

## INTERNAL FACTORS OF SARAJEVO HOTEL INDUSTRY

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**Abstract:** This paper brings new findings about 3 categories of internal factors of hotel industry in Sarajevo: "economic" (management & ethics of the hotel business), "geographic" (location and access) and "architectonic- interior" (facilities and modernity of hotel). All identified factors were measured by 19 parameters incorporated into survey on the Likert matrix model (1-5) and analysed by their statistical relevance. Therefore, the results were classified as "positive", "neutral" and "negative" score, and there was determined the qualitative rank- 3 categories: "high", "medium" and "low" impact of the internal factors on the hotel industry. Terrain observations and visit to sampled hotels (where the survey was conducted) as well as the satellite map analysis were helpful to get the knowledge on the hotel spatial distribution and its quality as well as the work atmosphere at the hotels. The study reflected that all 3 groups of internal factors highly affecting the hotel industry development, while only the human resources- the workforce quality was determined as neutral with the contemporary medium impact on the hospitality. Regarding to new concepts of successful hotel industry, this paper helps to understand the strengths & weaknesses at the Sarajevo hotel sector and it brings solutions for sustainable hotel industry development.

**Keywords:** hotel industry, ethics, location, facilities, modernity, tourism destination, development

### 1 Introduction

Sarajevo, Bosnia and Herzegovina, is a European developing tourism destination. The territory of 5 urban municipalities has majority of the tourism receptive contents (accommodation, catering, transport, information, museums and tourist attractions). According to the official statistics, the destination has a positive tourism growth over the two passed decades- the number of overnight stays increased by 9%, reaching approx. 1 million nights in 2017 (925198) with a high participation of international tourists 89%. The hospitality industry of Sarajevo had a gross traffic of 200 million € in 2017 (Development Planning Institute of Sarajevo Canton). Tourism managers claim the real tourism indicators might have a higher value, but there's a statistical leakage at some hotels (e.g. at the registration of overnight stays). There's progressive growth rate at accommodation by 20% because the "blooming tourism" requires the new and modern hotels, such as recently built Novotel Sarajevo Bristol, Hills, Marriot, etc. Sarajevo has 160 accommodation units (2017), while the "hotels" takes 32% (Federal Ministry of Environment and Tourism). Majority of hotels is concentrated at the city zone, while the most beautiful-luxurious hotels are mostly located on the southwest around the thermal waters which is 10-15 km distance from the city centre. Previous research (Zunic, 2018) showed there are some irregularities toward the internal factors affecting the hotels, such as inadequate qualifications, etc. The aim of this article is to analyse and evaluate the internal factors and its relevant parameters which influencing the growth of Sarajevo hotel and hospitality industry.

### 2 Theoretical Background

Asif (2015) defined internal factors as those within the control of the enterprise, such as: management and the workforce of the hospitality firm, change and conflicts management, types of facilities and activities available, and location & accessibility. The term of internal factors is understood as inner strengths and weaknesses that an organization exhibits. Internal factors can strongly affect how well a company (e.g. hotel) meets its objectives, and they might be seen as strengths if they have a favourable impact on a business, but as weaknesses if they have a deleterious effect on the business (Business Dictionary, Texas). Zhang & Enemark (2016) stated that internal factors are represented by, for example, extent of business investment, level of innovation, costs of workers and firm size. Bernini and Guizzard (2010) stated that internal factors of hospitality are presented with availability of human resources and management.

