

# **CZECH HOSPITALITY**

**and**

# **TOURISM PAPERS**

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*Czech Hospitality and Tourism Papers (hereinafter CHTP Journal), publishes mainly scientific and survey papers focusing on the development of theoretical and practical aspects of the hotel and spa industry, gastronomy and tourism. Papers are published in English language.*

*The CHTP Journal serves primarily as a platform for the presentation of an author's, or team of author's, original research results in the above-mentioned fields. A "Consultation and discussion" section contains survey papers and also specialized survey papers from the pedagogical and expert activities of academics, as well as reports on research project results.*



# Foreword

Czech Hospitality and Tourism Papers is a peer-review journal that presents actual papers focused on the topic in the field of tourism and hospitality. The last period during the year 2021 was unfortunately highly affected by the pandemic situation. The sector of tourism was pushed to react nearly on daily basis to the new conditions on the market or in the low. The main question these days is not the current situation, but the future changes that we will face.

Science and its development should be a great background for the future. Scientific papers from all the fields should keep good quality and be able to help with any new challenges in the future. I am pleased, that Czech Hospitality and Tourism Papers is a part of this development for many years.

Wishing all the best to all readers.

Ing. Martin Petříček, Ph.D.  
Editor-in-Chief

# CONTENT

## SCIENTIFIC PAPERS

- Zdeněk Konečný, Tomáš Jeřábek** – Taking Account of International Labour and Capital Flows by Cost Minimizing Input Choice..... 4
- Eva Šimková** – Rural Tourism in the Context of VUCA Business Environment....18
- Lenka Švajdová** – Covid-19 as an Opportunity for New Tourism Trends .....37

## CONSULTATION AND DISCUSSION

### INFORMATION PAPERS

- Michal Motyčka** – Popularity of Caesar Salad in Czech Restaurants .....47

**Zdeněk Konečný, Tomáš Jeřábek**

## **TAKING ACCOUNT OF INTERNATIONAL LABOUR AND CAPITAL FLOWS BY COST MINIMIZING INPUT CHOICE**

***Abstract:** The international flows of inputs can affect their unit prices. The research should find out, which input becomes more favourable thanks to internationalization. There are determined regression lines describing the impact of both international inputs on their costs just as their proportion. There was discovered a positive linear dependence by wages, their compensations and statutory social security contributions and a weak or non-linear correlation by remaining labour costs just as by cost of capital. But there are raised the relative labour costs to cost of capital.*

***Key words:** capital, capital-labour ratio, cost minimizing input choice, international labour and capital flows, labour*

***JEL Classification:** D24, F21, F22*

### **Introduction**

The international flows of labour and capital directly affect their unit prices. When there is raised the amount of foreign inputs and simultaneously the domestic inputs are not exploited, then the unit prices can decrease as a consequence of a higher supply. But these prices can also increase because of a higher demand. And opposite effects can be recorded in the case of reducing the international labour and capital flows.

The producers can hire both domestic and foreign inputs. Nevertheless, the managers, who make decisions about the proportion of capital to labour, should strive for cost minimizing. And when one factor of production is relatively cheaper, then there will be hired a less amount of another factor.

This article has its aim to show, how considerable is the impact of international inputs inflow or outflow on the costs of both inputs, that are the main factor of managerial decisions about the capital-labour ratio. If an inflow reduces the unit cost of capital relatively to labour, then the companies should prepare to automation of production, otherwise they must pay more attention to competences of employees. The findings will be usable also for households, who can easier and more quickly adapt oneself to this phenomenon of globalisation.

There were still published many pieces of knowledge about international flows of inputs including the relations between capital and labour. This chapter is firstly focused on the macroeconomic aspects of foreign direct investments as the form of international capital and immigration, which represents the international labour. Next, there is paid an attention to interconnections between capital and labour in differently specified national economies. And finally, there is clarified, how the quantities just as unit costs of capital and labour are affected by international flows of both these inputs.

## **Importance of foreign direct investments just as immigration for factor productivity**

Mandelman and Zlate (2017) came to conclusion, that labour migration is determined by the same factors as the international trade and also the effects on national economies are similar. Furthermore, these authors regard both capital mobility and labour migration as tools of risk-sharing.

A high labour productivity can attract foreign investors, as mentioned by Bellak, Leibrecht and Riedl (2008). On the contrary high labour costs can dissuade them from implementing foreign direct investments. These authors emphasize the importance of fiscal policy. There can be reduced the non-wage costs and improved the quantity just as quality of human capital, which is necessary to raise the labour productivity. The central institutions should also protect the private ownership more.

Driffield, Love and Taylor (2009) emphasize also more jobs as a consequence of foreign direct investments. But there is raised the demand just for skilled workers. These authors also mention, that especially sectors with low labour costs but high research and development intensity are attractive for foreign investors. And thanks to foreign direct investments, there is raised the productivity in both countries. On the contrary, Egger, Greenaway and Seidel (2011) point out effects of rigid labour markets. The rigid wages cause reducing gross domestic product, and thus a higher unemployment in both short and long run, but simultaneously raising the share of intra-industry trade, if the country is larger than its trading partner.

In countries with high capital mobility and low labour mobility the unemployment is very volatile, as researched by Azariadis and Pissarides (2006). They record, that the variance of unemployment is up to three times higher than its variance in countries without capital mobility. But the average unemployment is unaffected by capital inflows. Analogously, capital flows raise the variance of labour income and reduce the variance of capital income, but do not change the mean welfare. So restricting foreign direct investments would not be effective.

## **Elasticity of substitution in various economic environments**

According to Antony (2009), the elasticity of substitution between capital and labour is significantly larger than one in developed and smaller in developing countries. There can be derived, that in a developed country the capital intensity will increase more considerably than in a developing country.

Sala and Trivín (2018) discovered the elasticity of substitution in OECD and non-OECD countries. In OECD economies the elasticity of substitution between capital and labour is below unity and it increases with the globalization but decreases with the level of technology. On the contrary, in non-OECD economies, enhanced technologies raise the substitutability between capital and labour, but the impact of globalization is non-significant.

By Truett and Truett (2001) there was proven, that capital is a substitute not just for labour but also for intermediate goods including energy. But the relationship between labour and intermediate goods is complementary. So the restrictions to import these inputs in Spain, where this research was implemented, were resulting in their higher domestic prices and deepened the problem with unemployment.

## **Affecting domestic labour and capital markets by international input flows**

The effect of foreign direct investment just as immigration on real wages in Mexico was researched by Cabral, Mollick and Faria (2010). The real wages are very strong and positively correlated with foreign direct investments, which raises the demand for labour. On the contrary, the immigration affects the real wages less considerably. So the real wages in Mexico increase as a consequence of raising international inputs.

