

# FINANCING AND STAFF TRAINING IN TOURISM: A CASE STUDY IN THE DEVELOPING COUNTRY

Halil Bajrami \*, Bashkim Bellaqa \*\*, Milaim Mehmeti \*\*\*

\* Faculty of Law, University "Isa Boletini", Mitrovica, Republic of Kosovo

\*\* Corresponding author, Faculty of Economics, University "Isa Boletini", Mitrovica, Republic of Kosovo

Contact details: University "Isa Boletini", Str. Ukshin Kovacica, 40000 Mitrovica, Republic of Kosovo

\*\*\* Faculty of Economics, University "Isa Boletini", Mitrovica, Republic of Kosovo



## Abstract

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The main objective of this study is to identify and analyze funding for tourism development in Kosovo through grants, legal infrastructure, and tourism staff training. A field survey was done to supplement this work, and the data was examined utilizing comparative and empirical analysis. The study was conducted in 2022, but administrative data in the field of tourism from 2010 to 2020 were also used for this study. According to the conclusions of the study, financial help in the form of grants, training, and tourism-related training was insufficient. The total number of visitors was 40,390, with 37.05 percent being local and 62.95 percent being foreign (Agjencia e Statistikave të Kosovës [ASK], 202a). In terms of gross domestic product (GDP), based on economic activities at current prices, the hotel and tourism sector contributed approximately 163 million euros in 2021, or 2.1 percent of GDP (ASK, 2022b). The problem of tourism development in Kosovo is linked to the country's economic development, with the efficient management of tourism development policies and strategies. The study recommends that tourism policymakers and strategies create more sustainable management of tourism policies to attract a larger number of visitors to Kosovo, etc.

**Keywords:** Tourism Economics, Management, Tourism and Development, Tourism Finance and Correlation

**Authors' individual contribution:** Conceptualization — H.B. and B.B.; Methodology — B.B. and M.M.; Formal Analysis — B.B.; Investigation — H.B.; Writing — Original Draft — B.B. and M.M.; Writing — Review & Editing — H.B. and B.B.

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## 1. INTRODUCTION

The Republic of Kosovo is a country rich in natural beauty, with numerous places to visit. Kosovo lacks direct sea access and primarily has hilly and mountainous terrain; however, it features an appropriate temperature and a wealth of natural,

cultural, and historical treasures that serve as a foundation for tourism.

The aim of this research is to identify and analyze opportunities for tourism development in Kosovo via grants, legal infrastructure, and tourism personnel training.

Kosovo is divided into five tourist regions: Pristina's central region, the Albanian Alps tourist region, which includes Bjeshke and Nemuna, Sharr's tourist region, Anamorava's tourist region, and Mitrovica's tourist region, according to the Ministry of Trade and Industry (Ministria e Tregtisë dhe Industrisë, 2014).

The lodging industry began to use a wide range of green practices in order to reduce its environmental impact and respond to growing consumer environmental concerns (Merli et al., 2019).

To improve their standard of living, as well as the country's economic development, financing, employee training, and a legal framework for tourism are vital. All regions of Kosovo have tourism value, however, their development resources vary. Alternative tourism promotes engagement with nature, people, and communities by utilizing natural resources and cultural legacy (Kuş et al., 2020).

Kosovo has the potential to develop tourism, but the economic development that characterizes Kosovo is still insufficient to improve tourism performance at an appropriate level, so a significant portion of the tourist resources remain unused. Kosovo's institutions should do more to promote tourism, knowing that the tourism development strategy aims to influence the country's economic growth. A successful management strategy must also analyze the external environment, establish performance objectives, and implement appropriate strategies at an opportune time (Belias et al., 2022).

This research will help fill the knowledge gap that exists in Kosovo regarding related to tourism research to support from government grants, legal infrastructure, and non-government grants, particularly in terms of empirical analysis. It will also be a crucial contribution to the development of national policies and strategies.

A survey was also done in July 2022 to add to the research on the impact of financial government grants, non-government grants, and legal infrastructure on the growth of tourism in Kosovo. Numerous scientific sources and administrative data were used in this study; 150 tourism-related business owners were questioned using a random sampling technique throughout Kosovo for the survey.

The linear regression analysis results show that financial, and touristic staff training has had no impact on tourism development, indicating a negative correlation.

In terms of gross domestic product (GDP) at current prices, the hotel and tourism sector participated in 2020 with approximately 110 million euros or 1.6% of GDP, but if we compare it to 2019, the hotel and tourism sector has the lowest participation in the framework of GDP in 2020, with approximately 2.1% participation in 2019 (Agjencia e Statistikave të Kosovës [ASK], 2021c).

