Vrnjačka Banja area is Serbia's richest and most interesting tourist region, featuring significant medieval Serbian cultural monuments, especially monasteries with monumental frescoes protected as UNESCO World Cultural Heritage sites. Vrnjačka Banja offers accommodation with over 15,000 beds, including approximately 4,500 in hotels, guesthouses, and apartment complexes, 850 beds in health centres, and around 10,000 in private homes (not all categorized). High-category hotels in Vrnjačka Banja offer covered pools, conference halls, and sports facilities.

Sokobanja is located at 43° and 63' N latitude and 21° and 87' E longitude, in the central part of south-eastern Serbia, at an average altitude of 400 meters. It lies in its own valley, surrounded by a ring of medium-high mountains: Ozren (1174m) to the south, Rtanj (1560m) to the north, Devica (1116m) to the southeast, Slemen (1099m) and Krstatac (1069m) to the east, and Bukovik (894m) and Rožanj (897m) to the west. Sokobanja is 30 km away from the E-75 highway and railway mainline. Besides its picturesque landscapes, Sokobanja boasts the longest tourist tradition in Serbia, hospitable locals, thermal springs, clean air, gourmet specialties, and the sounds of the accordion. What distinguishes Sokobanja from other tourist destinations is its rich and unique nature—numerous mountains, dense forests, rivers, lakes, caves, oxygen-rich air, and negative ions, rightfully earning it the title “Green Heart of Serbia.” Sokobanja offers hotels and numerous apartments providing accommodation services, alongside numerous rural households offering both lodging and meals to tourists.

RESULTS AND DISCUSSION

Based on the data from Table 1, the respondents were categorized by gender. More than half of the respondents were female, while 30.9% were male.

Table 1 . Gender

Gender	Frequency	Percent	Total
Male	63	30,9	30,9
Female	141	69,1	69,1
Total	15	49	64

Source: Authors' analysis

Upon reviewing Table 2, it can be concluded that the majority of respondents have between 5 and 15 years of tenure in the company, indicating that employees are familiar with the business and corporate policies of the company. Their opinions serve as a valid indicator of employee satisfaction among those engaged in work activities in the surveyed areas.

Table 2. Years of experience in the company

Number of years	Frequency	Percent
Less than five years	62	30,4
From 5 to 15 years	93	45,6
More than 16 years	49	24,0
Total	204	100

Source: Authors' analysis



Table 3 presents the data regarding the territorial scope of the research. The study was conducted in the areas of Sokobanja and Vrnjačka Banja, with 120 more respondents compared to the previously mentioned region.

Table 3. Place of employment

Workplace	Frequency	Percent
Vrnjačka Banja	42	20,6
Sokobanja	162	79,4
Total	204	100

Source: Authors' analysis

Based on the data presented in Table 4, employees conducting their activities in Sokobanja-based enterprises are more satisfied with advancement opportunities within their company compared to the percentage of surveyed employees in enterprises located in Vrnjačka Banja. Based on these results, it can be concluded that despite the larger-scale enterprises in Vrnjačka Banja, their employees are not highly satisfied with the opportunities provided to them. Categorization of enterprises does not guarantee sustainable working conditions, although it should be different. Young professionals seeking ideal positions that offer them complete satisfaction will not stay in a company that does not provide opportunities for further development and advancement, leading to turnover of potential high-quality talent and loyal employees. All of these factors impact the overall image of the destination. Internal recruitment of personnel is one way for a company to secure quality human resources without additional investments, thereby increasing employee satisfaction, which in turn affects their performance and contributes to overall company success.