Ruist and Bigsten (2013) discovered just a small negative wage effect of immigration just as foreign direct investments. The wage of native workers can even increase because of the output gains. And surprisingly, the wages do not decrease in immigration regions, but in other regions, whose extent is approximately equal. Nevertheless, the incomes can be redistributed by means of tax cut on native workers wages financed by a tax on returns to capital and tax on immigrants wages. There can be also used worker remittances, which are typical for developing countries, as mentioned by Buch and Kukulenz (2009). But van Treeck and Wacker (2019) found out, that in developing countries, the foreign direct investments bring a wage premium just to well-educated and reliable employees and so the income inequality between households can increase. This is in accordance with Kugler and Rapoport (2007), who regard the foreign direct investments as a substitute to less, but a complement to more qualified migrants. Moreover, there is a reciprocal relationship

between emigration of human capital and inflow of physical capital. That is, foreign direct investment will affect the number of skilled migrants in the long run and simultaneously the inflow of them affects the return of the foreign direct investment, as recorded by Baldwin and Venables (1994). Nevertheless, Gaumont and Mesnard (2000) record, that capital and labour mobility equalizes their prices across countries. But the Pareto-improvement can be reached just in such case, when an increased density of population, and thus lower wages, is compensated with higher interest rates. The returns of capital can be even equalized without foreign direct investments, as recorded by Struck (2018). The reason is, that a slow reallocation of labour between sectors within economies causes a lack of non-tradable investment goods, whose prices increase. This findings is in accordance with Hergovich and Merz (2018), who write, that for firms adjusting capital is much easier compared to labour.

Antony (2009) records, that a decline in capital intensities, in the form of foreign direct investments leads to relatively lower wages to interest rates. The foreign direct investments become more profitable and so more and more companies are willing to implement them. But from some point this relationship turns around. These findings are valid especially for countries, where the elasticity of substitution between capital and labour is high.

The unit price of foreign direct investments, which is equal to cost of equity and used in a discount rate, contains the premium for foreign exchange risk, as emphasized by Krapl and Giaccotto (2015). According to these authors, the discount rate depends on cash flow maturity. Its maximum value is reached in such case, when the cash flow maturity is from five to ten years into the future. So there is necessary to adjust this discount rate periodically by financial managers.

Cost of various kinds of equity with regard to international tranche was researched also by Lee at al. (1996). The direct costs average is 11,0 percent for initial public offerings and 7,1 percent for seasoned equity offerings. With initial public offerings there are connected also some indirect costs due to short-run underpricing. In the case of debts, costs of convertible bonds are about 3,8 percent and of straight debt issues approximately 2,2 percent considering the credit rating. But this author records, that foreign direct investments in the form of debt are not usual.

Zhang (2015) was dedicated to the wage gap between skilled and unskilled employees related to inflow of labour and capital. The research of this author proved, that inflow of capital increases this wage gap, whilst inflow of either skilled, or unskilled labour decreases it. These findings are valid for the typical case, when in high-tech firms the elasticity of substitution is less or equal to the elasticity of substitution in low-tech firms.

## Materials and Methods

There is researched the situation in Accommodation and food service activities according to CZ-NACE. This sector of the czech economy was chosen because of its high dependence on international trade in form of tourism. So there can be expected, that for hotels, restaurants and other providers of accommodation and catering services also the international capital and labour as inputs are important.

From the data about international capital, there is considered the net effect of foreign direct investments as a difference between the change in liabilities and in assets. In the case of international labour, there are published the data about number of foreigners working in individual sector of CZ-NACE, but in this research, there are considered just their absolute interannual changes because of the comparability with international capital, where the total amounts are not published.

To determine cost of capital, there is used the methodics developed by Neumaierová and Neumaier and used by the Czech Ministry of Industry and Trade. So within the weighted cost of capital (WACC), there is distinguished the risk-free rate and three risk rewards, calculated according to the formulas (1), (2) and (3).

$$r_{POD} = \frac{\left(\frac{FS}{A} * i - \frac{EBIT}{A}\right)^2}{\left(\frac{FS}{A} * i\right)^2} * 0.1 \quad (1)$$

$$r_{FINSTAB} = \frac{(XL2-L3)^2}{(XL2-XL1)^2} * 0.1 \quad (2)$$

$$r_{LA} = \frac{(3-FS)^2}{168,2} \quad (3)$$

where:

$r_{POD}$  – risk reward to entrepreneurial risk,

$r_{FINSTAB}$  – risk reward to financial stability,

$r_{LA}$  – risk reward to size of the company,

$FS$  – fund sources in billions CZK,

$A$  – assets,

$i$  – interest rate,

$EBIT$  – earnings before interest and taxes,

$L3$  – liquidity of the 3rd level for the company,

$XL2$  – liquidity of the 2nd level for the sector,

$XL1$  – liquidity of the 1st level for the sector.



But there are used the values of these quantities just for companies with 100 or more employees, because the complete data are not available. Analogously to that, the cost of labour consists not just of wages, but also wage compensations, social benefits, statutory social security contributions or other social costs and expenditures, personnel costs just as taxes and subsidies.

There are collected data for periods from 2008 to 2019 except 2012 and 2013, because the data about international labour are published just for these years. This fact needs to consider the absolute change of foreign employees in 2014 to 2011. Furthermore, these is necessary to adjust also the used values of foreign direct investments. Their net effect on liabilities in 2012 and 2013 are added up to the relevant value in 2014. And the unit costs of both inputs in 2014 are calculated as a chronological mean using values of this year and the two previous years.

There are modelled relations between foreign direct investments and individual parts of WACC just as between change of foreign workers and individual social costs or expenditures using suitable regression lines including verification their quality according to the coefficient of determination. There are applied the formulas (4), (5) and (6).

$$b_1 = \frac{n \cdot \sum x_i \cdot y_i - \sum x_i \cdot \sum y_i}{n \cdot \sum x_i^2 - (\sum x_i)^2} \quad (4)$$

$$b_0 = \frac{\sum y_i}{n} - b_1 \cdot \frac{\sum x_i}{n} \quad (5)$$

$$R^2 = \frac{b_0 \cdot \sum y_i + b_1 \cdot \sum x_i \cdot y_i - \frac{(\sum y_i)^2}{n}}{\sum y_i^2 - \frac{(\sum y_i)^2}{n}} \quad (6)$$

where:

$b_1; b_0$  – parameters in the equation of a regression line,

$n$  – number of periods,

$x_i$  – value of the independent variable in the period  $i$ ,

$y_i$  – value of the dependent variable in the period  $i$ ,

$R^2$  – coefficient of determination.