Langvinienė and Daunoraviciute (2015) presented factors influencing the success in hospitality business model: internal marketing, innovation and technology, empowered employees, customer relationship management and value proposition (Langvinienė, 2015). Generally, the internal factors could be divided into 3 categories: economic (management and workforce), geographic (location) and architectonic (hotel facilities). But, the common thing for determining models of internal factors in hospitality is mostly related to management and human resources of the hotel, which makes fundament of the qualitative hospitality. That's because hotel policy and its implementation mostly depends on the hand which managing all the process and flows inside the object, so it must be the person with an adequate qualifications and impressive business skills. At the same time, one person can't do all alone, so the responsibilities must be shared, but with those who know to work their job. This means that workforce or the staff of hotel need to have property skills to complete their task well. The successful cooperation between the employer and employees is also required. Hotels use seasonal workforce as well, but those should be again carefully chosen to not to decrease the image of the hotel. It's also important that tourism destination can offer human resources with proper qualifications in the field of tourism & hospitality. The geographical approach to the evaluation of hospitality is mostly related to the hotel's location and its accessibility, which is very important to make hotel more attractive on the market. Guests usually choose the hotel which is well connected with the centre and other interesting contents of destination. Hotel should be easily approachable and it's recommended to be located on the flat terrain without heavy slope, which is very important for the older guests and families with young kids. Architectonic side of the hotels is related to its structure and available facilities that makes hotel more desirable. Guests like to enjoy an attractive hotel ambience with imposing interior design, they prefer to choose hotel with contemporary technical equipment (TV, free internet, etc.), more facilities means more fun and creative time spending (fitness, swimming, spa & massage, fun games, etc.), plus they want to feel like at home. Therefore, this paper will consider all 3 groups of internal factors: economic, geographic and architectonic- interior, determined by their suitable parameters as relevant for the evaluation of hotel industry.

### 3 Methodology

The evaluation model of Sarajevo hotel's internal factors was presented by 3 categories, 4 factors and 19 relevant parameters:

*I. Economic/ Business internal factors of hotel:*

*F1- Management structure and ethics of the hotel business (9)*

*F2- The Workforce (HR): qualifications and seasonality (4)*

*II. Geographic internal factors of hotel:*

*F3- Location and Accessibility: distance to the city centre and connections (3)*

*III. Architectonic- Interior of hotel:*

*F4- Available Facilities and Equipment- modernity of hotels (3)*

The target population for this study was 25 workers at the 8 lux and superior hotels in Sarajevo. The survey was directly administered and collected during the September of 2018. The importance of each indicator was measured at five-point Likert scale (1 = Strongly Disagree, 2 = Disagree, 3 = Neutral/ Neither agree neither disagree, 4 = Agree and 5 = Strongly Agree). The Likert matrix model of evaluation was used to determine parameters' value as: *positive (5-3.51)*, *neutral (3.50-2.51)* and *negative (2.50-1)*, as well for the ranking of their importance: *high (equiv. "positive")*, *medium (equiv. "neutral")* and *low (equiv. "negative")* impact on the hotel industry. Relevant majority as the "general attitude" was counted if percentage  $\geq 60$  (Approaches to The Analysis of Survey Data, Statistical Service Centre, The University of Reading, UK, 2001), while the statistical majority was counted 51% (CEO). Descriptive statistics were used to analyse the quality of the internal factors of Sarajevo hotel and hospitality industry, to explore how they influence the growth of this sector and what measures could

improve its development. Terrain observations (the field work) helped to identify spatial distribution and quality of hotel units, but there was also helpful the Google Earth hotel's map- satellite image of Sarajevo city, as well as booking website, to understand the hotel's distance from the city centre, which was measured by 3 categories: <1 km (5), 1-3 km (4), 3-5 km (3).

## 4 Results and Discussion

### 4.1 Management Structure and Ethics of the Sarajevo hotels

Based on the contemporary UNWTO criteria (number of rooms: ≤150- small hotel, 151-400- medium, ≥400 rooms- large hotel), 37.5% of lux 5-star and superior 4-star hotels in Sarajevo is medium size, while 62.5% is small hotels. The structure of the Sarajevo hotels is defined with the governmental framework (Federal Ministry of Environment and Tourism, Sarajevo), where the hotel is defined as a functional system presented with one or maximum four buildings or it can be even the part of some other building but with the separate entrance. Hotel can have maximum 3 annexes/ dependences. Hotel essential components are: reception hall, minimum 10 guest rooms, food and beverage, kitchen, and the sanitary node. Qualitative standards for five-star and four-star hotels include specialized personalized service (e.g. luxurious gifts for the guests or hotel room service) and criteria for selection: hotel exterior (e.g. city resort), hotel building construction (unique – for example, historical) and hotel interior (traditional, decorative, comfortable, impressive). Hotel management is hierarchically structured (e.g. general manager as supervisor in charge for all the hotel's operations and then the hotel manager- director, then the head of department, etc.), while the basic operative departments are: reception, reservation and marketing. Educational structure of the hotel workforce counts majority of employees with high school degree 67%, while there's only 10% with the academic degree, but they mostly work at the hotel administration and keep a chief/ head position.