Table 4. The possibility for advancement

How satisfied are you with the possibility of advancement?	Workplace		Total
	Sokobanja	Vrnjačka Banja	
I have no opinion	6	1	7
Satisfied	21	112	113
Very satisfied	15	49	64
Total	42	162	204

Source: Authors' analysis

Upon examining Table 5, it can be concluded that the surveyed employees are predominantly satisfied with their workplace and the positions they hold. In the areas of Vrnjačka Banja and Sokobanja, where the influx of foreign tourists is increasing and where job opportunities for the local population are greater compared to previous periods when spa tourism was less developed, numerous positions are opening up, and opportunities for advancement should be guaranteed. Guaranteed employment following completion of higher formal education in smaller towns ensures that businesses operate sustainably. Sokobanja is a destination that requires investment and development in tourism to support the natural riches of this area for adequate growth and development of the tourist destination. Young employees without prospects, lacking guaranteed advancement and professional development, are forced to migrate to larger cities, leaving positions vacant or filled by inadequately skilled personnel. This significantly impacts the overall picture and satisfaction of employees who remain in businesses and stay in the same positions for extended periods.

**Table 5.** Job satisfaction

Are you satisfied with the workplace and with the position you hold?	Workplace		Total
	Sokobanja	Vrnjačka Banja	
I have no opinion	33	100	133
Satisfied	9	62	71
Very satisfied	42	62	204
Total	42	162	204

Source: Authors' analysis

Based on the data presented in Table 6, the most significant factor influencing employee satisfaction is the recognition of business results and employee ambitions. Previous research suggests that employees are largely dependent on rewards and punishments for their performance, which greatly impacts their motivation levels, turnover intentions, and local migration rates. Only employees who feel that their efforts are valued in a fair and just manner tend to strive for better results and performance, thereby enhancing the company's competitiveness in the market. Equally crucial to employee satisfaction is a positive and constructive work atmosphere and recognition of their contributions. Interpersonal relationships with colleagues, as well as the relationship between superiors and subordinates, are some of the internal factors that can have positive or negative effects on employees. Therefore, it is essential that every employee is treated fairly and equally, with the same opportunities for advancement or setbacks based on their performance. The data from Table 6 and Table 7 confirm the hypothesis h1, highlighting the importance of ongoing research into employees' satisfied and dissatisfied needs. To further motivate employees and increase their satisfaction levels, it is crucial to clearly define and recognize their needs to compensate for any deficiencies and maintain satisfied and high-quality employees. This approach would help achieve the business goal of having loyal human resources that are difficult to replicate in competitive market battles. When the company has good and satisfied employees the expenses are lower, which is good for every company, because the company can invest more money in advancement. Every good manager knows what his employees need and that is the path a manager takes if he or she wants a company to have good and high – quality employees, which is confirmed in the table 6.

Table 6. Factors affecting the leave of employee satisfaction

Factors that have a decisive importance for job satisfaction	Workplace		Total
	Sokobanja	Vrnjačka Banja	
A good manager, leader	12	6	18
Positive and constructive atmosphere at work	5	15	20
Understanding by authorities	3	15	18
Appreciation of business results and ambition employees	17	66	83
Opportunity for advancement at work	1	23	24
Evaluation of work	3	17	20
Stimulation and motivation in the form of rewards and support	1	20	21
Total	42	62	204

Source: Authors' analysis



Upon examining Table 7, it can be concluded that according to the respondents, the best way for a company to retain quality employees is through promotion. The human resource planning process is deemed the most crucial business process within a company, significantly influencing the establishment of its business policies. Frequent staff recruitment, preferably through internal recruitment, allows employees to continuously develop, learn, contribute their ideas, and thereby enhance overall business operations. Based on the data obtained, financial incentives play the smallest role in preventing turnover. However, this element should not be overlooked, as the diversity among employees reflects a variety of needs, desires, and capabilities. It is the company's responsibility to recognize and take appropriate action in response.