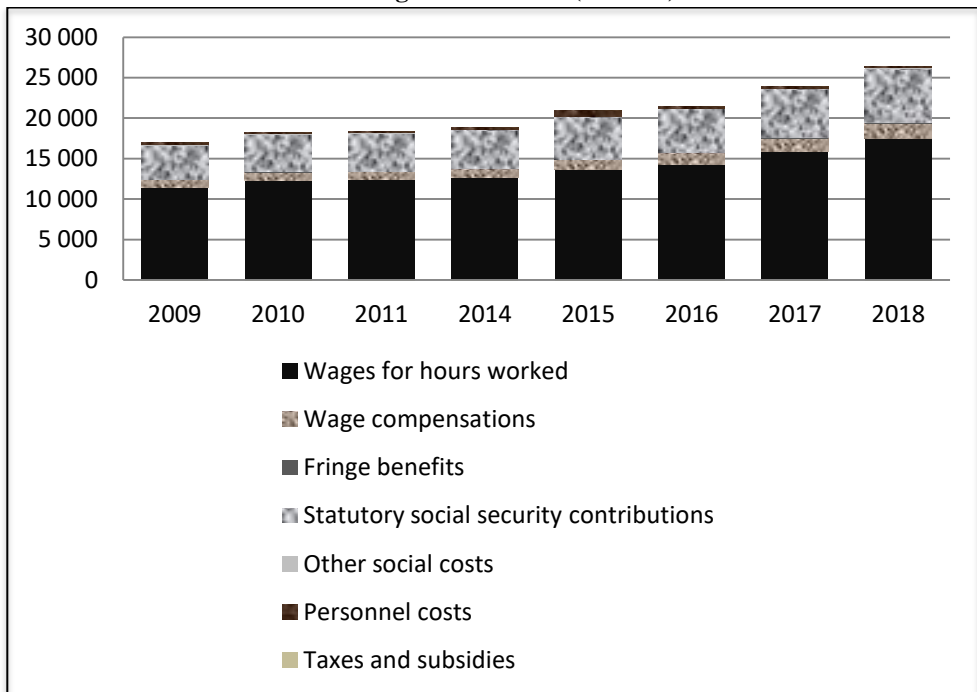
In economics, there is valid a general findings that quantity of anything depends on its unit prices or there can be recorded a reciprocal dependence. But as written above, the cost of capital and of labour is not equal to their unit prices and there is generally assumed, that these quantities are dependent variables, whilst the foreign direct investments and changes of foreign workers are independent variables. Moreover, there is generally known, that quantities of capital and labour, and thus their unit prices are interconnected. So the impacts

of foreign direct investments just as changes of employed foreigners on the proportions between cost of labour and cost of capital are researched, too.

## Results

The data about the labour costs distinguishing their partial components in researched years are illustrated in Graph 1.

**Graph 1: Structure of labour costs in Accommodation and food service activities according to CZ-NACE (in CZK)**



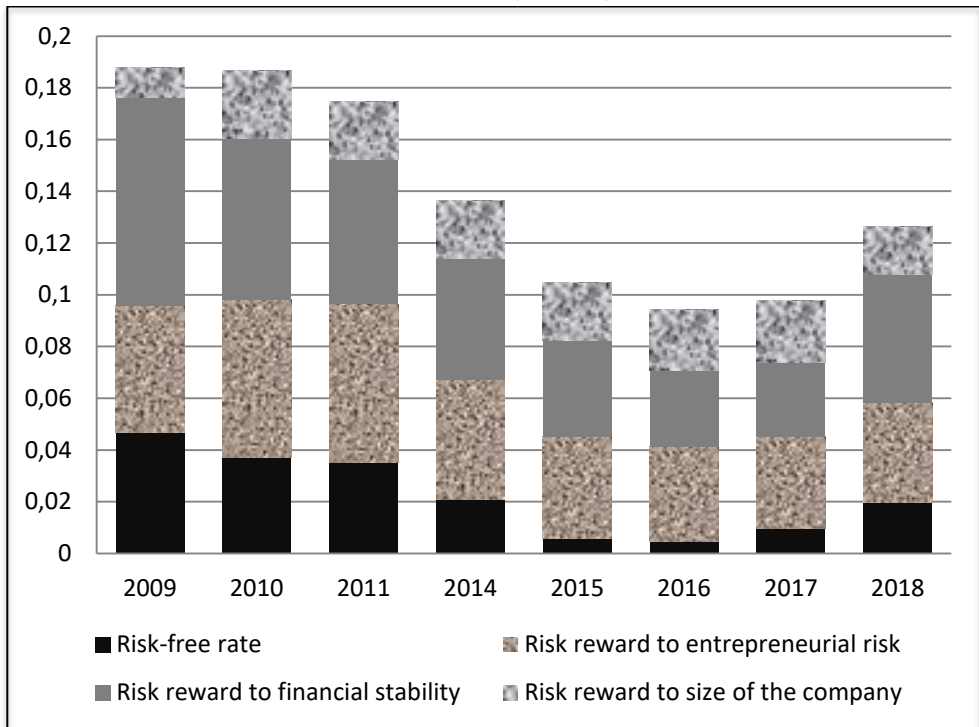
Source: Labour Statistics - Time Series of Basic Indicators, 2009-2018

There is evident, that the labour costs are composed especially of wages for hours works. But there can be regarded also statutory social security contributions, that are included in the so-called super-gross wage, as a significant component. Moreover, both these kinds of labour costs increase steadily and so labour becomes even more expensive. The wage compensations including holiday pay or sick pay just as the remaining parts are less

considerable or negligible and by their values there are recorded both rises and falls interannually. Little tax savings as a consequence of employing one person are worth mentioning, too.

The course of WACC including the risk-free rate and individual risk rewards is depicted in Graph 2.

**Graph 2: Structure of WACC in Accommodation and food service activities according to CZ-NACE (in CZK).**



Source: Financial Analysis of Enterprises, 2009-2018

All the individual parts and thus the total weighted average cost of capital alternately increase and decrease through the researched time interval. Regardless the period, the most important components within the weighted average cost of capital are risk reward to entrepreneurial risk or to financial stability. Both the other components are less considerable in most periods.

The interannual absolute changes of both basic inputs just as the relative costs of labour expressed by a number of capital units, measured in CZK, are mentioned on Table 1.

**Table 1: Mobility of inputs and their relative costs**

<i>Year</i>	<i>Number of new foreign workers</i>	<i>Foreign direct investment (in mil. CZK)</i>	<i>Proportion of total labour costs to weighted average cost of capital (in index form)</i>
2009	268	-2 927.9	89 994.7
2010	134	3 545.4	97 751.6
2011	923	-1 238.9	105 277.9
2014	3 508	-2 071.1	137 405.2
2015	3 706	4 360.6	198 474.7
2016	2 678	-2 162.5	226 998.9
2017	4 900	451.1	243 524
2018	5 365	851.6	209 129.1

Source: Number of Registrations of Foreigners at Labour Offices by NACE Section, 2008-2018; Statistical Yearbook of the Czech Republic, 2010-2019.