Bosnia and Herzegovina, Montenegro, Serbia, and Albania all saw a decline in GDP in 2019 compared to 2018. North Macedonia and Kosovo were two nations whose GDP increased little in 2019 compared to 2018 (Bellaqa et al., 2021).

Through the sustainable development of tourism, tourist infrastructure plays an important role in the development of tourism and has a positive impact on the quality of life of residents both directly and indirectly (Mamirkulova et al., 2020).

The tourism industry, as a service-oriented economy, helps stimulate urban areas and cultural activities, which are declining, according to Perić and Radić (2017). Adoption of legislation on paid leave enabled workers to take regular vacations, leading the upper classes to virtually demonize tourism (Vainopoulos & Mercier, 2009).

The Ministry of Trade and Industry in Kosovo is responsible for developing and implementing favorable tourism policies for the development of tourism, which is critical for the efficient and rational use of tourist resources. According to a tourism survey conducted by Swisscontact (2020), it appears that in the western part of Kosovo, local tourists account for 42% of demand, tourists from the diaspora account for 20%, and international tourists account for 38% (Swisscontact, 2020).

Regarding the recent competition in the tourism industry, numerous hotels have been developed, there are accommodations for every type of traveler, and tourists value Kosovo's hospitality and traditional cuisine. The development of Kosovo's economy and social system is increasingly being driven by the tourism industry. Kosovo had a total of 9,805 firms operating in 2020, of which 1,018 were engaged in the hospitality and food service industries (Swiss Agency for Development and Cooperation [SDC], 2015).

Regarding hotel capacities, 22% of them are larger hotels with restaurants. The economic impact of tourism on hotels and restaurants was estimated to be over 202 million euros in 2018, while utilization rates in hotels were estimated to be around 49% and 60%, respectively ("Dimensionet e zhvillimit", 2023).

In the local, regional, and global tourism markets, Kosovo has its own competitive tourist product; however, more work needs to be done to promote these products, develop cross-border travel, establish tourism-related cooperation agreements, incorporate Kosovar tourism into global travel institutions, etc.

Encouraging general economic development by making better use of existing tourism resources, whether natural or socio-cultural, requires the intensification and completion of the tourist offer, the enrichment of new content, and the improvement of service quality. The business owners and managers, as well as society, do not appear to be capable of giving tourism the necessary importance; as a result, tourism lacks a clear sectoral identity and political support; this is evident from the fact that tourism does not occupy a position that corresponds to the importance of its economic vitality (International Labour Organization [ILO], 2001).

Concerning tourism and the use of the environment during tourist activities, the governance, planning, and management of these processes become quite complex, because issues become entangled in a network of biological, physical, political, financial, and social factors (Reed, 1999).

The involvement of interest groups is critical to the long-term development of tourism in a community (Byrd et al., 2009).

In August 2022, the number of (domestic and foreign visitors) was 60,952, with 29.50% domestic and 70.50% foreign, and the number of overnight stays was 121,478, with 32.13% being domestic stays

and 67.87% foreigners' stays. The majority of the visitors were locals, with foreign visitors accounting for 67.87% of the total (ASK, 2022c).

Other sectors, such as informal small and medium enterprises, play a significant role in terms of employment and offer real opportunities for local participation in the tourism industry at first glance (Higgins-Desbiolles, 2010).

According to the study's findings, financing through government grants provided the most support for tourism development, accounting for approximately 24%, while training of tourism personnel provided the least support, accounting for approximately 6%. The linear regression analysis results show that financial support from government grants, legal infrastructure, non-government grants, and touristic staff training has had no impact on tourism development, indicating a negative correlation.

The World Tourism Organization (UNWTO) estimates that 924 million people traveled abroad in 2008. In 1984, there were over 300 million foreign visitors, and for the first time, the entire worldwide tourism industry's value exceeded \$100 billion. Twenty-two (22) years later, in 2006, the sector contributed 8.2% of all worldwide employment and produced 10.3% of the world's GDP (UNWTO, 2007).

We tried to address the following research question during our study:

*RQ1: What is the financial influence on the development of tourism through governmental and non-governmental grants, training, and legal infrastructure?*

The four sub-questions that compose together this research question are as follows:

*RQ1a: What is the financial support provided by government grants for tourism development?*

*RQ1b: What is the legal infrastructure support for tourism development?*

*RQ1c: What is the financial support provided by non-governmental grants for tourism development?*

*RQ1d: How is staff training being supported in the development of tourism?*

The remainder of this paper is structured as follows. Section 2 is a review of the literature. The research methodology is covered in Section 3. Results and data analysis are presented in Section 4. The study's findings are discussed in Section 5, and Section 6 offers conclusion and recommendations.