Table 1 Ethical parameters of the hotel business

FI-9	+VE		NEUT.		-VE		Tot. %	Value	Rank
	SA	A	N	D	SD				
The Code of Ethics	80	0	0	0	20	100	4.2	High	
Ethical principles	64	16	8	8	4	100	4.3	High	
Anti-corruption program	28	0	0	0	72	100	2.1	Low	
Salary stimulation	52	20	16	4	8	100	4.0	High	
Freedom of speech	64	24	4	4	4	100	4.4	High	
Fair valuation for all	36	48	12	4	0	100	4.2	High	
Successful cooperation	52	20	16	8	4	100	4.1	High	
Accept. working condition	32	28	24	12	4	100	3.7	High	
Acceptable salary	64	4	12	20	0	100	4.1	High	
<b>TOT. AVG. SCORE</b>							<b>3.9</b>	<b>High</b>	

SA- strongly agree, A- agree, N- neutral, D- disagree, SD- strongly disagree  
(Zunic & Kadric)

According to the table 1, between 9 evaluated parameters from the group of economic internal factors- Factor 1- Ethics of the hotel, only one has negative value- "low" impact on the hotel industry (Anti-corruption program), while the rest of them has positive- "high" impact, and the average score for the ethical factor of hotels is "high & positive", which means that ethics highly affecting the hotel industry in Sarajevo.

Majority of respondents 80% strongly agreed that the hotel has an international Code of Ethics, while some employees 20% strongly disagreed of that. Based on the results from survey, this answer came from a small number of employees working in superior or even the lux hotels which are actually not member of international chain-brand hotels. However, most of the hotels have an official ethical rules and guidance. For instance, Novotel Sarajevo Bristol- Accor Hotels, this hotel adheres to the FEVAD (Federation of E-commerce and Distance Selling) Code of Ethics. Consequently, there was mostly positive statement 64% that hotel operates on ethical principles. The unexpected thing was that majority of respondents were negative- 72% strongly disagreed that hotel have anti-corruption program, while only 28% marked strongly agree with this. The positive statement was expected as logically the code of business and ethics includes

anti-bribery & corruption program, but majority of employees actually considered it as a separated document which resulted with their negative attitude. Ethics is defined as moral principles that govern a person's behaviour or the conducting of an activity (Oxford). Business ethics are rules by which businesses choose to live (Jaszay, 2002). The term "ethics" can be dissected into components in order to evaluate which aspects are working in hotel and how to improve them. The ethical components would be: individual responsibility; tone at the top; honesty; integrity; corporate responsibility and communication; democracy (Fountain, 2012). For example, ethics of Accor's hotels and integrity is built on the diligent application of three closely related, interconnected principles: heavier penalties, greater public awareness and sensitivity and managerial responsibility. The European Union and national jurisdictions have introduced severe financial penalties, with substantially higher fines for bribery, etc. The business ethics of Accor's hotels includes: respecting competition rules, combatting bribery of public officials, bribery of private individuals, money laundering and complicity in money laundering, gifts, political activities and lobbying (Bazin, 2015). Therefore, the code of ethics automatically regulates the anti-corruption program as well. Employees expressed positive attitude toward their management as majority of them answered with strongly agree or agree to the 3 related issues: 52% of workers strongly agreed and 20% of them agreed that manager stimulate their work; 64% strongly agreed and 24% agreed they have a freedom of speech; 36% gave a strongly agree and 48% agree statement that manager correctly evaluates their efforts. There was relevant majority of employees who stated they get along well: strongly agree 52% and agree 20%. This reflects integrity and good cooperation at hotels which is essential rule of ethics. Fountain (2012) stated that integrity is adherence to a moral code, reflected in honesty and harmony in what one thinks, says and does. As such, those who we regard with high integrity normally possess a strong set of morale ethics. Corporate responsibility is owned by each and every employee (Fountain, 2012). Therefore, the success of hotels means a good organisation and the fact that each employee working in a hotel will contribute to its improvement through the experience they gain. Hotel managers must respect their employees and understand that feedback from employees is important to improve hotel operations and business processes. Rutherford (1998) also stated that people working in a hotel respecting its official rules and legislative procedures (Rutherford, 1998). More than a half respondents confirmed that working conditions are acceptable, 32% of them strongly agreed with it and 28% agreed, while 24% was neutral, 12% disagreed and 4% strongly disagreed. Dissatisfaction mostly has the roots in the fact there are numerous tasks to do (e.g. too much administration) and there should be more employees to make it more efficient, or their difficulties comes from a small workspace (e.g. tight office or desk). During visiting was evident that some hotels have a small working area, for instance, one desk was shared between more than 3 persons, etc. Representative majority of respondents, 64% strongly agree and 40% agree, shared the positive attitude that salary is acceptable, while 20% disagreed and 12% was neutral. Previous results based on the access to the internal hotel's archive (Zunic, 2018), showed that the average salary at hotels is above the average wage in Sarajevo, which confirms it is quite acceptable.