The foreign labour is raised more or less considerably in all researched years. But the trend of foreign direct investment is not evident, because in some years there is interannually raised the amount of foreign liabilities, whilst in other years, the national entrepreneurs invest in foreign assets and so the amount of foreign capital is reduced. Nevertheless, there is discovered a rise in relative costs of labour compared to capital except the last year 2018.

The results of the regression analysis finding the impacts of inputs mobility on their individual costs are recorded on Table 2.

**Table 2: Parameters of regression lines and its quality**

<i>Independent variable</i>	<i>Dependent variable</i>	<i>Parameter b1</i>	<i>Parameter b0</i>	<i>Coefficient of determination</i>
<i>Number of foreign workers</i>	Wages for hours worked	0.8898	11 368.7212	0.7621
<i>Number of foreign workers</i>	Wage compensations	0.1184	920.5382	0.6518
<i>Number of foreign workers</i>	Fringe benefits	-0.003	93.6727	0.1843
<i>Number of foreign workers</i>	Statutory social security contributions	0.3509	4 221.2651	0.7503
<i>Number of foreign workers</i>	Other social costs	0.0004	115.3139	0.0029
<i>Number of foreign workers</i>	Personnel costs	0.0232	199.1039	0.0769
<i>Number of foreign workers</i>	Taxes and subsidies	-0.0045	-11.2668	0.275

<i>Number of foreign workers</i>	Proportion of labour costs to WACC	26.0162	93 709.4946	0.7192
<i>Foreign direct investment</i>	Risk-free rate	0	0.0227	0.0621
<i>Foreign direct investment</i>	Risk reward to entrepreneurial risk	0	0.046	0.0005
<i>Foreign direct investment</i>	Risk reward to financial stability	0	0.0489	0.0381
<i>Foreign direct investment</i>	Risk reward to size of the company	0	0.0214	0.2257
<i>Foreign direct investment</i>	Proportion of labour costs to WACC	3.8517	163 180.3587	0.0277

Source: own research.

This research found out a strong and positive linear correlation between the international labour mobility and the wages for hours worked. Analogously, the linear but not so strong positive correlation is recorded also by wage compensation and statutory social security contributions. By other components of labour costs, there can be a non-linear positive or negative dependence and there is even possible, that these variables are independent. Nevertheless, there was proven a strong and positive linear correlation between number of foreign workers and relative costs of labour. But the research did not find out any impact of foreign direct investment on individual components within weighted average cost of capital. There can be just derived, that an increase in foreign direct investment raises the relative costs of labour, but this dependence is probably non-linear.

## Discussion

A growing trend of wages and thus also the statutory social security contributions combined with even more foreigners employed in Accommodation and food service activities can be caused by a higher demand for labour. This means that there is raised the demand for final products and so the companies need more inputs. But in some years the czech companies invest in foreign projects and so they use less capital for their own production. Moreover, there is possible, that the immigration exploits the national labour. This fact would lead to a decrease in the supply of labour and thus to higher wages and associated direct labour costs. But the personnel and other indirect costs are not strongly correlated with the number of foreign workers. So the paperwork related to employing foreigners is not very expensive and it is easy to recruit them, too.

Regardless the cause of growing wages, the capital becomes relatively cheaper to labour thanks to immigration just as foreign direct investment. So there are created suitable conditions for mechanization, robotization, automation, digitalization and other forms of

capital-labour substitution. But in Accommodation and food service activities is difficult to implement this process, because the human factor is irreplaceable in many working positions.

So the findings of this research are in harmony with Driffield, Love and Taylor (2009) or Kugler and Rapoport (2007), who record, that with foreign direct investment there is connected a need for qualified workers. Subsequently, there can be agreed also with Zhang (2015) or van Treeck and Wacker (2019), according to whom the foreign direct investment raises the income differences between more and less qualified people. But the findings about a positive and strong linear correlation between immigration and wages are in contrast with Ruist and Bigsten (2013). Furthermore, this research came to findings, that immigration makes the labour more expensive compared to capital, whilst Antony (2009) discovered a negative correlation between foreign direct investment and relative cost of capital compared to labour.

## **Conclusion**

The open economies are characterized not just by an international trade of outputs but also by using foreign labour and capital in production. The amount of foreign workers, or applicants for jobs, can significantly affect the wages and other unit labour costs. Analogously to that, foreign direct investment is one of factors influencing cost of capital. Moreover, the international inflows of both inputs are interconnected and so there is evident the impact on their relative unit costs. And when one input becomes cheaper, then it is preferable by managers, who strives for cost minimization.

The implemented research to this article showed, that wages for hours worked and statutory social security contributions are strongly and positively correlated with the amount of foreign workers. Moreover, this dependence can be described by regression lines. By other components of labour costs, there was not discovered any strong correlation with foreign labour. Nevertheless, the new foreign workers raise the relative unit costs of labour to capital. On the contrary, the correlation between foreign direct investments and risk-free rate just as any risk reward is either non-linear, or very weak.

Despite a growing relative cost of labour compared to capital, the actual workers in Accommodation and food service activities do not have to be afraid of losing their job. In this sector, the highly qualified workers cannot be quite replaced by capital. Moreover, the foreign direct investments are negative in some researched periods and their impact on reducing either the risk-free rate, or any risk reward was not proven. The next limitation can be connected with the calculation the weighted average cost of equity according to the constructional model. This indicator should be equal to the lost revenues from the second best opportunity with the same level of risk, but in reality it is not possible to find such alternative investment.

The future research should discover, whether the companies providing accommodation and catering services are successfully stabilising their value added regarding the international trade with inputs and outputs. To consider it objectively, there will be necessary to compare the corporate values added with relevant sector averages. The attention will be paid also to its redistribution just as to the cost of equity including their indicators, both in global entrepreneurial environment.

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### Contact information

Ing. Zdeněk Konečný, Ph.D.

Department of Economics, Economy and Management

College of Business and Hotel Management

Bosonožská 9

625 00 Brno

Czech Republic

T: (+420) 722 415 992

E: [konecny@vsoh.cz](mailto:konecny@vsoh.cz)



Mgr. Tomáš Jeřábek, Ph.D., MBA  
Department of Economics, Economy and Management  
College of Business and Hotel Management  
Bosonožská 9  
625 00 Brno  
Czech Republic  
T: (+420) 776 229 844  
E: jerabek@vsob.cz

### **Description of the author**

Zdeněk Konečný focuses especially on corporate financial management and microeconomics. His mostly researched area is cost of equity depending on various factors including the corporate- and market life cycle just as global economy. He has still published several articles in peer-reviewed journals including those indexed in Scopus.

