Productivity of the Slovenian Tourist Accommodation Sector

Jan Frančeškin
University of Primorska, Faculty of Management, Slovenia
jan.franceskin@fm-kp.si

Štefan Bojnec
University of Primorska, Faculty of Management, Slovenia
stefan.bojnec@fm-kp.si

Abstract. Between 2019 and 2022 after the spread of COVID -19 the world witnessed one of the most severe health crises in the recent decades and period of severe inflation after which affected the world economy (Mayer and Lewis 2020). As a part of the economy is based on human mobility, tourism was one of the most affected (Hao et al. 2020). The article provides a survey on the productivity of the Slovenian tourist accommodation companies between 2019 and 2022 and a deep-insights on the impact of location and size on it. The survey included 406 companies which differ by type of accommodation, location, size and legal form. Companies that were included in the analysis also fulfilled some assumptions regarding inputs used and output produced to prevent a company to generate the major part of income from other sources that are not associated with tourism. To calculate productivity inside each period we used Malmquist productivity index. We used four inputs (labour costs; costs of goods, materials and services; other operating expenses; and property, plant and equipment) and output in terms of total revenue from sales and other sources, which is the sum of net sales revenues and other operating revenues. The shift in total factor productivity (TFP) may be broken down into four categories: the change in efficiency, the technological change, the change in pure technical efficiency, and the change in scale efficiency. In the second stage we also provided statistical analysis which included size and location. Size of the companies is determined by national parameters. On this basis, we divided all companies in four groups: micro, medium, small and large companies. Location is also based on national guidelines, more precise by the classification of Statistical Office of the Republic of Slovenia (SURS 2023). This classification does not include only location but also type of tourism and sport and cultural activities that can be visited on the site. On the basis of location, companies are divided into six categories: Health spa resorts municipalities, Mountain municipalities, Seaside municipalities, Ljubljana as the country capital, City municipalities, and Other municipalities. Between 2019 and 2022, the Slovenian tourist accommodation companies recorded a decline in the TFP, which was mainly a consequence of the inability to implement new production technologies or production methods. The key drivers of the decline in the Slovenian tourist accommodation companies' TFP can be found mainly in the decline of overnight stays of foreign tourists due to the COVID-19 pandemic and in the rapid increase in prices for tourist accommodation services. Finally, the results showed a partial influence of the company size on TFP, while the company's location does not affect TFP. It should be pointed out that results obtained from the regression analysis need to be interpreted with a caution because the model has a relatively low explanatory power.

Keywords: hospitality, accommodation companies, company size, company location, total factor productivity, Malmquist index

References

GOV (State Administration of the Republic of Slovenia). 2020a. *Government approves third anti-corona package.* - https://www.gov.si/novice/2020-05-20-vlada-potrdila-tretji-protikoronski-paket/

GOV (State Administration of the Republic of Slovenia). 2020b. *Extension of the validity of tourist vouchers.* https://www.gov.si/novice/2020-12-03-podaljsanje-veljavnosti-turisticnih-bonov/

Hao, F., Xiao, Q., & Chon, K. 2020. COVID-19 and China's Hotel Industry: Impacts, a Disaster Management Framework, and Post-Pandemic Agenda. *International Journal of Hospitality Management*, *90*, 102636. https://doi.org/10.1016/j.ijhm.2020.102636

Mayer, J. D. & Lewis N. D. 2020. An inevitable pandemic: geographic insights into the COVID-19 global health emergency. *Eurasian Geography and Economics*, DOI: 10.1080/15387216.2020.1786425

Oukil, A., Channouf, N., & Al-Zaidi, A. 2016. Performance evaluation of the hotel industry in an emerging tourism destination: The case of Oman. *Journal of Hospitality and Tourism Management*, *29*, 60–68. https://doi.org/10.1016/j.jhtm.2016.05.003

Padhan, R., & Prabheesh, K. P. 2021. The economics of COVID-19 pandemic: A survey. *Economic Analysis and Policy*, *70*, 220–237. https://doi.org/10.1016/j.eap.2021.02.012

Parte-Esteban, L., & Alberca-Oliver, P. 2015. Determinants of technical efficiency in the Spanish hotel industry: Regional and corporate performance factors. *Current Issues in Tourism*, *18*(4), 391–411. https://doi.org/10.1080/13683500.2013.800029

Poldrugovac, Katarina, Metka Tekavčič, & Sandra Janković. 2016. Efficiency in the hotel industry: an empirical examination of the most influential factors. *Economic Research-Ekonomska istraživanja* 29 (1): 583–597. Https://doi.org/10.1080/1331677X.2016.1177464.

SURS (Statistični urad Republike Slovenije). 2023. *Methodological explanations - Arrivals and overnight stays of tourists.* https://pxweb.stat.si/SiStat/sl/Podrocja/Index/155/turizem (20.12.2023).