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BUSINESS EXCELLENCE AND COMPETITIVE ADVANTAGE OF HOTELS

Preliminary communication

Abstract

In this paper, it is hypothesized that the business excellence is associated with the high business performance and the competitive advantage of Croatian hotels, especially in the highly positioned market segment (i.e. for highly categorized hotels). The paper is based on the empirical research of business excellence implementation, since the different categorization does not have to automatically imply the differences in business excellence.

The theoretical foundation of this paper is the EFQM model, which is also used as the analytical foundation for defining the hotel performance level.

An empirical research has been conducted, with the questionnaire used as a research instrument, on the sample of 148 hotels, categorized as 3-, 4-, or 5-star properties, possessing more than 150 capacity units. The obtained research results empirically support the hypothesized relationship between the business excellence and the business performance and competitive advantage of the hotel.

Keywords: *business excellence, EFQM model, competitive advantage*

JEL: L83, M19

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REORGANIZATION IN BANKRUPTCY – THE LAST SURVIVAL CRISIS STRATEGY FOR INSOLVENT COMPANY REVIVAL

Preliminary communication

Abstract

Every company exists and evolves in an environment setting that potentially generates crisis, whereas environmental turbulence and dynamism constantly produce new treats to the companies' survival. When challenged with business troubles, every company faces the decision on how to assure continuity of the business activities which are jeopardized, how to manage turnaround process, and if it is not completed, how to manage crisis. It is extremely rare that company doesn't fall into crisis during the longer period, which, if not resolved, implies crisis and bankruptcy at the end.

The aim of this paper is to investigate complexity of crisis strategies that are at disposal to modern management and to identify implications of their implementation on resolving the problem of insolvency – the most common crisis symptom of companies in business troubles. Both offensive and defensive strategies are defined and insufficient use of bankruptcy reorganization procedure is emphasized as a last chance for survival, clean start and business success of troubled companies. Since bankruptcy reorganization procedure is not sufficiently used (and it certainly contributes to survival), this paper summarizes experiences in creating and realization of bankruptcy procedure in the Republic of Croatia. Also, this paper provides examples of successful reorganization in bankruptcy. It is expected that issues discussed in this paper will contribute to better understanding and more frequent use of this particular survival crisis strategy, with numerous implications for contemporary entrepreneurship and crisis management.

Keywords: *survival strategy, insolvency, reorganization in bankruptcy, corporate revival*

JEL: G33, G34

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**RESEARCHING THE IMPACT OF THE QUALITY MANAGEMENT SYSTEM
IMPLEMENTATION ON COSTS OF PRODUCTION COMPANY**

Preliminary communication

Abstract

Company's business in the global market requires quality which is a key factor for business. Nowadays consumers prefer the best products regardless of the national origin of the product. Therefore, companies often introduce certified quality systems as proof of the quality of their products. Thus they become identified as providers of quality product that potential buyers will certainly recognize.

This paper has researched the way a quality management system influences the costs of manufacturing companies. Accordingly, it was intended to research possible differences between the level of operating costs as a result of applied quality management system. For getting answers on this issue the following hypothesis were set: The level of operating costs of manufacturing companies is the implication of the introduced quality management system; shortening the production cycle of manufacturing companies is the implication of the introduced quality management system. The research was conducted in 68 manufacturing companies in the Federation of Bosnia and Herzegovina. The results have show that companies with and without the quality management system significantly statistically differ in the level of operating costs and shortening production cycle.

Key words: *costs, quality management system, manufacturing process, manufacturing enterprises*

JEL: M11

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PARTNERSHIP AND COMPETITIVENESS: AN ANALYSIS IN SMALL HOTELS IN CROATIA

Preliminary communication

Abstract

Partnership as an important direction and way of dealing with development goals and satisfaction of the needs of companies and individuals at all levels today is not a matter of success but a matter of survival. In this sense, *the paper* explores the relationship of partnership and competitiveness of enterprises on the model of small hotels in Croatia.

Data were collected for research purposes directly from the management of small hotels, using interviewing methods. As the main instrument of data collection, a structured questionnaire was created.

In the context of measuring the impact of implementation of the partnership model, as a predictor of competitive advantages of small hotels in Croatia, objective of this study to determine its impact on the competitiveness of the sector.

Using multivariate regression analysis proves the thesis about the influence of strong partnerships to *the* increase of competitive advantages of small hotels in Croatia. In this sense, *the paper* proposes the most suitable empirical model of small businesses in Croatia. The empirical model of partnership that is set involves establishing and maintaining competitive advantages as a system that raises the overall quality of tourism and increased competitive advantage improving governance at all levels of management.

