



# Evaluation of Localization Factors for Allocation of Selected Slovak Enterprises

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**Abstract:** Localization belongs to the important decision-making processes in the enterprise. The decision on the location of the accommodation facility depends on localization factors, i.e. site-specific characteristics. They represent the basis for the determination of the spatial location of the accommodation facility, especially in the long term. The location of the tourist accommodation facility specifies its economic structure and determines further development. The paper was directed on the recognition, description and evaluation of localization factors that were important in deciding on the location of selected accommodation facilities at the beginning of their activities. Localization factors are divided into these categories: labor, market, land and natural resources, environment, infrastructure, legal, social, and economic conditions. Research data were obtained by questionnaire method and combined interview method. The results of the survey in the final phase showed that entrepreneurs in the field of accommodation and tourist facilities were satisfied with the location of their facility and evaluated their decision as the most correct.

## 1. INTRODUCTION

Tourism brings various benefits to the country's economy, however, each country has different conditions and opportunities for attracting domestic and foreign visitors for accommodation-related stays. Entrepreneurship in tourism is associated with the analysis of many factors, whether in terms of overall or terms of regional conditions. Based on geographical and localization assumptions, Slovak regions have different potentials for tourism. Some tourists/visitors can combine stay and travel with the countryside and nature, another part of visitors prefer stays with attractions in Slovak cities or combine travel with a tour of historical monuments.

The Government of the Slovak Republic perceives domestic tourism as “an important generator of sustainable growth of Slovakia's regions and an important factor for improving the life quality of the population”. Due to the Covid-19 pandemic and the current situation of rising prices in the energy and food market, the Slovak Hotel and Restaurant Association estimates “the loss of tourism revenues 500 million euros, while about 60 thousand jobs are at risk” (*Tourism in Slovakia; Act No. 91/2010 Coll. on the Promotion of Tourism*). The Government of the Slovak Republic has defined “as the main goal of reducing seasonal disparities in the supply of tourism by sustainable use of the country's potential and improving the recognizability of Slovakia as an attractive and authentic holiday destination” (*Sustainable Tourism Development Strategy until 2030*). “The competitiveness and sustainability of tourism depends on the ability of tourism operators to take advantage of the existing innovation environment; innovations, together with other factors, are considered to be the driving force for the restart of tourism in Slovakia after

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COVID-19” (Kollár & Matúšová, 2021). Analysis of the determinants of tourism performance has shown that increasing the level of efficiency is possible by combining with at least two or more tourist attractions (Corne & Peypoch, 2020). Modified marketing mix models include new tools that affect the target customer. According to Vrábliková (2019), for tourism, these are “travel agencies, catering, accommodation, transport and additional services”.

The public sector often faces a lack of financial resources needed to fund tourism projects. The private sector is more efficient than the public one in the implementation of large infrastructure projects in tourism, therefore various models of public-private partnerships prove to be a suitable solution (Berešková & Papcunová, 2020). Particular country addresses specific tourism issues, e. g. data on the seasonal demand of tourists in Norway were the basis for research into selected economic factors about their impact on the seasonality of tourism (Xie, 2020). Tourism in Italy is an important source of income throughout the year, mainly due to very good natural conditions. Authors (Alfano et al., 2022) declare that the accommodation tax is one of the most common forms of tourism taxation to address the negative externalities associated with tourism. As reported by Mihăilă et al. (2019), balneo-climate tourism and outdoor activities in the north-east region of Romania can generate important revenue for the region, provided that investments are made in accordance with an appropriate management strategy and effective promotion. Research on the sources and components of social anchorage (trust, close personal relationships, emotional attachment, willingness to help, local patriotism) has made it possible to better understand business cooperation decisions that are important for the competitiveness of tourist destinations (Czernek-Marszałek, 2021). The research results on the visitors’ attitude and connection to the natural environment provide “the division of tourists into three ecotypes: eco-destructive, eco-impartial and eco-involved” (Ștefăniță & Sandu, 2021).