## 2. LITERATURE REVIEW

Studies by various researchers have been used to assess the impact of funding from government grants, legal infrastructure, non-government grants, and staff support in the development of tourism in Kosovo and at the international level (Bibuljica, 2014; Tahiri et al., 2020; Bajrami & Bellaqa, 2020; Islami, 2018; Akama, 2002; Hughes, 1994; Jenkins & Henry, 1982; Hunt & Layne, 1991).

According to Niininen (2022), "destination loyalty" is the behavioral consistency of repeated visits to a destination fueled by a psychological desire to visit the destination.

The concept of responsible travel should not be reduced to a market niche (Bernardo & Pereira, 2020). The development of the tourism and hospitality industries depends on entrepreneurship, and the industry is a significant contributor to the economy of many islands (Booth et al., 2020).

Residents have a good understanding of both the benefits and drawbacks of tourism development; they have a favorable opinion of the economic benefits but a negative opinion of the social and environmental ones (Charag et al., 2021).

The mediating impact of residents' perceptions is mainly unstudied since no study has contrasted the direct effects of influencing factors on support for tourism development and residents' perceptions. Few studies have compared the direct effects of influencing variables on support for tourist development and also their indirect effects through residents' perceptions of tourism development, leaving the mediating role of people's perceptions understudied (Gannon et al., 2021). The stock values of tourism companies will be negatively impacted by any shock to business and financial activity. Additionally, the findings demonstrate that changes in foreign tourist arrivals are the most important factor explaining changes in the tourism stock price, indicating that major tourist countries' tourism stock prices are relatively more sensitive to changes in foreign tourist arrivals to the country than other factors (Irani et al., 2021).

A frequent issue impeding the growth of tourism is a lack of funding, which has led to a number of well-known locations slowly dying (Diaz & Kien, 2019). Although the relationship between infrastructure and its effects on a nation's economy is not straightforward, the conclusions will vary depending on the definition employed.

Data sources included the Ministry of Trade and Industry, the UNWTO, the Kosovo Statistics Agency (*Agjencia e Statistikave të Kosovës* — ASK), Swisscontact, and others. According to theory and research, tourism is a defining factor for the area in which it occurs, with both positive and negative effects in economic, social, and environmental aspects (Pearce, 1988; Murphy, 1983; Mathieson & Wall, 1982).

Although there are studies in the field of tourism in terms of financing through governmental and non-governmental grants, legal infrastructure, and training, there is a significant lack of studies on tourism and the impact of tourism financing, training for tourist staff, and legal tourism infrastructure in the development of tourism. The literature is reviewed theoretically and empirically on financing, training and education, and the legal infrastructure used in tourism development. Regarding the theoretical review, the works of various authors and institutions that have contributed to tourism theories and literature, as well as the role of tourism financing, tourist staff training, and tourism legal infrastructure, have been reviewed and are presented below. Sustainable tourism growth has been critical in assisting many European countries' economic recovery, significantly contributing to job creation, GDP, and balance of payments (Koutoupis et al., 2022).

Foreign investments in host countries have a multifaceted impact, providing significant benefits while also having a negative impact on tourism and overall development (Brohman, 1996).

The microeconomic aspect investigates the behavior and characteristics of the consumer tourist, as well as the definition of the individual demand curve and market demand for a tourist good (Lancaster, 1966).

Many scientists believe that tourism is a development tool with numerous economic benefits that can be objectively measured and used to further development (Cohen, 1972).

The tourism industry should actively contribute to the greatest possible understanding between the local population and tourists). An increase in global tourism demand will be beneficial to the small open economy's long-term growth (Hazari & Kaur, 1995).

Claims of the economic importance of tourism earn high regard from all businesses in a community, public officials, and the general public (Stynes, 1997).

The tourism industry contributes to economic development by creating new jobs and generating revenue for the government (Lea, 1988).

Many countries have recognized the economic importance of tourism over time, with tourism as a branch of the economy becoming a means of disseminating and promoting economic benefits. Because of the nature of the labor market and the support for female workers in non-management positions, several pessimistic views on human resource management have emerged (Nickson, 2012).

Effective human resource management is critical to business success, whether it is carried out by line managers or owner-managers of small businesses or as part of the responsibilities of specialized single resource managers of large corporations with chain stores (Boella & Goss-Turner, 2013).