Tomáš Jeřábek focuses especially on financial markets and macroeconomics. He is a specialist on econometric modeling. His articles are published in Scopus indexed Journals just as Web of Science Master journals.

Eva Šimková

## RURAL TOURISM IN THE CONTEXT OF VUCA BUSINESS ENVIRONMENT

***Abstract:** The paper describes rural tourism as an important supportive element for the economic and social development of rural areas and multi-aspectual activities. The basic principles and specifics of rural tourism are characterized and system approach to rural tourism is described. Since the environment generally represents huge development potential for rural tourism the author describes interactions between business environment and rural environment/rural areas. Business environment as we see today is being characterized as turbulent, or VUCA; the author therefore investigates how turbulent rural tourism environment is and whether VUCA features are met. Based on qualitative research the author suggests that current business environment in rural tourism is remarkably turbulent and that VUCA acronym can be used. In fact, VUCA parameters are apparent in all factors of the environment (PESTLE factors). Rural tourism businesses are recommended to list all key VUCA factors according to their importance, urgency and impacts in order to be able quickly react to business changes.*

***Key words:** Rural Tourism, Business Environment, Rural Environment, VUCA Concept*

***JEL Classification:** Q13, Q56, R11*

### Introduction

Tourism is an essential part of contemporary lifestyle and human needs. As such, tourism has become a very important economic field. Its contribution relates to macroeconomic financial and currency relations, economies of various tourism related industries and new job creation, including problematic and economically under-developed regions such as rural areas (MRD, 2013). Discussion on rural development often leads to the question of the agricultural sector and its role. It seems that agriculture may play the opposite role to tourism, as it is a generator of food supply (productive roles). However, non-productive roles (in various forms of rural tourism) become more and more apparent. It is represented by the socio-economic effect (contributing to the viability of rural areas and to balanced territorial economic and social development) and environmental protection function (preserving rural environment and landscape) (EC, 1999). Agriculture and most of other businesses in rural areas are dependent on the existence of natural resources. That actually raises difficulties to business development in rural areas. Agriculture has been the main element of rural development until rural tourism has expanded and shown its potential. In response to the attractiveness of rural areas, tourism entrepreneurship has started.

Rural tourism companies are often characterised as small and medium size enterprises. However, literature shows that life cycles of tourism enterprises, or rural tourism enterprises, i.e. from their creations to eventually termination (bankruptcy), are often neglected. Additionally, the survival, growth and profitability of business enterprises largely depend on the environment in which they exist. Business environment can be viewed as a collection of interconnected external factors that influence operating status of business subjects. Situation in business environment can be described very broadly, from stable to turbulent.

Generally, business environment is currently very complex, turbulent, dynamic and very unpredictable (it shows the current situation affected by coronavirus pandemic). It is used with acronym VUCA, which stands for Volatility, Uncertainty, Complexity and Ambiguity. Acronym VUCA is used to describe conditions or situations in business environment, which can influence business operations. VUCA characteristics are not isolated but rather highly interrelated. As a result, any change in the business environment could have a far-reaching impact on an organization of rural business environment.

General conditions in business environment should be applicable also in rural business environment. This raises a question whether VUCA concept impacts on businesses in rural tourism. Unfortunately, the VUCA concept has not found its way into rural tourism or rural development yet, which dictates that conditions in rural business environment must be dealt with. When analysing VUCA v. rural tourism, the author starts with a qualitative research among rural tourism entrepreneurs. Open questions are asked, such as – how they perceive their business environment and how it can be verbally characterized.

## **Materials and Methods**

### **1. Theoretical background**

#### *1.1 Rural tourism – characteristics and main principles*

Although the concept of rural tourism is generally accepted, operational definitions are not consistent across countries (OECD, 1994). According to Stříbrná (2005), rural tourism relates to low population, open space and locations with less than 10,000 inhabitants. Rural tourism is a multi-aspectual activity, much wider than agro tourism, with which it is often confused. Rural tourism includes holidays with accommodation at farms, outdoor holidays, hiking or cycling holidays, mountain-climbing, horseback riding, adventure, sport and health tourism, hunting and fishing, exploration tours, travelling in search of art and heritage of the history, in some cases also ecotourism (e.g. Hill and Gale, 2009) and many other products provided in the countryside.

*Note: Rural tourism has many forms presented as its sub products. It is subsequently divided into agro tourism (tourism in farms), eco-agro tourism (tourism in ecological farms), village tourism (tourism in village settlements), cultural tourism (tourism with cultural heritage) and ecotourism (tourism in protected areas).*

Rural tourism is directly linked to the countryside (inhabited and uninhabited landscape – with minimum human intervention), on which requirements of prevention in relation with sustainability are imposed. This means that all kinds of rural tourism should be sustainable, without negative impact on landscape and local community. In the Table 1, there are examples of understanding of rural tourism by authors.

**Table 1: Approaches to rural tourism**

Aref and Gill (2009)	Rural tourism is experience oriented; rural area is sparsely populated and based on preservation of culture, heritage and traditions. Tourism products provide to visitors personalized contacts, allow for to enjoy physical and human environment of a countryside and to participate in activities, traditions and lifestyle of local people.
Irshad (2010)	Rural tourism is linked to rural areas, in wide-open spaces; it distinguishes by low level of tourism development, contains traditional societies and practices in small scale.
Joppe and Brooker (2013)	Rural tourism includes leisure experience in non-urban regions; rural tourism enterprises aren't as profit oriented as other entrepreneurs, often combine business with their lifestyle.
Kulcsár (2009)	Rural tourism takes place in a countryside; includes a range of activities and services provided by farmers and rural inhabitants.
MacDonald and Jolliffe (2003)	Rural tourism relates to rural history such as rural customs, traditions, folklore, lifestyles and values preserved between generations.
Negrusa et al. (2007)	Rural tourism is a form of tourism provided by local people in rural areas, with a small-scale accommodation; it comprises rural activities and customs of life.
Reichel et al. (2000)	Rural tourism is based on features of rurality and sustainability with small scale businesses in rural areas.
Sharpley and Roberts (2004)	Rural tourism is located in rural areas; rural tourism is rural in scale, function and character; it reflects rural environment, local history and customs.