### 4.2 Qualifications and seasonality at Sarajevo hotels (Workforce- Human Resources)

According to the official data (Bureau for informatics and statistics of Sarajevo Canton, 2016), educational level at hospitality sector was presented with majority of workers with high school degree 67%, while the academic degree participated by only 10%. There was found positive decade trend of growth (2006-2016) in academic degree participation at hospitality industry, but it's still negligible. The educational structure at hotels is somewhat more favourable because workers with academic degree participate by 23%, but the high school degree is still mostly presented- up to 70% (Zunic, 2018).

Table 2 Hotel Workforce- HR parameters

F2-4	+VE		NEUT.		-VE		Tot. %	Value	Rank
	SA	A	N	D	SD				
Hotel operation seasonality	20	28	44	8	0	100	3.6	High	
Seasonal workers	24	24	40	8	4	100	3.6	High	
Academic degree	52	0	0	0	48	100	3.1	Med.	
Educational improvement	24	16	16	28	16	100	3	Med.	
<b>TOF. AV. SCORE</b>							<b>3.3</b>	<b>Med.</b>	

(Zunic & Kadric)

According to the table 2, between 4 evaluated parameters from the group of economic internal factors- Factor 2- Workforce- HR (Human Resources), two of them have positive value- “high” impact (Hotel operation seasonality & Seasonal workers), while the other 2 have neutral value- “medium” impact (Academic degree and Educational improvement), and the average score for the human resources factor at Sarajevo hospitality (hotels) is “medium & neutral”, which means that this factor doesn’t affect particularly the growth of hotel sector.

The survey results showed the relevant majority of hotel workers with academic degree 52%, but it’s also high share of those without diploma 48%. The earlier research (Zunic, 2018) showed the Sarajevo hospitality structure mostly without academic degree. The reason that hotel & tourism industry mostly hires workers with high school degree is because they can do diversify jobs well for less pay (administration, reception, kitchen, housekeeping, etc.). Besides, there are vocational schools that educate and prepare human resources at this field (e.g. High school for catering and tourism Sarajevo) or even the courses- training program (e.g. “tour guide”). On the other hand, people with academic degree should be mostly employed at managing and higher paid positions (e.g. supervisor, director, head of department). However, the new findings at the Sarajevo lux and superior hotels showing different and improved academic structure of workers, which is influenced by 3 factors:

- Popular & internationally branded hotels require qualitative human resources (with academic degree and an adequate qualifications),
- High unemployment rate of 29% in Sarajevo Canton (Bureau for Informatics and Statistics of Sarajevo Canton), and in the country 33% in 2019 (Trading Economics)
- The Capital City as the main gravitational centre of the country

Even jobs at tourism are generally seen as the menial, low paid and seasonal (KIS IGCSE Geography), there are many educated people (with academic degree) in Sarajevo and Bosnia & Herzegovina without job. Therefore, when it comes to surviving, any job is welcomed. It’s not a rare thing in Sarajevo that person with academic degree accept job at the hotel reception or the barman workplace. For instance, many graduated students of tourism & environmental protection (Department of Geography, Faculty of Science, University of Sarajevo) do different lower paid jobs at hotel & tourism sector (receptionist, waiter, seller of arrangements, tour guide, etc.). Sarajevo is also the capital and the leading gravitational centre of the country, so young people are not selective and many of them happily accept any decent job in the “big city”. Even nowadays migrations country-city is extensive in Bosnia & Herzegovina, and at the administrative-inter cantonal level, Sarajevo (FBH) has positive net migration rate of 797 in 2018 (Institute for statistics of Federation of Bosnia & Herzegovina). Majority of immigrants approx. 40% belong to the age contingent of 20-34, while majority of students 46.3% attend studies at the University of Sarajevo. This proves that once the young people come to Sarajevo for higher education, they are hardly willing to back to their earlier place of living which is usually at some province or periphery of the country. Therefore, they accept different jobs here because of higher city life standard. On the other hand, any good businessman knows that the higher educated people have a better trained brain and improved cognitive functions, so they prefer workforce with academic degree. Educated people are considered as more capable to do any job. Besides, there is increased brain efficiency in individuals with higher education