In most cases, the application of the leadership style is dependent on the situation, including the organization's business life cycle, in order to be as effective as possible (Bellaqa et al., 2020).

Cognitive skill acquisition, capacity building, training, and information transfer have been identified as the primary correlates of funding, training, and productivity (Bowman, 1980).

Tourism demand and destination resources must be measured as part of tourism planning. Theoretical models conceptualize various aspects of tourism's operation as a system. They can model the entire tourism system or just a portion of it, and they are classified according to whether they are descriptive, explanatory, or prescriptive (Jamal & Getz, 1995).

The Law on Tourism (Law No. 04/L-176 of 2013) is the main legal act in Kosovo that regulates the industry. It governs the relationships between public institutions and private entities, natural and legal persons, and citizens and foreigners who engage in tourism activities. Based on research on the impact of government grants, legal infrastructure, non-governmental grants, and staff support through training in the development of tourism, as well as four sub-questions that make up the framework of this research question, the following hypotheses are developed and supported in this paper:

*H1: Support for tourism development through government grants has no impact on tourism development.*

*H2: Support for tourism development through legal infrastructure has no impact on tourism development.*

*H3: Support for tourism development through non-governmental grants has no impact on tourism development.*

*H4: Support for staff training in tourism development has no impact on tourism development.*

### 3. RESEARCH METHODOLOGY

The primary focus of this study is how to finance the growth of tourism in Kosovo through public and private grants, employee training, visitor trends, and support from the legal system. Data for this study were gathered from reliable local and international secondary sources, while primary data came from a survey in which information was gathered using a questionnaire. One hundred fifty (150) business owners were questioned throughout the survey's development in July 2022 with the topics of the study. The sample was chosen using the random approach, and it was distributed throughout 25 municipalities in Kosovo.

The questionnaire was created in accordance with the research objectives on the impact of grant funding, legal infrastructure, and tourism staff training on the development of tourism in Kosovo. The information was gathered directly from statistical units drawn from the population using a questionnaire. The response rate in this survey was approximately 96%, with 150 business owners responding.

The data in this publication are weighted and present results at the country level. In terms of sample representativeness, the sample was chosen based on the number of hotel and tourism businesses within the municipalities where the research was conducted, i.e., where the highest concentration of hotel and tourism sector businesses was also sampled.

In this study, both descriptive and empirical analyses were performed. For the empirical analysis, data from the survey were used, specifically data from the third part of the survey, which deals with financing through grants, training, and legal infrastructure.

The ordinary least squares (OLS) model with fixed effects was used to analyze the empirical data in this paper (Irwan et al., 2013).

Within the framework of question Q2, there are four sub-questions: Q2.1. "Financial support from government grants for tourism development"; Q2.2. "Related legal infrastructure for tourism development"; Q2.3. "Related financial support from non-governmental grants for tourism development", and Q2.4. "Staff training in tourism development".

The interviewees responded "yes" or "no" to these sub-questions. To improve the quality of the data, the survey included two types of controls: one was a field control, which looked at how the field survey was conducted, and the other was a data quality control, in which about 5% of the interviewees were asked if the data provided was the same as those brought from the field.

The sample frame comprises companies that work in the tourism industry, including travel agencies, hotels/motels, organizations that support small enterprises, eateries, coffee shops, nightclubs, and family tour operators. The questionnaire is divided into three sections: 1) general, 2) physical space, and 3) finance through grants, education, and legal infrastructure. The third section is the main subject of the data analysis in this research. The completed surveys were reviewed by experts, and the Statistical Package for the Social Sciences (SPSS) program was used to analyze the data. The study begins with the supposition that funding for tourism development depends on legal infrastructure, personnel training, non-government

grants, and government grants. The dependent variable Tourism development is denoted by the abbreviation *DT* and was tested against the independent variables Financial support from government grants for tourism development (*FSGGTD*), Support with legal infrastructure for tourism development (*LITD*), Financial support from non-governmental grants for tourism development (*FNGGTD*), and Support with staff training in tourism development (*STTD*). Direct correlations between our variable of interest *Y* and the other dependent variables *X1*, *X2*, *X3*, and *X4* were first constructed and thought to be consistent with a causal relationship scheme. The hypotheses advanced in this paper are based on the reviewed literature. Empirical analyses of correlations, regressions, coefficients, and so on were extracted from the database. This study employs the multiple linear regression model proposed based on a theoretical review of the aforementioned literature, as well as empirical evidence (Studenmund, 2014).