Keywords: *partnership, competitiveness, competitive advantage, small hotels, partnership model*

JEL: M21, L26, L83

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IDENTIFICATION OF MANAGEMENT EFFECTIVENESS INDICATORS BASED ON ORGANIZATIONAL LEVELS

Review

Abstract

Management effectiveness represents results of a manager; it is a level in which manager fulfills formerly set goals. Measuring management effectiveness in a company is essential because organizational effectiveness is based and determined by it. Main question is how to measure it in a way which ensures a differentiation between effective and ineffective managers. Different objective and subjective methods are developed to determine which managers are effective and which are not, but many problems occur in the process of application of these measures. All managers in a company are not doing the same job and are not on the same organizational level (and all methods are treating all of them the same). Indicators for determining management effectiveness can be divided into objective indicators – usually financial measures and subjective indicators – usually opinions. If management effectiveness is measured only through financial indicators it can easily be a case that ineffective managers are shown as effective, especially if indicators organization's performance are used for measuring manager's effect without recognizing specific job characteristics of each manager apart. When subjective measures are used problems appear when a differentiation between subjective opinion about a person and management effect of a manager must be made. Classification of management effectiveness indicators based on management levels is an essential need. In this work the classification of management effectiveness indicators, both quantitative and qualitative, will be made based on management level and management functions.

Key words: *management, effectiveness, levels, indicator, measurement*

JEL: D22, D24

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MODERN APPROACH IN RESEARCH AND MANAGING MOTIVATION OF EMPLOYEES

Review

Abstract

The biggest challenge for modern management is to create a motivated workforce and to create such an environment where they can maintain a high level of motivation. Because people are different and there is no universal method that can encourage the desired behaviour it is necessary to consider the complexity and individuality of each person and to develop appropriate approaches to motivation. Success in encouraging, monitoring and directing motivation requires from management a good knowledge of the process of motivation and factors that affect it. Only then they can create a good motivational system that involves different motivational techniques and strategies aimed at achieving personal and organizational goals. Still need to know that once established motivation is not eternal and monitoring and researching of motivation, as well as managing motivation is a complex and continuous process.

Since there are a number of questions still remain unanswered in the field of motivation for work the main objective of this paper is to point out the shortcomings in the existing literature related to the concepts and importance of strategies and techniques of motivation. In addition, in the paper are pointed out certain problems that arise in researching of motivation, and provide guidance for future research.

Key words: *motivation for work, management, motivational strategies, motivational techniques*

JEL: M12, M52

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**PORTER'S FIVE FORCES MODEL OF COMPETITION:
THE EXAMPLE OF OIL RETAIL SALE IN BOSNIA AND HERZEGOVINA**

Review

Abstract

The primary goal of this paper is to analyze the attractiveness of oil retail industry in Bosnia and Herzegovina, using Five Forces Model of competition. The oil retail market in Bosnia and Herzegovina has undergone major changes in the last ten years, hence the interest in conducting a market analysis using Porter's model. Considering the fact that the retail network developed in an unplanned manner and without any clear strategy, notably in the last twenty years, the basic question is whether this market is at all attractive for new competitors, and whether there is room for current companies to expand.

In order to reach the goal of this paper, the existing data on oil retail market in the Federation of Bosnia and Herzegovina was collected and analyzed in a way which outlined the importance of all five competition forces. On the basis of individual marks, a general overview of oil retail market attractiveness was made for the area covering the Federation of Bosnia and Herzegovina.

Key words: *Porter's Five Forces Model of Competition, natural oil retail industry, market attractiveness.*

JEL: D4, M21

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QUALITY MANAGEMENT IN HEALT CARE SYSTEM IN EU MEMBERS STATES

Review

ABSTRACT

In recent years a lot of attention is given to achieving, sustaining, measuring and improving the quality in healthcare. Governments all over the world are faced with the challenge of creating quality strategy of health sector development in order to create more value for money in health. However, this task is complicated due to the fact that there are limited financial resources available and increasing health expenditure. The main purpose of this paper is to analyze different models of managing, and different determinants health systems quality, as well as to analyze quality management systems of health sector in the EU in order to contribute to a debate of quality improvement and to use European experiences in improving the Croatian health system quality. It has been concluded that although there are some common initiatives on the EU level, development of a unique strategy of quality improvement is not a simple task due to several reasons. Firstly, because there is a clear arrangement among the EU members that health sector is a national issue, and secondly due to the fact that the health sector includes many different actors whose actions are not easy to harmonize. A detail analysis of different quality dimensions, professional organization and healthcare service provision is necessary. In that direction, it is vital to create a clear strategy of quality improvement, that is, to define a concrete plan, priorities, actions and necessary instruments on a national level, regional and on an organizational level as well. Multilevel approach of quality management is therefore a clear necessity.