Doing business in the area of tourism requires the availability of accommodation facilities. For the success of the accommodation facility, it is necessary to know and correctly evaluate the localization factors determining the interest of visitors in the location and accommodation during their stay. Gubánová and Hanáčková (2014) state these “main categories of localization factors: labor, market, land and natural resources, environment, infrastructure, legal, social and economic conditions”. The combination of localization factors makes it possible to find the optimal place for the enterprise’s location. According to Gregorová et al. (2015), localization and selective assumptions alone are not enough for the emergence and development of tourism, as they have only a potential character. Implementation preconditions are also necessary for tourism, i.e. the given area must have transport preconditions, suitable tourism infrastructure and facilities with supplementary services. The destination of tourism is not only the geographical area but also a set of opportunities for the production of goods and services in the private and public sectors (Gúčík et al., 2012). Location is often a determining factor in planning a tourism workforce. Solnet et al. (2014) provide a new perspective on the dilemma in the development of tourism when the growth of the attractiveness of the destination is not in line with the accompanying growth of the attractiveness of the locality for the necessary workforce.

## **2. RESEARCH DATA AND METHODS**

The research objects were selected tourist accommodation facilities in Slovakia, which were classified in the category of small enterprises: boarding house HRON in the village Pohorelá, boarding house KOLIBA u KUBA in the village Hruštín, boarding house SALAŠ CABAJ in the village Cabaj, boarding house LIMBA in the village Liptovský Ján, and mountain hotel

AKADEMIK in the village Pribylina (situated in the Račkova Valley in the West Tatras). Data on accommodation facilities from well-developed websites have also been used. The next step was to obtain materials on the issue of localization factors via the questionnaire survey and their processing. The basic idea in designing the items of the questionnaire was to evaluate the selected localization factors when deciding on the location of these accommodation facilities in Slovakia at the beginning of their business activities. The set of localization factors was divided into three categories: land and natural resources, infrastructure and equipment, and environment.

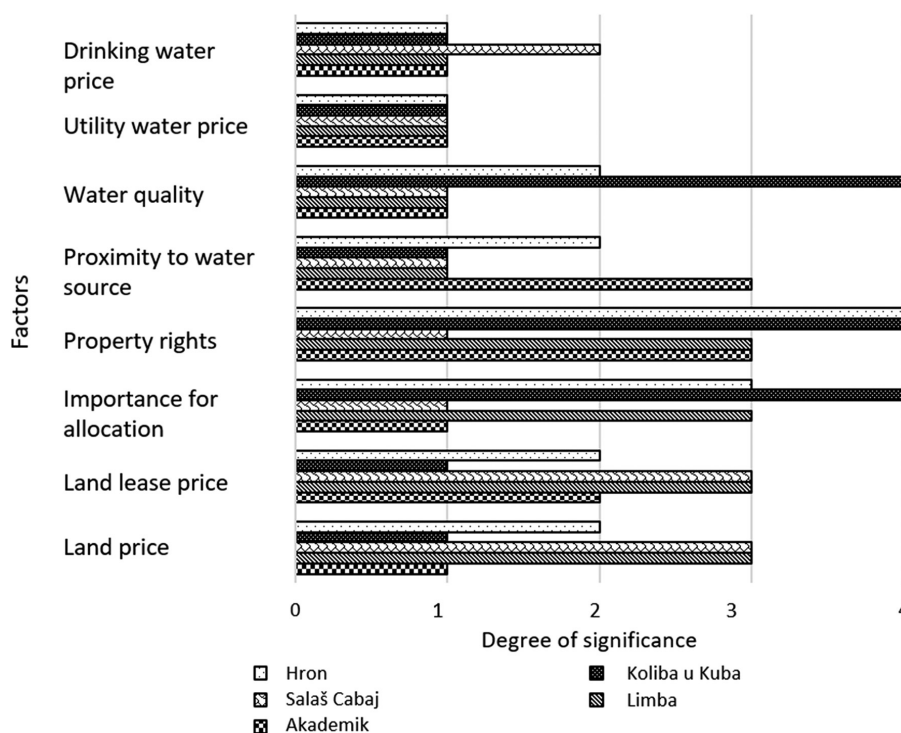
The survey was conducted in January 2022. The questionnaire contained 20 questions, which were answered by entrepreneurs in mentioned accommodation facilities. In addition, it was used the combined interview method. To determine the significance of the evaluated localization factors, there was used the Likert scale expressed by numerical values. The importance of localization factors for the allocation of the accommodation facility was measured on a scale from 0 to 4 (0 - no significance, 4 - decisive significance). The method of analysis and comparison consisted of the evaluation of a questionnaire survey, and evaluation of localization factors in particular categories based on the assigned degree of significance (numerical data) from entrepreneurs in accommodation facilities, from which the arithmetic average was calculated. In individual categories, it was determined the order of localization factors according to the degree of significance and its arithmetic mean.