The following regression model with constant factors was used to conduct this analysis:

Model 1

$$Y_{ij} = \beta_0 + \beta_i X_i + \varepsilon_{ij} \quad (1)$$

where, *Y* is a dependent variable; *X<sub>i</sub>* is an independent variable;  $\beta_i$  is a partial regression coefficient;  $\varepsilon_{ij}$  is a random residue, with normal distribution.

The influence of the independent variables *FSGGTD*, *LITD*, *FNGGTD*, and *STTD* (as defined above) on the dependent variable *DT* was investigated in this study. The linear regression model shown below was used:

Model 2

$$Y = \beta_0 + \beta_1 X_{1_1} + \beta_2 X_{2_2} + \beta_3 X_{3_3} + \beta_4 X_{3_3} + \varepsilon \quad (2)$$

where, *X1* is financial support from government grants for tourism development (*FSGGTD*); *X2* is legal infrastructure support for tourism development (*LITD*); *X3* is financial support from non-governmental grants for tourism development (*FNGGTD*); and *X4* is staff training support in tourism development (*STTD*).

The dependent variable *Y* (tourism development, *DT*) was tested against the independent variables *FSGGTD*, *LITD*, *FNGGTD*, and *STTD*, as defined in Eq. (3):

$$YDT = \beta_0 + \beta_1 FSGGTD + \beta_2 LITD + \beta_3 FNGGTD + \beta_4 STTD + \varepsilon \quad (3)$$

We will analyze the enhanced Dickey-Fuller test on the presence of the root unit based on the Akaike information criterion to ensure the series is stationary since in time series, we frequently have issues with the lack of stationarity (non-stationarity), which can lead to erroneous correlation.

We employ the heteroscedasticity-corrected model since the first distinction will be used in non-stationary existence scenarios. A few orthogonality criteria with residuals are all that the Lagrange multiplier (LM) tests for stochastic structures do (Cappellari & Jenkins, 2004).

In this study, we can also use the Poisson pseudo maximum likelihood (PML) regression method to analyze empirical regression data; this model allows us to analyze the individual degree of heterogeneity (Eaton et al., 2012).

#### 4. DATA ANALYSIS AND RESULTS

##### 4.1. Trends in the number of domestic and international visitors and overnight stays for 2010–2020

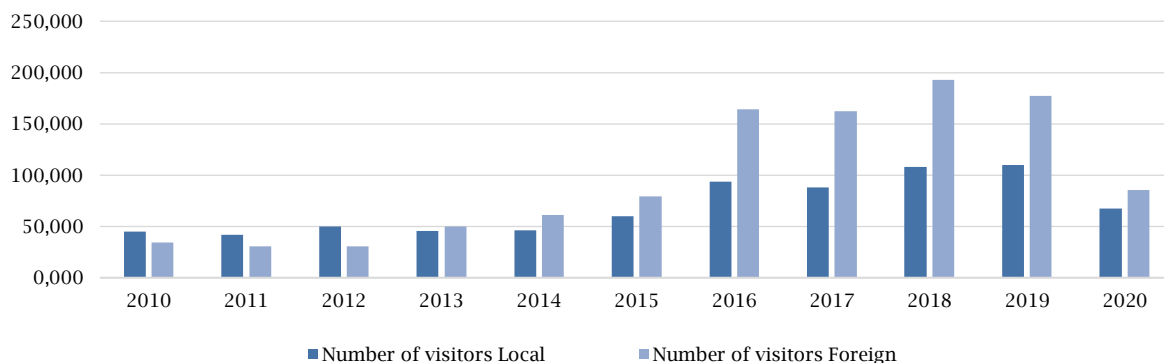
The development of Kosovo's social and economic landscape is being driven in large part by the tourism sector. German-speaking nations, Turkey, and members of our diaspora account for the majority of foreign visitors. In addition to foreign visitors, local visitors, or Kosovo locals who opt to spend weekends or holidays in various locations inside the nation, constitute a significant category of customers of tourism services.

Based on an analysis of data on the number of local and foreign visitors from 2010 to 2020, it appears that tourism in Kosovo is increasing every year. The year with the fewest local visitors was 2011, with 42,044 visitors, and the year with the fewest foreign visitors was also 2011, with around 30,349 visitors.

The year with the highest number of foreign visitors to Kosovo was 2018, with 192,761 visitors, while the year with the highest number of local visitors was 2019, with 109,725 visitors (ASK, 2021c).

Figure 1 depicts the trends in the number of local and international visitors.