Table 7. Ways of retaining quality employees

How can a company retain quality employees?	Workplace		Total
	Sokobanja	Vrnjačka Banja	
Finances	12	6	18
Appreciation opinions	5	15	20
Understanding by authorities	3	15	18
Evaluating works	17	66	83
Improving	1	23	24
Total	42	62	204

Source: Authors' analysis

Based on the data presented in Table 8, it can be concluded that employees are mostly satisfied or very satisfied with their company's operations. If a company operates profitably and sustains itself in a growing tourism market where competition is increasing, employees consciously contribute to the development of spa tourism by ensuring high-quality satisfaction of tourist needs. Without satisfied employees, a company cannot elevate its operations or sustainably operate. Employees who are satisfied with business outcomes and have a clear vision of their career path within the same company are the main strength and key asset in competitive battles for the company's survival in the market.

Table 8. Assessment of the company's operations

How would you rate the performance of your company?	Workplace		Total
	Sokobanja	Vrnjačka Banja	
I have no opinion	5	3	8
Satisfied	29	90	119
Very satisfied	8	69	77
Total	42	162	204

Source: Authors' analysis

Table 9 shows that 98% of the respondents envision themselves continuing to perform business activities in the same company in the foreseeable future. The satisfactory business policy of the company is evidenced by the data indicating a lack of intention among employees to fluctuate and perform business tasks in competing companies. A loyal employee is directly interdependent with satisfied customers who ensure the secure achievement of set business goals. The data from Table 5 and Table 9 confirm sub-hypothesis h2, which indicates the interdependence between employee satisfaction levels and their intention to leave the company. If an employee is satisfied with working conditions, performance outcomes, and opportunities provided as part of the company, the chances of them leaving the company are minimal or non-existent. When the employees have all that they need in a company, and when they can contribute to the quality of life, they never want to abandon the company and the company has loyalty and high – quality human resources, which are striving for the better results.

**Table 9.** The employee's perception of further employment

Do you see yourself in the same company in the following period?	Workplace		Total
	Sokobanja	Vrnjačka Banja	
Yes	40	160	200
Do you see yourself in the same company in the following period?	2	2	4
Total	42	162	204

Source: Authors' analysis

Hypothesis H, stating that a quality, satisfied, and loyal employee represents the main asset in competitive battles and a fundamental element of business success, is confirmed by the conducted research.

CONCLUSION

This study clearly emphasizes the crucial role of human resources in the operations of companies, particularly in tourism-related enterprises, whose business relies on people and their skills. An employee can be loyal and of high quality only when he or she is satisfied and motivated, receiving respect and recognition from their colleagues and superiors, with their performance adequately rewarded.

The company's role in cultivating quality employees is pivotal, as there are numerous ways in which the management structure can influence employee satisfaction, motivation, creativity, and loyalty. In a constantly expanding tourism market with high competitiveness, only companies with a skilled workforce can achieve and maintain a competitive edge. It is crucial for companies to understand that retaining quality employees is far more significant than constantly initiating new human resource management processes that involve hiring and training new personnel. This confirms hypothesis H that a satisfied employee is a prerequisite for successful business operations.

Listening to employees is a business strategy that guarantees successful operations for the company. Understanding and recognizing their needs and desires can facilitate the company in choosing individualized ways to motivate its human resources. Since all employees are unique and differ from each other, continuous employee research is essential.

To ensure sustainable business practices, it is crucial to manage human resources, the main assets of the company, as well as other resources utilized in its operations. Sustainable operations not only support and enhance a company's reputation in the market but also open opportunities for international business beyond borders, given the growing awareness of sustainable business practices and corporate sustainable development.

This research investigated the satisfaction levels of employees engaged in business activities in tourism and hospitality enterprises in Vrnjacka Banja and Sokobanja. The study validates the existing knowledge regarding the impacts of various internal and external factors on employee satisfaction. The research results highlight factors which contribute to employee motivation, creativity, loyalty, and their perspectives on further business development.

It is important to note that the research has certain limitations; primarily, it was conducted in-person, giving employees the choice to complete the questionnaire either online or on-site. Future research could be conducted remotely to mitigate concerns about biased responses due to fear or other factors.