Keywords: *quality, health, EU*

JEL: F15, F59, I18

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**FINANCIAL STATEMENTS –
BASIS FOR THE DECISION ON INVESTING IN STOCKS?**

Review

Abstract

Financial statements are certainly the most important form of reporting on the status and trends of business entities whose securities are in circulation. Financial analysis focuses on the links between the financial statements, analytical indicators that are derived from reports and prices of securities in the capital markets. Financial reporting is a system that provides insight, monitoring, interpretation and evaluation of operations and financial condition of enterprises to make decisions. The objective of financial statement analysis is to collect information about the financial position and operating results of the company, which would help in making decisions about investing in shares of that company. Investors can more easily assess the company if they have access to information about the financial position of companies, business success and profitability and fluctuations in cash flows. To meet the financial statements for that purpose, they must be objective and realistic. Instead of clean, accounting data, participants in the capital markets, are increasingly looking for information derived from them in the form of indicators, which will quantify the connection between accounting information and security prices. For the accurate determination necessary to have a quality, reliable, understandable, and relevant business information.

The aim of this paper is to investigate what kind of image financial ratios calculated on the basis of data available in the financial statements of the company formed to explore and follow the trend of share prices and volume of trading in the shares of a given company.

Keywords: *company, financial statements, financial information, financial ratios.*

JEL: M410

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SUPERVISORY BORDS ROLE IN THE CONTEXT OF THE CONTEMPORARY CORPORATE GOVERNANCE PARADIGM

Review

Abstract

At least one decade, maybe more, the accountability of members of the supervisory boards of public companies has highly increased. Recent collapses some western corporations have focused the attention of various stakeholders on how corporations are governed and the quality of financial disclosures and transparency of corporate decisions. Usually, corporate top-management, auditors, and rating agencies have been accused of failing shareholders and other stakeholders when corporate financial disasters have taken place. However, as the top authority of corporate governance, supervisory boards also come under fire. The question being asked is whether the decision-making process and the decision themselves are made in the interest of shareholders, employees and other stakeholders or whether they are primarily in the interest of the executives. The concern focus on whether boards of supervisory boards and top-management are actively engaged in fulfilling their fiduciary duties and protecting and enhancing shareholder interest. These concerns for improving both governance and transparency have also focused increased attention on the role of supervisory board in monitoring and evaluating the performance of the CEO and other senior corporate managers and the measures that should be used for these evaluations.

The goal with analysis and comparative methods is to perceive possibilities and tools which can help supervisory boards in order to enhance their own and corporate performance. This work can assist all companies in improving their corporate governance and transparency, and principles can apply to all organizations regardless off size and function.

Key words: *supervisory board, corporate governance, strategy, top-management*

JEL: G390, M120

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MODELS FOR THE ANALYSIS OF FINANCIAL STATEMENTS WITHIN USE CASE INFORMATION SYSTEM

Review

Abstarct

This paper presents the decomposition of the determined processes and the business data model important for meeting future user demands for better functionality of the existing financial-information system. The presented flowchart consists of data flow, data stores, processes and external entities. The shown ER model is based on the documents that are included in the sub-process. The line graphs show indicators of the company's business success. The objective of this paper, among other things, is to determine the trend of the company's indebtedness coefficient in a certain period, an indicator of the company's success. Indebtedness is being determined in the company's financial-information system. The paper depicts the model and application of the model for determination of the company's indebtedness coefficients based on financial balance reports, and profit and loss report; as well as the DuPont model for observing the influence of change in accounting politics.

Key words: *process, data model, analysis of financial reports, leverage ratios, DuPont-Indicator System.*

JEL: L15, G17, D83

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PUBLIC REVENUE ALLOCATION IN FUNCTION OF PROTECTION OF THE ENVIRONMENT

Review

Abstract

Efficiency in designing and implementing public expenditure policy depends on importance that public offices give to managing public expenditures in context of payments governments make in public interest for public needs satisfaction. In this paper public asset investment in environmental protection in selected countries is overviewed. Local public expenditure allocation on environmental protection projects is analyzed. Main goal of this paper is to present local government efficiency in public asset allocation in purpose of environmental protection and to give recommendation for improvement. The use of institutional instruments in implementing local environmental policy is emphasized in order to improve efficiency of public service performance. Empirical and theoretical researches in managing public expenditures are reviewed.