Figure 1. Number of domestic and international visitors to Kosovo (2010–2020)



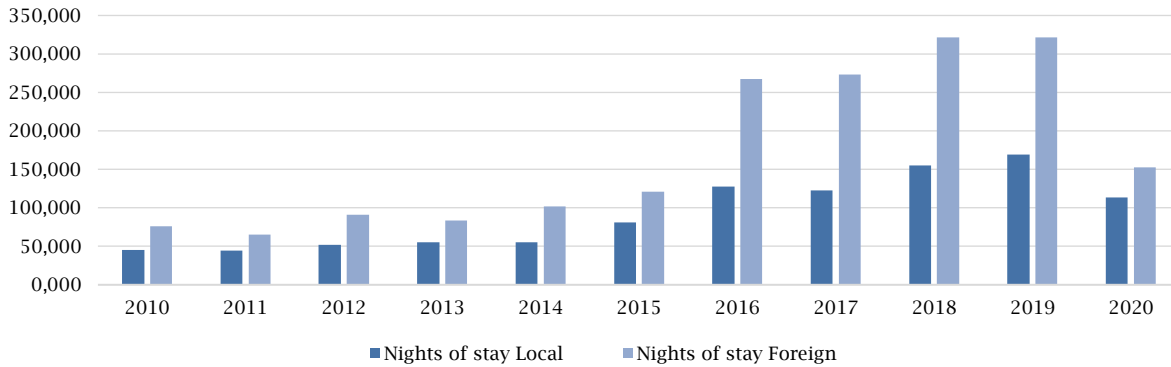
Source: Data processed by the authors based on tourism statistics data published in Kosovo Agency of Statistics (KAS, 2021).

From 2010 to 2020, the number of nights spent by domestic and international visitors increased steadily. The most overnight stays for foreign visitors were in 2019, with 321,581 overnight stays, while the least overnight stays were in 2011, with approximately 65,584 overnight stays. The year with the most overnight stays for local visitors was 2019,

with 168,821 overnight stays, and the year with the fewest overnight stays was 2011, with approximately 44,757 overnight stays (ASK, 2022d).

In terms of the number of stays of both domestic and international visitors, Figure 2 depicts the trend in the number of stays by local and international visitors.

**Figure 2.** Number of overnight stays of local and foreign visitors in Kosovo (2010-2020)



Source: Data processed by the authors based on tourism statistics data published in KAS (2021).

The chain index also displays the dynamics of the number of local and international visitors, the overnight stays of local and international visitors, and the analysis of these data is in Table 1.

According to the Kosovo Statistics Agency (ASK, 2018), the number of domestic visitors who visited various destinations within the country in 2018 was 108,043.

**Table 1.** The trend of the number of local and foreign visitors and the presentation of data through the chain index (2010-2020)

Year	Number of local visitors	Local visitors' chain index	Number of international visitors	External visitor chain index
2010	45,123	-	76,394	-
2011	44,757	99,18	65,584	85,84
2012	52,008	116,20	90,968	138,70
2013	54,867	105,49	83,883	92,21
2014	55,274	100,74	102,066	121,67
2015	81,372	147,21	120,669	118,22
2016	128,009	157,31	267,083	221,33
2017	122,283	95,52	273,394	102,36
2018	155,047	126,79	321,308	117,52
2019	168,821	108,88	321,581	100,08
2020	113,738	67,37	152,753	47,50

Source: Data calculated by the authors based on hotel statistics data published by the ASK (2022e).

In terms of visitor numbers, as shown in Table 1, the number of local visitors increased by 16.20% in 2012 compared to 2011 but decreased in 2013 and 2014. The most pronounced increase in the number of local visitors occurred in 2016 when compared to 2015, with a 57.31% increase in the number of visitors in 2016. The lowest number of local visitors in the ten-year period (2010-2020) was 41.51% lower in 2020 than in 2019. COVID-19 had a greater impact on the decrease in local visitors.

The decrease in local visitors was caused more by the COVID-19 pandemic. According to the chain index analysis, the number of foreign visitors increased by 38.70% in 2012 compared to 2011 and then increased again in 2013, 2014, and 2015. In 2020, the number of foreign visitors was approximately 52.58% lower than in 2019. The pandemic also contributed to a decrease in the number of foreign visitors in 2020.

#### 4.2. Survey results regarding the impact of government grants, training, non-government grants, and legal infrastructure on tourism development

According to the results of a survey of 150 respondents, 24% said they had financial support through government grants for the development of tourism, 6% said they had support with legal infrastructure for the development of tourism, 23.3% said they had financial support from non-governmental grants for the development of tourism, and 6% said they had support with staff training for the development of tourism. According to the descriptive analysis of all 150 observations for the four variables, the average financial support from government grants for tourism development is 0.25, with a standard deviation of 0.036.