### 3. RESULTS

Localization factors are the specific characteristics of a given site that affect the location of the accommodation. Localization is considered as the essential step for the successful start of tourist business. Deciding where to locate a business is very difficult because the location is a set of characteristics that significantly affect the operation of the tourism facility. These include factors: the size of the land, the position of the location, access to the location, its visibility, the relationship to demand generators, other facilities and the relationship to competition.

#### 3.1. Significance of Localization Factors in the Category of Land and Natural Resources

It follows that localization is not affected by a single factor, but the decision to allocate a business depends on a number of factors. The extent of the territory for the construction of tourism facility depends on the type of accommodation facility, territorial requirements according to performed activities, while it is necessary to take into account land ownership, land prices and the development of the real estate market in the region. The land is a component of the environment that is crucial and irreplaceable for the country, whether in terms of economic and productive, locational, historical, recreational, etc. However, the land also acts as a basic localization factor in space, because it is the land, its quality and quantity that determine the future localization of human activities in the region. Common localization factors in the category of land and natural resources (Fig. 1), which were of great importance for most accommodation facilities, include property rights (average 3.0). Enterprises considered the price of land (average 2.0) and the price of the land lease (average 2.2) to be factors of average importance. Buildings must respect the boundaries of land, ownership relations as well as the location and configuration of the terrain in which the building must be incorporated in terms of material and shape.