level that may mitigate the impact of age on brain functional connectivity (Marques et al., 2015), so the higher educated people should be more effective in a long-term perspective. International hotel chains have a worldwide recognized name and the quality of their brand is out of question. There is no doubt that the human resources play important role and the academic degree is desirable.

When it comes to educational programs, the answers were mostly negative or neutral especially at the workers with the longer work experience, while 40% of hotel workers expressed positive attitude about this and they confirmed that hotel managers give them opportunity to improve their skills and update their business knowledge. Rutherford (1998) stated that management of contemporary hotel will create a list of attributes that employee should have and it mostly includes: professionalism, affable appearance, empathy, flexibility, formal dressing, special skills (foreign languages, informatics, etc.). Therefore, hotel managers usually make introduction at the initial phase when they have recruited new workers. They give them fast lessons and instructions how to behave and do their task well.

Hotel operation seasonality is more expected at the mountain or the sea tourism centres then in the city centre. However, 48% of hotel workers shared the positive statement that hotel operates better during the tourist season which is defined mostly by interval April-October. Even the city tourism is mostly popular at spring and autumn, there is also huge interest for the summer tourist season because of several reasons:

- Most of people use their annual holiday at summer or some jobs organise collective holidays at summer (schools and universities)
- Many tourists come for a daily visit Sarajevo during their excursion from other destination (e.g. Makarska, Croatia)
- Most of events (conferences, fairs, matches, concerts, etc.) is organised during the warmer and more pleasant period of year which could be defined by April-October

As the tourist season brings overbooking hotels, the 48% of respondents strongly agreed or agreed that hotel recruit seasonal workers and it is mostly connected to the workplace of receptionist. This percentage is a bit higher than the available standards where is recommended proportion of permanent vs. seasonal workers by 60:40% (Expertize of economic development, 2009). However, earlier research (Zunic, 2018) showed that organisation of tasks in front of hotel (supply, marketing and promotion, transfer, accommodation and tourist info) is mostly good 55%, but the guests’ perception was some lower evaluated by share of 45%- good. Therefore, hotels should care more of right qualifications of seasonal workers, but sometimes it’s not required because managers are in rush-hours and they make hasty decisions. Zunic (2018) found nepotism impact on the seasonal worker selection at the hotel and tourism agencies in Sarajevo, where 51% got the job thanks to the manager recommendation without necessary possession of an adequate degree. Dobre (2005) stated that hiring the seasonal workers with lower qualifications significantly- negatively affects the service quality.

#### 4.3 Location and Accessibility: distance to the city centre and connections

Table 3 Hotel Location and Access parameters

F3-3	+VE		NEUT.		-VE		Tot. %	Value	Rank
	SA	A	N	D	SD				
Location & business	84	8	4	4	0	100	4.7	High	
Distance to the city centre	62	25	13	0	0	100	4.5	High	
Transfer organisation	92	0	0	0	8	100	4.7	High	
<b>TOF. AV. SCORE</b>							<b>4.6</b>	<b>High</b>	

(Zunic & Kadric)

According to the table 3, all 3 evaluated parameters from the group of geographic internal factors- Factor 3- Hotel location and access, have positive- “high” value, and the average score

for the hotel location and accessibility factor is “high & positive”.