The average support with legal infrastructure for tourism development is 0.06, with a standard deviation of 0.019; the average financial support from non-governmental grants for tourism development is 0.26, with a standard deviation of 0.036; and the average support with staff training for tourism development is 0.06, with a standard deviation of 0.019. Details can be found in Table 2.

The primary focus of the investigation is on these two indicators inside the descriptive statistics because means and standard deviations are the most significant outcomes in this area of the study. The descriptive statistics for these four variables are presented in Table 2, followed by the variables' correlation and regression.

**Table 2.** Descriptive statistics of variables

Descriptive statistics									
Variable	N	Min.	Max.	Mean	Std. dev.	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. error	Statistic	Std. error
FSGGTD	150	0	1	0.25	0.036	0.436	1.146	0.198	-0.697
LITD	150	0	1	0.06	0.019	0.238	3.743	0.198	12.172
FNGGTD	150	0	1	0.26	0.036	0.440	1.105	0.198	-0.789
STTD	150	0	1	0.06	0.019	0.238	3.743	0.198	12.172
Valid N (listwise)	150								

Source: Authors' calculations.

The range of variables should not fluctuate significantly from zero for the variables to have a normal distribution (Wooldridge, 2012).

The sample size can have an impact on the correlation coefficient's (rho) level of significance in correlation analysis.

After formulating hypotheses, we tested them to see if there is a relationship between the dependent variables *Y* (*DT*) and the independent variables *X1*, *X2*, *X3*, and *X4*, and at the end of the correlation analysis, the coefficients of correlation between variables were given (Table 3).

**Table 3.** Regression coefficients of independent variables

Coefficients								
Model	Unstandardized coefficients		Standardized coefficients	t	Sig.	Collinearity statistics		
	B	Std. error	Beta			Tolerance	VIF	
1	Constant	0.337	0.039		8.579	0.000		
	FSGGTD	-0.285	0.063	-0.344	-4.539	0.000	0.938	1.066
	LITD	-0.241	0.112	-0.159	-2.141	0.034	0.984	1.016
	FNGGTD	-0.294	0.063	-0.358	-4.693	0.000	0.929	1.076
	STTD	-0.337	0.115	-0.222	-2.927	0.004	0.940	1.064

Note: Dependent variable: *DT*.  
Source: Authors' calculations.

We use the value of Sig. = 0.05 to determine whether a hypothesis is accepted or rejected.

**Hypothesis validation:** The linear regression for *H1* shows that the relationship between financial support from government grants for tourism development has no impact on tourism development and financing through government grants for tourism development in Kosovo is significant and negative ( $t = -4.539, \beta = -0.285, p = 0.000$ ).

This indicates that one unit of the impact of government grants on tourism development will reduce tourism development performance by -0.285, as well as the value of  $p = 0.000$ , indicating that this value is less than the significant value of 0.05. As a result, we can conclude that financial support through government grants for tourism development has had no effect on the growth of tourism development, and thus *H1* is verified or accepted.

*H2* demonstrates that the relationship between tourism development and legal infrastructure support for tourism development in Kosovo is significant and negative ( $t = -2.141, \beta = -0.241, p = 0.034$ ). This demonstrates that a unit of support through support with legal infrastructure for tourism development will reduce support with legal infrastructure for tourism development by -0.241, as well as the value of  $p = 0.034$ , which from this results in a value less than 0.05. From this we can conclude that support by legal infrastructure for the development of tourism has no impact on

the growth of tourism development, therefore *H2* is verified or accepted.

The result of the linear regression for *H3* shows that the relationship between tourism development and financial support from non-governmental grants for tourism development in Kosovo is significant and negative ( $t = -4.693, \beta = -0.294, p = 0.000$ ). This implies that a unit of financial support from non-governmental grants for tourism development will reduce financial support from non-governmental grants for tourism development by -0.294, as well as the value of  $p = 0.000$ , indicating that this value is less than the significant value of 0.05. As a result, we can conclude that financial support from non-governmental grants for tourism development has no impact on tourist development, and thus *H3* is verified or accepted.

*H4* demonstrates a significant and negative relationship between tourism development and staff training support in the development of tourism in Kosovo ( $t = -2.927, \beta = -0.337, p = 0.004$ ). This demonstrates that a unit of support with staff training in tourism development will reduce the performance of support with staff training in tourism development by -0.337, as well as the value of  $p = 0.004$ , which from this results in a higher value less than the 0.05 significance value. As a result of this, we can conclude that support with staff training in tourism development has had no effect on tourism development, and thus *H4* is

verified or accepted. The average inter-correlation between the test items and the total number of test items can be used to calculate Cronbach's alpha (UCLA, 2021).