Source: Author's own compilation

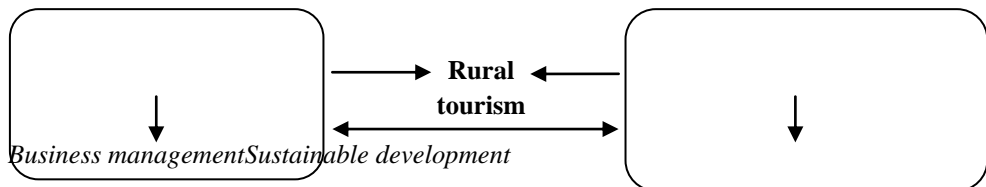
Based on the above we can summarize basic principles of rural tourism and also its main specifics, which influence management of rural tourism businesses:

1. the primary enticement of rural tourism is *attractiveness of the nature*,
2. rural activities and services are sorted and organized by main *characteristics of rural areas*,
3. organization and economics of rural tourism is dependent especially on *effective cooperation* between stakeholders,
4. *seasonality effect* of rural tourism,
5. *labour quality* requirements,
6. *business unpredictability*,
7. relatively *risky business* conditions with *low profitability*,
8. very *specific infrastructure*.

## 1.2 System approach to rural tourism

Leiper (1979 In Darbellay and Stock, 2012, p. 443) defines tourism "as a system of five elements: tourists, three geographical elements (generating region, transit route, and destination region), and a tourist industry". Farrell and Twining-Ward (2004) introduced the term Complex Adaptive Tourism System. Unfortunately, both are difficult to use in practice. This paper deals with rural tourism as a system that operates in two environments, business and rural environment, which are in mutual interactions (see Diagram 1).

**Diagram 1: Rural tourism and its environment**



Source: Author's own compilation

Every environment, including business as well as rural, have specific features. These are very important to know in order to identify changes in the environment, which may have effect on rural tourism business management (Table 2).

**Table 2: Characteristic features of rural tourism environment**

<i>Business environment features</i>	<i>Rural environment features</i>	<i>Rural tourism features</i>
<ul style="list-style-type: none"> <li>- variety of factors driving changes</li> <li>- many forces, events and conditions</li> <li>- changes are unpredictable</li> <li>- geographical dependence</li> </ul>	<ul style="list-style-type: none"> <li>- dependent on:</li> <li>- geographical position</li> <li>- natural environment</li> <li>- natural resources</li> <li>- population</li> <li>- infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>- location in rural areas</li> <li>- functionally rural</li> <li>- traditional in character</li> </ul>

Source: Author's own compilation, using OECD (1994)

Business environment has these types of features:

- unstable nature, because there are variety of factors causing changes (nature, intensity and character of changes),
- complexity, because there are many forces, events and conditions and thus it is difficult to understand effect of a particular factor,
- problematic, because changes are unpredictable (it's difficult to predict development of future events and changes in economic and social environment),
- geographical dependence, because it differs from place to place, region to region.

Rural environment features can be characterized by:

- dependence on geographical position,
- state of the natural environment,
- availability of natural resources,
- number and structure of population,
- level of infrastructure development.

According to OECD's Rural Development Programme (OECD, 1994) main features of rural tourism can be characterized as following:

- location in rural areas,
- functionally rural – rural special features, small-scale enterprise, open space, contact with nature, heritage, “traditional” societies and practices,
- traditional in character – connection with local people.

### *1.3 Rural environment (rural areas)*

The above shows that doing business in rural tourism is heavily influenced by rural environment/rural areas. In general, rural areas are characterized by natural resources with wild-life, and an area outside densely populated urban areas. Rural areas can be identified directly from their land use, which is dominated by traditional agrarian and forestry industry. Its economic activities and occupations are being based upon the primary sector. Typical rural areas have low population density (OECD, 1994; MRD, 2013).

As Ashley and Maxwell (2001) state, features important for the evaluation of relations between business environment and rural environment are:

- areas where human settlement and infrastructure occupy only small places of the landscape, most of which is dominated by fields, grasslands and meadows, woods and forest, rivers and mountains,
- relatively low-cost of land (these can be in favour of development projects, however, in contrast with interests of local community),
- high transaction costs, associated with poor infrastructure (burdens realization of rural tourism's business plans).

As Kiper and Özdemir (2012) describe, rural areas suffer from high level of poverty especially due to lower levels of non-farm economic activities, infrastructural development,

and access to primary services. But recently the agriculture sector in the Czech Republic has gone through heavy restructuring. That results in lower employment and general contribution to the national economy (SZIF, 2014). On the other hand, as required by the currently effective Common Agricultural Policy of the European Union, diversification of activities towards non-agricultural ones is preferred (EC, 2012). Tourism actually embodies opportunity for revitalization of rural areas due to lower agricultural production. Rural tourism is actually believed to be a supportive element for development of rural areas, because it can help solve some problems in the countryside through these actions (Gannon, 1994; Kieselbach and Long, 1990 In Okech et al., 2012):

- economic growth, economic diversification and stabilization,
- employment creation,
- reduced migration and possibly restoration of population,
- improvement of public services,
- infrastructural improvements,
- revitalizing crafts, customs and cultural identities,
- protection and improvement of natural environment.

Rural area plays in rural tourism dual role, which may be in conflict. First, it represents attractive locality, which is main motive for visitors. Second, rural area must be viewed also from carrying capacity perspective. Too attractive and also too visited locality may often collapse under visitors interests. Changes in rural areas should be under control and manageable to eliminate negative changes or negative consequences of these changes (e.g. Šimková and Rybová, 2012). Unfortunately, change management in tourism (and also rural tourism) is still overlooked, especially the origin of drivers. The same can be said on risk management in rural tourism. The attitude towards changes is dependent not only on rural tourism management, but also local rural community. According to Cavaye (2001), the following applies:

- local rural community cannot change an issue, because it is out of their influence,
- they do not want changes,
- they do not know how to make a change,
- they think the change is not possible.

As already mentioned, environment in rural areas is exposed to some risk factors as degradation, depopulation and poverty. In most cases those risk factors affect rural community orientation to rural tourism. From point of view of sustainable development of rural areas rural tourism should take part especially in better quality of life. That shall be for both local citizens and tourists, and without radical changes in lifestyle and attitude of residents. That is why rural tourism shall always correspond with sustainability principles (e.g. Kalabisová, 2013).

## *1.4 Interactions between business environment and rural areas*

Interaction in general is a kind of action between two or more objects and this action have an effect upon one another, creates interdependencies in between them. In case of rural areasthere are two kinds of interactions: between rural areas and town (rural – urban linkages) and between rural areas and business environment of rural tourism (rural – business linkages).

Rural–urban linkages are *“the structural social, economic, cultural, and political relationships maintained between individuals and groups in the urban environment and those in rural areas“* (Ndabeni, 2013, p. 1). According to von Braun (2007), rural–urban linkages involve two types of flow – spatial and sectoral flows. Spatial flows include flows of people, goods and services, money, technology, knowledge, information, waste, flows of water. Sectoral flows include flows of goods (agricultural products going to urban areas, and manufacturing goods going to rural areas). Rural–urban linkages influence migration, production, consumption, financial and some investment linkages. That creates some kind of dependency and at the same time also symbiosis between rural areas and towns.