**Figure 1.** Significance scale of localization factors in the category of land and natural resources

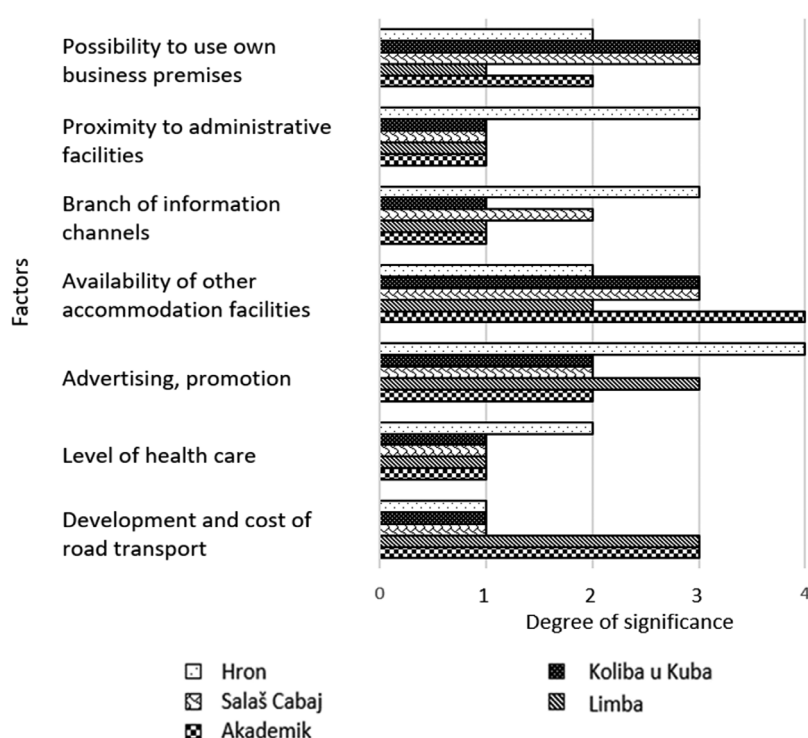
Source: Own processing

Water resources are used to supply drinking water for accommodation facilities, sports and relaxation complexes and other additional services for tourist visitors. On the other hand, these tourist complexes pollute watercourses by producing wastewater. The factors of proximity to the water source (average 1.6) and water quality (average 1.6) were of little importance in the establishment of the accommodation facility.

### 3.2. Significance of Localization Factors in the Category of Infrastructure and Equipment

Another factor in deciding on the location of the accommodation facility is the level of infrastructure and equipment. Existing transport and communication networks will save entrepreneurs the costs of building them. In the category of infrastructure and equipment (Fig. 2), the factors of development and cost of road transport were of average importance (average 1.8). But, the existing road network near some accommodation facilities is in poor condition. The branching of information channels (average 1.6) is of little importance when deciding on the location of the accommodation facility. The factor of advertising and promotion (average 2.6) played an average role in deciding on the allocation of accommodation facilities because it is not enough just to offer an excellent location or accommodation at an interesting price if they are not promoted.

Accommodation facilities try to support sales through promotion and advertising. While advertising offers us a reason to buy, sales promotion offers us an incentive to buy. Facilities use their well-designed website to promote sales. Common localization factors that were of average importance for most accommodation facilities include the possibility of using their own business premises (average 2.2).



**Figure 2.** Significance scale of localization factors in the category of infrastructure and equipment

Source: Own processing

### 3.3. Significance of Localization Factors in the Category of Environment

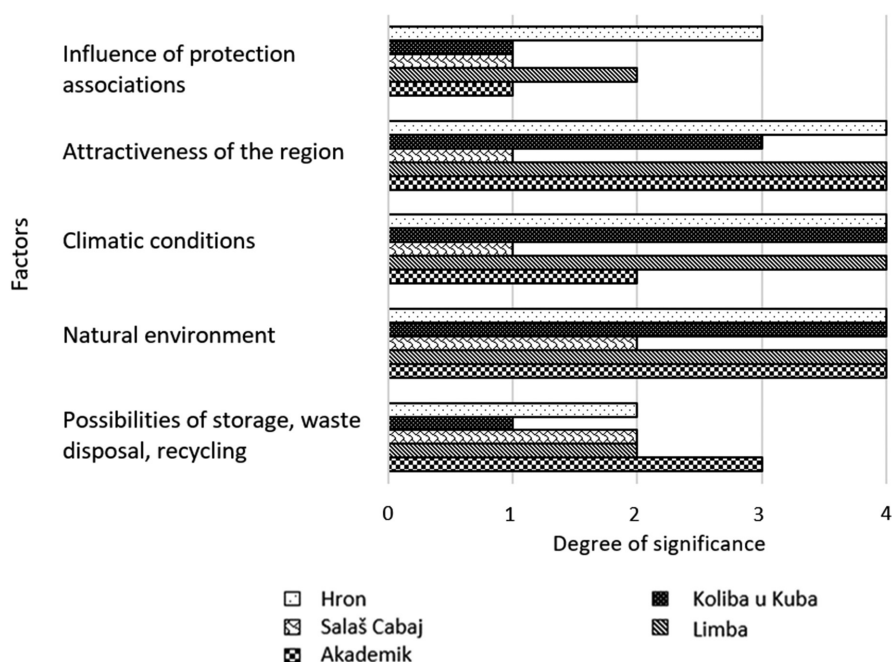
In addition to the appropriate architectural design and location of tourism facilities, it is important to take measures to eliminate their negative impact on the environment. Above all, it is a matter of ensuring a system of waste collection and disposal, wastewater treatment, solutions for access to tourism facilities, parking, noise reduction, emissions from heating systems, etc. Accommodation facilities currently need to replace their heating sources with renewable ones, which will help reduce greenhouse gas emissions. It is necessary to implement buildings so that the original landscape structure is preserved. In the category of the environment (Fig. 3), the factor of the possibility of storage, waste disposal, recycling (average 2.0) gained average importance when deciding on the location of the accommodation facility.