In this section of the study, we also used the regression test to conduct a reliability test for data accuracy (Table 4).

**Table 4.** Reliability statistics

<i>Cronbach's alpha</i>	<i>No. of items</i>
0.850	4

Source: Authors' calculations.

**Table 5.** Model summary<sup>a</sup>

<i>Model</i>	<i>R</i>	<i>R-square</i>	<i>Adjusted R-square</i>	<i>Std. error of the estimate</i>	<i>Durbin-Watson</i>
1	1.000 <sup>b</sup>	1.000	1.000	0.007	1.904

Note: a. Dependent variable: Tourism development. b. Predictors: Constant, Financial support from government grants for tourism development; Legal infrastructure support for tourism development; Financial support from non-governmental grants for tourism development and Staff training support in tourism development.

The result of testing Cronbach's alpha in the table above is 0.850, indicating that these results are acceptable.

## 5. DISCUSSION

The development of tourism and the management of tourism policies in Kosovo remain inadequate for improving tourism performance. Tourism has received limited grant funding because it is not a priority policy to support tourism. With limited financial resources, the government cannot afford to conduct a proper assessment of tourism potential, let alone feasibility studies and strategic planning. The increasing number of foreign and domestic visitors is insufficient to improve tourism performance.

The most pronounced increase in the number of local visitors occurred in 2016, increasing by approximately 57.31% over the previous year, while the most pronounced increase in foreign visitors occurred in 2012, increasing by approximately 38.70% over the previous year. The advancement of management capacities for the development of incentive policies to improve tourism performance is quite limited. Financial assistance, legal infrastructure, staff training, and other factors all contribute to the advancement of tourism development.

Based on the survey results, we have a small number of respondents who stated that they received financial assistance through grants, training, and legal infrastructure. Linear regression analyses for *H1*, *H2*, *H3*, and *H4* show that the relationships between tourism development and the hypotheses raised in this study in Kosovo are significant and negative, so based on the values of *t*,  $\beta$ , and *p*, we can draw the conclusion that the hypotheses put forward in this work can be supported or rejected.

## 6. CONCLUSION

Tourism development in Kosovo remains at a low level due to weak economic development, insufficient tourism policy management, and a small support budget for the tourism sector. Although there are strategic plans for tourism development, their applicability is not at an appropriate level.

The coefficient values between the constant variable and the independent variables and the findings of the correlation regression analysis

seem to support the validity of hypotheses *H1*, *H2*, and *H3*. Policymakers do not prioritize tourism, and the development of tourism and its impact on Kosovo's economic growth remains limited.

Tourism development planning is an efficient method for making rational decisions by political governments that aim to develop the tourism economy at the local and national levels. Thus, tourism development planning at the appropriate level affects the increase in income and thus the permanent improvement of the residents' lifestyle in a tourist destination, through the economic benefits derived from tourism. Tourism is governed by a central law, but no development strategy exists.

Tourism has received little government funding because it is not a political priority, and it has also received insufficient support in terms of legal infrastructure, training, and non-governmental grants.

The workforce training and vocational training required for the production of tourism goods and services in a tourism destination, as well as the appropriate education of the population to acquire tourism education. Training for all those involved in tourism contributes to an increase in service quality, the best offer of tourist services, and the competitiveness of the tourist product. To overcome this challenge, Kosovo should prioritize tourism in its development strategy and public policies.

It is necessary to improve legislation and harmonize it with European standards, stimulate general investment activity, and develop a stimulating fiscal policy, among other things. The Kosovo government should view tourism as a real development opportunity and invite all relevant actors, including municipalities, businesses, civil society, and tour operators. The economic environment should stimulate tourism development through economic policy measures that ensure that this activity becomes one of the primary generators of overall economic development. Alternative tourism, also known as green innovative hotels, is a type of tourism that is not widely used or promoted in our nation but has a significant opportunity for economic growth. A comprehensive policy dialogue could result in a strategic approach to tourism development, for example.

As a result, it is clear that the Kosovo government, specifically the Ministry of Trade and Industry, must focus more on promoting tourism, whether through financial assistance, legal



infrastructure, training, or other means. Lack of funding for the research to increase the sample size — the larger the sample, the more representative the data — is one of the constraints in the development of this paper.

We also recommend that future researchers consider the findings of this tourism study, making comparisons between years to avoid

misinterpretation of these indicators for the tourism field. The study's conclusions will be helpful in managing tourist development plans, particularly in Kosovo's promotion of tourism development policies.

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