The above indicates that characteristic features of rural environment and business environment interact with rural tourism subjects. Rural areas for businesses in rural tourism represent their business environment and vice versa – business environment factors have direct effect on rural areas as benefits, but also harms.

*Note: In general, damages in rural areas can be: economic damages (outflow of agriculture workers, rising energy and waste costs etc.), social damages (loss of traditions, indigenous lifestyle, social stress of residents etc.), environment damages (trail or soil erosion, noise and water pollution, littering, decreased diversity of flora and fauna, aesthetic degradation).*

## *1.5 Business environment analysis and VUCA concept*

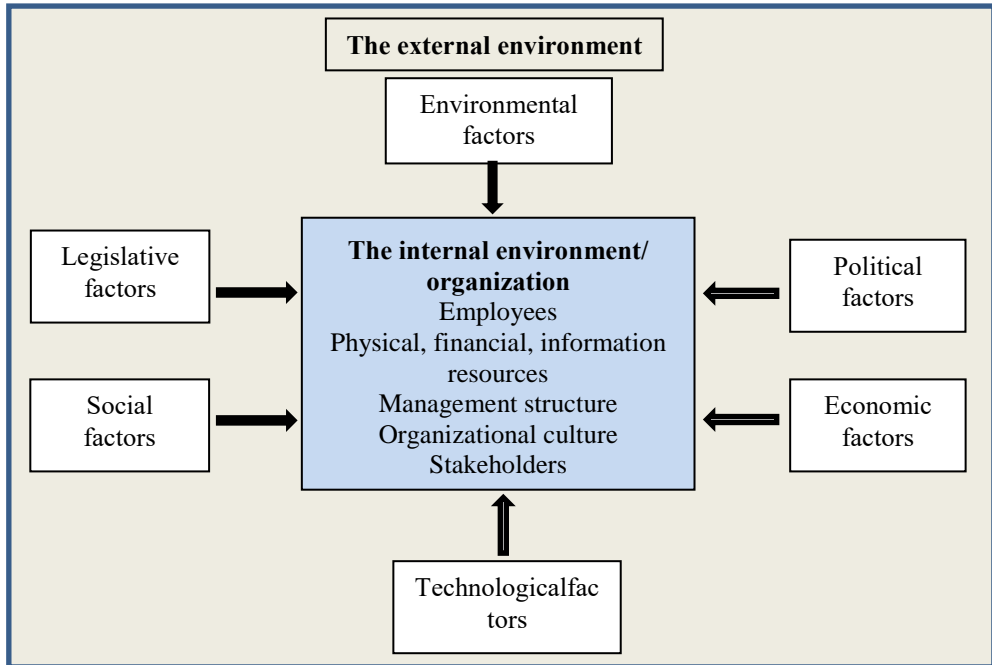
System approach to rural tourism management inevitably leads to an analysis of the environment. In fact any business to be competitive must monitor its environment in order to be able to quickly react to business opportunities at one hand or threats on the other. Business conditions are formed by specific factors, which are interconnected and which can be identified by PESTLE analysis (see Diagram 2).

PESTLE (or PESTEL) analysis states generally useful factors of businesses environment (macro environment).It is a useful tool for identifying and assessing key factors of changes in business environment. Business management, however, seeks for an analysis and evaluation of individual factors in a time scale.In other words, we need to understand how business conditions change in time, i.e. whether they are stable or unstable, simple or complex, and predictable or unpredictable.

*Note: Having in mind that rural environment is not an isolated environment but is subject of various changes under contemporary trends, and also PESTLE factors are very general, PESTLE analysis is also used in the analysis of rural environment (area).*



**Diagram 2: PESTLE analysis**



Source: modified according to Pitra (2008)

In 1965 Emery and Trist (1965) classified four models of external business environment. Since 1953 the environment has been evaluated as turbulent that is characterized by dynamics, mutual relationships among environment components and by interaction between organisations and surroundings. To the main characteristics of environmental turbulence belong: dynamism, uncertainty, unpredictability, unexpected, expanding, fluctuating, increased complexity, etc. Volberda and van Bruggen (1997) followed up the work of Emery and Trist and characterized the three main dimensions that simultaneously affect environmental turbulence: dynamism, complexity, (un)predictability of change.

Besides the turbulent environment concept, there is also VUCA concept. That was first used in the 1990s in the military environment and as such it is derived from military vocabulary (Richard, 1997). Other authors, such as Ambler (2012), Kambil (2008), Loyd (2015), Mack et al. (2016), Sullivan (2012) etc. deal with VUCA concept from the management perspectives. Each VUCA parameter should be evaluated, and according to Bennett and Lemoine (2014, p. 27) there are relations between situational awareness (“*how much do we know about the situation*”) and certainty of the outcome (“*how well can we predict the results of our actions*”).

VUCA is an acronym, which stands for Volatility, Uncertainty, Complexity and Ambiguity:

- Volatility: is a degree of instability, frequency and number of changes. High volatility implies uncertainty and ambiguity.

- Uncertainty: is a degree of unpredictability, or existence of multiple issues or factors, that are difficult to understand, lack of information.

*Note: unpredictable competition – inability to define future competition levels, business trends and behaviour of other players; unpredictable market demand, unpredictable macro conditions (political, legislative and economic conditions).*

- Complexity: is a degree of mutual dependency, unclear causality, complexity consists of differences, which represents variability of interconnections.
- Ambiguity: ambiguity of data and their interpretation, inability to make a decision.

*Note: VUCA variables have an interdependent character. Thus it is necessary to use systems approach for analysis of business environment.*

In fact, VUCA has become the standard description of contemporary societal environment. Similarly unstable, dynamic and complex is business environment. It deals with issues that are very unpredictable. We therefore talk about turbulent years characterized by high volatility, or instability and even discontinuity. Since 90's of the last century, the environment is referred to as VUCA environment often called as "VUCA world" (e.g. Schick et al., 2017; Wakelin-Theron et al., 2019). This term reflects rapidly changing and increasingly unstable business environment. If an organization is to be successful and competitive, it must quickly react on upcoming unpredictable situations.

## 2. Objective and methods

There are numerous articles on business management done in turbulent environment. Their authors generally agree on the fact that non-stability and non-predictability of the future development make long-term estimates very unreliable. Rising non-stability, however, does not necessarily carry along negative future development, or even potential disasters. In fact, it can also mean challenges to organization leaders. VUCA acronym globally describes increasingly unstable business environment, however there is lack of information how firms or their leaders should react to some of the VUCA factors.