Key words: *local public expenditure, efficiency, environmental protection*

JEL: H41, H76, Q58

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FINANCIAL EFFECTS OF APPLIED ACCOUNTING POLITICS IN THE FIELD OF NON-MONETARY COSTS

Professional paper

Abstract

The accounting politics can be defined for many accounting areas, but for the purpose of analyse of the impact of accounting policy on financial performance, special emphasis is placed on the area of non-monetary costs. The goal of this research is to point out that selected accounting politics in the field non-monetary costs can't create financial result, but it is possible to affect the timing of the business and tax results. The methodology of research is reflected in the application of the general scientific and technical work methods and research, first of all with the use of methods of case study and modelling. To prove the truth of set theory, it is necessary to quantify the impacts of selected accounting politics in the field of non-monetary costs on the financial performance through the model of income statement, under certain assumptions and in different periods of time. The analysis results indicate that the selected accounting politics in the field of non-monetary costs have an impact on financial performance in the short term, but that the selection of accounting policy in the field of non-monetary costs has no impact on overall business and tax result observed for a longer period.

Keywords: *accounting politics, depreciation, provision, impairment, business and tax result*

JEL: D83, M41

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ECO CITIES

Professional paper

Abstract

An integrated, sustainable urban development means ensuring livable and attractive environment. The key objective is that the development poles and the other towns can cooperate as a network. Important tools in the creation of a livable city are the integrated environmental planning, revitalization of the areas without functions, rehabilitation of the areas in crisis, protection of green areas and maximize its size, and strengthen the co-operation of city's and the surrounding communities.

Keywords: *sustainability, vision, city, urban area, region*

JEL: Q500, Q550, Q560

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ORGANIZATIONAL CHANGE AND INNOVATION

Professional paper

Abstract

The environment in which enterprises operate is very dynamic and changing continuously, so their ability for survival depends on their ability to adapt to these changes. The enterprises need to create new products and services that meet the requirements of the environment. One of the ways that enterprises can enhance and improve their performance and achieve competitive advantage is implementation of innovation. Management makes decisions on the implementation of innovation in the enterprise, and in this way all available resources of the company engage in the process of innovation. These decisions will be the answer to the demands of the environment in which enterprise carries on its business. There are three main levels of innovation research: a national level, company level and individual level. This paper studies the innovation at the enterprise level. There's less time for effective response to changes in enterprises environment. Enterprises should be prepared for changes that will happen tomorrow, they are expected to be proactive. "The new business paradigm" suggests that enterprises need to adapt to a world in which there is no more predictable development, but only turmoil and "organizational chaos". Some of the basic characteristics of innovative organizations are openness and orientation to changes, which is a precondition for a high degree of innovativeness of enterprises and opportunity for achieving competitive advantage on the market.

Keyword: *change, innovation, inovative organization, competitiveness*

JEL: L29; O39

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ERP SYSTEM AND THEIR APPLICATION IN COMPANIES

Professional paper

Abstract

The aim of this paper is to review the current literature to explain the characteristics of the ERP system. In addition, the paper presents the development of ERP over time, implementation strategies, and main reasons of the failure of implementation. From this theoretical examination, it was concluded that companies have multiple benefits from implementation of ERP in their business, and that any imperfection can be overcome by using the appropriate strategy of the implementation.

Keyword: *ERP system, ERP evolution, implementation strategy*

JEL: M15, D83

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ARRIVAL MOTIVES AND SATISFACTION WITH OFFERING IN TOURIST DESTINATIONS – Bosnian and Herzegovinian tourists and tourist offer in Gradac n/m

Professional paper

Abstract

Need for tourism can be expressed as a complex need, that is: it is composed of various needs such as the need for a holiday, need for fun, entertainment, recreation, the need for a cultural experience, the need for accommodation, transport, nutrition, the need to getting to know other parts of the country as well as the need for connecting with other people. On one hand while the essential needs are getting satisfied and shut down by the very act of their fulfillment, and after some time, they reappear, on the other hand the need for tourism is always expanding so that a tourist can use even more diverse and increasingly complex services, visit new tourist areas, use different means of transport, etc. It is almost impossible to talk about only one motive as the reason for the travel decision-making. It is usually the case, as a rule, of a mix of motives, which, some of them in a smaller and some of them in a larger extent influence the behavior of tourists. At the tourist market there are tourists who take tourist journeys that are motivated by the desire to learn about the beauties of nature, natural attractions and natural heritage. On the other hand, however, there are some groups of tourists (segments or target groups) that are motivated to introduce themselves with anthropogenic factors of other nations or their cultural and historical heritage. One part of the stimulator, described as a desire to getting to know something comes from the psyche of the tourists and the other, various attractions are beyond the psyche of tourists.

The aim of this paper is to, using certain statistical techniques, explore, understand and analyze the impact of motives of coming into a tourist destination on the level of satisfaction of BiH tourists with outside boarding tourist services in the area of observed tourist destination. Starting from the problem identified and defined research objectives the following hypothesis was for this study was set: There is a difference in satisfaction with tourist supply with regard to motives of coming into a tourist destination.

Keywords: *tourist destinations, tourist motives, the degree of satisfaction of tourists, the Gradac n/m.*

JEL: L81, I84