Natural resources enter the business in a differentiated way, while in the field of tourism part of the business depends on the natural environment. The most important phenomenon in the relationship between business and the natural environment is the trend of sustainable development. The aim is to avoid a permanent threat to the environment and to maintain the continued use of natural resources. The natural environment (average 3.6) belongs to the important localization factors for the allocation of accommodation facilities.

The surrounding nature, monuments, or other attractions in the given locality are important for the tourist participant, while the visitor sensitively perceives the incorporation of the tourist facility into the surrounding landscape and development. Climatic conditions are one of the main factors in the implementation and distribution of tourism. The climatic conditions factor (average 3) was of great importance in the establishment of accommodation facilities. The climate works through its elements such as temperature, the amount of precipitation and its distribution,



the length of sunshine and humidity. Attendance depends on accommodation options, the level of services provided and the attractiveness of individual regions. In addition to the offer of accommodation capacities, it can be a stay at the farm, with typical rural architecture, recreational activities, harvesting crops or forest crops, studying folklore and local customs, and much more.



**Figure 3.** Significance scale of localization factors in the category of environment

Source: Own processing

#### 4. FUTURE RESEARCH DIRECTIONS

Tourism in the region offers many positive aspects, but there are also many of its adverse effects. These are the rising price level of goods and services, the increasing price of land, the growth of investment costs for the development of equipment, the security situation, the cleanliness of the environment, and the growth of energy and water consumption. A significant negative impact is a threat to the environment, excessive urbanization, social tension between the local population and tourism participants, pathological social phenomena (crime, alcoholism, etc.), as well as the disappearance of traditional production in individual regions of Slovakia. For the young generation, it is necessary to show the importance and value of the country's cultural heritage through tourism.

#### 5. CONCLUSION

The paper evaluates selected localization factors that were important in deciding on the location of selected accommodation facilities at the beginning of their activities. The questionnaire survey and the method of the combined interview showed that entrepreneurs in individual accommodation facilities were satisfied with the chosen location of their facility and evaluated their decision as the most correct.

In assessing the significance of localization factors that affect the location of the accommodation facility, in the category of land and natural resources, the ownership relationship factor played a major role; this factor is particularly important in land use planning and subsequent land development, which in the case of accommodation facility affects the region. In the

category of infrastructure and equipment, the factors of advertising and promotion, and the possibility of using their business premises, were of average importance for most accommodation facilities. Entrepreneurs in the sector of tourist accommodation facilities offer their services through advertising to attract other participants in tourism. In selected accommodation facilities, they promote services that they guarantee and provide at a high level.

In the environment category, the factor of the natural environment, which currently attracts tourism participants and gives them priority over the choice of the facility, has become crucial in deciding on the facility location. Another important factor in the decision-making process was the climatic conditions, which have a significant impact on tourism. At present, it is possible to observe the increase and intensity of the convective phenomenon of weather, storms, torrential rain and storms. Furthermore, the incidence of dry seasons during the year is expected to increase. The duration of the snow blanket is decreasing, which threatens the existence of ski resorts. In order to remain competitive, this means taking into account the increased costs of technology and the operation of artificial, environmentally demanding snowmaking. The length and quality of the tourist season change in these volatile conditions.

Slovakia disposes outstanding natural conditions for the tourism industry, tourist activity as well as tours of historical monuments. Favorable climatic conditions, the beautiful nature of mountains and coniferous forests create ideal conditions for tourism and sports activities. However, there is a need to improve the quality of service in existing facilities. It will be important to focus on guests from abroad, who need to prepare a comprehensive range of capacities, services and attractiveness to support permanent and repeat visitors.

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