The survey results showed there's strong connection between location of hotel and its business success as respondent's statements were 92% positive. Dobre (2001) stated that hotel location has a huge impact on the hotel business, assortment of services and defining hotel category- class, and it is important factor of business success, growth and development of hotel. Storga (2011) explained that hotel location affecting structure of guests, creating the hotel policy and the hotel operation. The central location has positive impact on the hotel business, while hotels outside the city centre should have more diversify supply to increase their attractiveness. Location is one of the key factors of hotel attractiveness (Grbesa, 2011). When it comes to urban tourism, central location of hotels is highly demanded. Therefore, the majority of respondents 87% gave positive statement that distance of hotel from the city centre matters a lot because guests prefer hotels in the centre near to CBD and to the main tourist sites. There are 4 groups of factors affecting hotel location: spatial, political, cultural and urban-economic (Yang et al., 2012). Spatial location of hotel is defined by locational attributes (access, urban ambient, communal services and infrastructure) and individual characteristics (price of location, hotel class, property and diversify supply), while general (trade-demand, HR, materials, transport, propulsion energy, water) and special factors (climate, land, etc.) affecting hotel location (Dobre, 2001). Geographic approach is related with spatial distribution of hotels depending on geographical factors. Hrelja (2009) analysed spatial factors of hotels location in Sarajevo. He found that topographic and hydrologic feature as well as the transport network had the biggest influence on the hotel location. Therefore, most of hotels are located on the flat terrain or with mild slope (0-4°) with south exposition and near to the main road corridors (which are parallel with the main valleys). Our spatial analysis based on the satellite image of Sarajevo and the terrain work helped us to identify 2 basic cores of city hotel's location with the grouping distribution: a) Old town and the Centre (E) and b) Ilidza (W-SW), while linear distribution is mostly presented in the inner middle city zone, as well as dispersive character with the increasing radius of distance from centre toward the mountain area. “Grouping hotels” is related to most popular tourist sites such as the Old town- headquarter of Ottoman cultural heritage and the Centre- Austria-Hungarian, while Ilidza is famous with its Roman and Austria-Hungarian expression as well as for the thermal water and spa hotels & parks. “Liner hotels” in the inner city zone are related to the highway- M18 road which is the part of European route E762. “Dispersive hotels” are related to the peripheral area of the city and they are more common for the mountain area especially when it comes to the private accommodation (apartments), while there recently grouping trend hotels at mt. Bjelasnica etc.

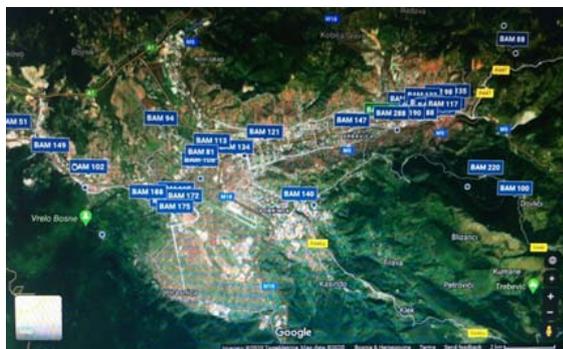


Fig. 1. Satellite image of hotel spatial distribution in Sarajevo (Google Earth Maps)

There was positive statement of 92% that Sarajevo lux and superior hotels organise transfer related to the arrival terminals, but it's mostly charged. During informal interview with some hotel managers was found that transfer from the hotel to the airport is more common than the transfer to the receptive destination because it costs more. Some hotels organise transfer

from the airport in case there's group of min. 3-5 guests, while it's not considered profitable in case of individual arrivals.

#### 4.4 Facilities and equipment- modernity of Sarajevo hotels

Table 4 Hotel's Facilities parameters

F4-3	+VE		NEUT.		-VE		Tot. %	Value	Rank
	SA	A	N	D	SD				
Modern equipment	40	40	20	0	0	100	4.2	High	
Shuttle buss	64	0	0	0	36	100	3.6	High	
Accommodation quality*	63	37	0	0	0	100	4.8	High	
<b>TOT. AV. SCORE</b>							<b>4.2</b>	<b>High</b>	

\* the survey results 2013-2014 (Zunic, 2018)  
(Zunic & Kadric)

According to the table 4, all 3 evaluated parameters from the group of architectonic internal factors- Factor 4- Hotel's facilities, have positive- “high” value, and the average score for the hotel's modernity is “high & positive”.