The findings of this research can serve as a foundation for further studies examining employee satisfaction levels and factors directly impacting them.



REFERENCES

- Chen, Y., Zhang, Z., & Wang, T. (2022). Dire straits: How tourists on the diamond princess cruise endured the covid-19 crisis. *Tourism Management*, 91, 104503. DOI: 10.1016/j.tourman.2022.104503
- Cvijanović, D., Vujko, A., & Bojović, R. (2023). Development parameters of spa tourism as a complementary offer of rural tourism. In *International Scientific Conference EKOM 2023: "Current social-economic challenges of development of Countries in contemporary conditions"*, 9-10.11.2023 (pp. 459-471). Kosovska Mitrovica, Faculty of Economics, University in Priština. ISBN 978-86-81392-03-4.
- Cvijanović, D., Vujko, A., & Delić-Jović, M. (2021): Standardisation of services as a basis for quality in hotel industry. In *International Scientific Conference EKOM 2021: "Importance of the Mini-Schengen for the EuroIntegration of the Western Balkans"*, 12-13.11.2021 (pp. 349-358). Univerzitet u Prištini, Ekonomskifakultet, Kosovska Mitrovica. ISBN 978-86-80127-99-6
- Gajić, T., Penić, M., Vujko, A., & Petrović, M. (2019): Development Perspectives of Rural Tourism Policy – a Comparative Study of Rural Tourism Competitiveness Based on Perceptions of Tourism Workers in Slovenia and Serbia. *Eastern European Countryside*, 24(1), 144-154. DOI:10.2478/eec-2018-0007
- Gajić, T., Vujko, A., Tretiakova, N.T., Petrović, M., Radovanović, M., & Vuković, D. (2019). Evaluation of service quality and development of rural tourism – (Serbia) Case Study. *DETUROPE: The Central European Journal of Tourism and Regional Development*, 11(2), 4-22. DOI: 10.32725/det.2019.012
- Vanić, T., Stamenković, I., Vujko, A., & Gajić, T. (2019b). The impact of demographic characteristics on job satisfaction of employees in hospitality industry city of Novi Sad. In *The contemporary trends in tourism and hospitality – CTTH: "Get ready for i-generation"*, 12-13.09.2019. (pp. 86-98). Department for Geography, Tourism and Hotel Management, Novi Sad. ISBN 978-86-7031-523-5
- Vanić, T., Stamenković, I., Vujko, A., Gajić, T., Delić-Jović, M. (2019a): The role of organizational justification in the relationships of leaders and futures (lmx) in the service sector. *Geojournal of tourism and geosites*, 27(4), 1296-1306. DOI: 10.30892/gtg.27415-434
- Vujko, A., & Bojović, R. (2023). Spa tourism as a development driver of rural destination. In *VIII International Scientific Conference in the field of Tourism and Hotel Management "Managing the future by learning from the past – contemporary trends in tourism and hospitality"* SITCON 2023, 19.10.2023. (pp. 96-102). Singidunum University, Belgrade. ISBN: 978-86-7912-810-2, pp.96-102
- Vujko, A., & Delić-Jović, M. (2024). Special forms of tourism in the function of sustainable development of rural destinations. Faculty of Toiorm and Hotel Management, University of Business Studies. Banja Luka. ISBN 978-99955-95-36-4, str.176, COBISS.SR-ID 140204289
- Vujko, A., Vuković, D., Demirović-Bajrami, D., Zečević-Stanojević, O., & Zečević, L. (2022): The nexus between employee engagement and performance management process – Fruška Gora National Park (Serbia) Case Study. *Sustainability*, 14(18). 11489. DOI: 10.3390/su141811489
- Vunjak, M.N., Vujko, A., Dragosavac, M., & Antonijević, N.T. (2020): Descriptive statistics in corporate management and employee engagement in rural destinations. *Economic of Agriculture* 67(4), 1087-1101. DOI: 10.5937/ekoPolj2004087V