Majority of respondents 80% gave positive statement about modernity of the hotel. Modern equipment includes: smart room, energy and water saving system, LED technology (TV, bulbs/ lights), internet access, etc., as well as the condition and attractiveness of the furniture and architectonic design of the hotel interior. Lux hotels and most of superior hotels (international ones) have shuttle bus- strongly agree 64%, and this means they have an airport shuttle bus (mostly it's charged, but some of the top hotels offer it without charge), while hotels can also offer to their guests shuttle bus for the city excursions. Sampled hotels are “popular” hotels because they belong to the lux (5\*) and superior (4\*) class, and they are often branch of the international hotel chains. Previous research at Sarajevo lux hotels (2019) showed majority of green attributes and innovative technology and modern equipment because prestige hotels care about 3 aspects: guest satisfaction, profitability and environment (Zunic, Bidzan-Gekic, Gekic, 2019). Most of the visited and observed hotels are new date of establishing in Sarajevo and they don't lag behind European ones. Therefore, it's not surprising completely positive attitude of hotel workers who strongly agreed 63% and agreed 37% with the hotel's quality. Considering the average value of 4.8, it is the high rank and at the same time excellent quality of the Sarajevo hotel accommodation. This practically means that lux and superior hotels in the Bosnia capital destination meet the WTO requirements of hotel comfort (space area and design, number of rooms and beds, condition of furniture and sanitary, technical equipment, access, diversified services, etc.).

#### 5 Conclusion

Total average value of measured internal factors is positive which means they have “high” impact on development of the hotel industry in Sarajevo. Economic group was presented by 2 factors: ethics and human resources, while “ethics” was higher evaluated then the hotel's workforce, which is influenced by the ethical hotel policy that the international hotel-chained brands bring with their establishment. On the other hand, the human resources resulted in neutral value which is counted as “medium” impact on the hospitality. This is contradicted with the successful hotel industry principles and requirements as the hotel's image highly depends on its workforce quality. However, evaluation model of internal factors of hotel industry in Sarajevo showed the advantage of: ethics, location & access, and hotel facilities. Between total 19 measured parameters of the internal factors, the highest value was found at the location, transfer and the overall accommodation quality. Such results confirmed theoretical postulates that the hotel location is the most important factor of the hotel industry success. The parameters with the lowest value are: anti-corruption program, academic degree of hotel employees and their chances for educational improvement. All 3 parameters with their “neutral to negative” value are strongly connected and they directly imply presence of nepotism in this branch. Theoretical findings teach us that the success of contemporary hotel industry is highly depended on the empowered workforce because the guest' satisfaction is

determined by the affability of the hotel workers. Therefore, it's important that successful destination and hotels particularly, as they present fundament of cultural receptive factors of destination, implement GRM- Guest Relationship Management as it's recommended like 1 of 3 main objectives when it comes to managing tourism destination (WTO). As the hotel density is high at the main cultural & tourism sites of Sarajevo, the key of their competitiveness could be found in an adequate workforce. Sarajevo has been recognized necessary for the tourism qualifications, so there's 2 tourism study programmes implemented lately- for instance, study of Tourism & Environmental protection at Department of Geography, Faculty of Science, University of Sarajevo (since 2005) and Tourism joint studies at Faculty of Economics and Business, University of Sarajevo and Faculty of Tourism & Hospitality Management, University of Rijeka (2018). The further Sarajevo hotel industry development should focus on transparent public competition programs with the aim to select and choose only employees with an adequate diploma in the field of tourism and hospitality. Hotel sector should leave the nepotism practice if they want to get positive feedback and recognizable image at the tourism networks. The guest' satisfaction is the guaranty that the hotel will get free marketing as visitors share their experience by their "word of mouth" or through the internet and media. Therefore, hotels with affable staff get the best rating and they are pleasantly recommended. Hoteliers should also show better care about working conditions by setting the wider work space with more comfort (acceptable size of reception, work desk, office proportional with the number of people who share the work area). This is ethical matter and its helpful at the building up the worker's will to finish their task efficiently. It's also important to support and improve educational structure of the hotel employees especially when it comes to the hospitality culture and their language skills. Hotels with higher educated workers who speaks several languages and respecting the rules of successful hospitality ("to be polite, empathic, helpful and effective") show their prestige. Boosting the human resources at the hotel industry should increase the interest in Sarajevo tourism destination as the human factor gives a soul to the place it represents. The spiritual experience of the visitors begins from the first point they reach at the tourism destination which is the hotel they will stay.

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**Primary Paper Section:** D

**Secondary Paper Section:** DE, AE, AH, AL