With respect on this fact the aim of the paper is to find out whether rural tourism businesses also perceive the current environment as turbulent and whether business environment of rural tourism corresponds with VUCA features. The following research question have been set: *Is it possible to characterize the current rural tourism business environment by VUCA factors?*

The research question above is not about the issue of quantification. Which implies that focus on the meaning of individual words (analysed in research) can provide overall picture and insight to research problem. That's why qualitative research was applied. It allows to find out more about how companies manage changes in the current turbulent environment. In other words, the qualitative research provides a framework of perception and understanding of events, actions, interactions and organizational operating in the VUCA business environment, which would be difficult to get through quantitative research. In addition, qualitative research serves to verify assumptions and does not require a large

sample of respondents. Business environment analyzed through PESTLE factors corresponds to VUCA parameters if environmental symptoms are: understanding of changes is difficult due to their dynamic (Volatility), information on the causes of the changes is difficult to obtain (Uncertainty), there are many interactions between PESTLE factors in the business environment (Complexity), unclear reality allows for additional interpretations of the causes of changes and their eventual effects (Ambiguity).

The research was performed before the coronavirus crisis. Secondary data was obtained through an analysis of publicly available literature on rural areas and rural tourism development, such as books, conference materials and articles published in prestigious journals. The primary data was collected using techniques such as interview and questionnaires. A direct interview was realized with three rural tourism entrepreneurs who have been doing business in this field for over than 10 years. The interview questions focused on four main areas: rate and frequency of changes, predictability of changes, links between environmental factors and unambiguous choice of decision-making.

Some results were also obtained through questionnaire-based research. Open questions were asked to find out how rural tourism entrepreneurs perceive their business environment and how it can be verbally characterized. Questions focused on the understanding of the environment and its complexity, stability, change types, frequency of these changes, and personal perception of the changes, i.e. whether they were positive or negative. The target group of respondents were entrepreneurs in rural tourism that are members of the Czech Union of Rural Tourism. This target group was chosen for their responsible behaviour towards business doing in rural tourism. Questionnaires (which took cca 20 min. to complete) were distributed via e-mails. The analysis and interpretation of the obtained qualitative data was realized by open questions (keywords) and subsequent categorization. Since VUCA factors of business environment are not necessarily part of PESTLE analysis, the author in her survey listed also key factors for each PESTLE category (VUCA analysis of PESTLE environment).

## Results

Based on a thorough review of the relevant literature, and analysis of the data gained through interview and questionnaires VUCA parameters (it means volatility, uncertainty, complexity and ambiguity) were identified. Obtained information on VUCA parameters applied in rural tourism in the Czech Republic are presented in Table 3.

**Table 3: VUCA parameters in rural tourism business environment in the Czech Republic**

<i>VUCA parameters</i>	<i>Description of parameters in rural tourism</i>
<i>V = Volatility</i>	<ul style="list-style-type: none"> <li>• <b>Macro environment volatility</b></li> <li>• political-legal environment (legislative changes)</li> <li>• economic environment (market demand changes)</li> </ul>

	<ul style="list-style-type: none"> <li>• social environment (customer preference changes)</li> <li>• technological environment (ICT changes)</li> <li>• ecological environment (climate changes, environmental status)</li> <li>• <b>Micro environment volatility</b></li> <li>• market competition changes (new entrants, price changes, marketing strategy changes)</li> <li>• business partnership structures</li> <li>• <b>Intensity and frequency of changes in legislative</b></li> </ul>
<i>U = Uncertainty</i>	<ul style="list-style-type: none"> <li>• <b>Predictability of changes</b></li> <li>• Business support changes (grants, subsidies, tax reliefs), methodical, information, advisory etc.</li> <li>• <b>Availability of information about changes</b></li> <li>• lack of data, analysis made on estimates</li> <li>• lack of clear vision and tourism conception of the Czech Republic</li> <li>• lack of implementation and use of new ICT in tourism (tourism related information and reservation systems)</li> <li>• <b>Labour quality requirements</b></li> <li>• lack of know-how among entrepreneurs (management, marketing, legislative, communication skills, risk management etc.)</li> <li>• underestimation of human factors in tourism practice</li> <li>• underestimation of training on rural tourism, e.g. consulting services, training courses</li> <li>• <b>Underestimation of tourism sustainability issues</b></li> <li>• lack of environmentally friendly tourism support</li> <li>• <b>Lack of understanding of municipalities in the tourism development</b></li> </ul>
<i>C = Complexity</i>	<ul style="list-style-type: none"> <li>• <b>Number of elements and interdependencies between elements</b></li> <li>• unclear tourism organizational structure and management of tourism (nonexistence of a generally accepted tourism organizations structure)</li> <li>• unclear competences of national, regional and local levels of tourism management</li> <li>• lack of cooperation among stakeholders</li> <li>• <b>Complex process of tourism services quality evaluation</b></li> <li>• lack of binding scale of accommodation and gastro services, i.e. there is recommended scale only</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Limitation of resources</b></li> <li>• finance, knowledge</li> </ul>
<i>A = Ambiguity</i>	<ul style="list-style-type: none"> <li>• <b>Data ambiguity, including data interpretation rules</b></li> <li>• tax legislation, labour code, policy of regional development and countryside support</li> <li>• <b>Ambiguity in tourism-related legislation</b></li> </ul>

Source: Author's own research using Šimková (2013), MRD (2013), SZIF (2014)

Results presented in Table 3 indicate that *uncertainty* and *complexity* are most aware of by businesses in rural tourism in the Czech Republic:

*Uncertainty* in rural tourism's business environment is represented by difficult predictability of changes, primarily due to lack of information and precise data, and general tourism strategy in the Czech Republic. These problems actually magnify the lack of knowledge among entrepreneurs about changes (esp. managerial and marketing skills), but also underestimation of training on rural tourism, e.g. consulting services, training courses. Uncertainty relates to non-qualified application of sustainability principles in tourism and lack of support of environmentally friendly form of tourism by public authorities.

Research described in this paper confirms general understanding that uncertainty is heavily reflected in other components of VUCA. It is primarily in the *complexity* of Czech business environment. It, however, can also be assigned to the nonexistence of a generally accepted tourism organizations structure and unclear competences of national, regional and local levels of tourism management. Unfortunately, complexity of the business environment in rural tourism is in direct conflict with the limitation of resources (finance, knowledge), which may be caused by the complexity of relations between stakeholders (multiple partnerships - subjects are involved in multiple cooperation groups, non-existence of interest and lobbyist groups etc.). Nevertheless, business cooperation allows for easier and effective way of reaching business goals and contributes to socio-economic development.

*Volatility* parameter also deals with instability and environment dynamics, which can be seen in macro environment changes (legislative changes, market demand changes, ICT changes, customer preference changes etc.) and in micro environment (esp. market competition changes and business partnerships). In favour of rural tourism development then go customer preference changes, such as currently seen increasing interest in rural tourism as a sustainable form of tourism.

Although *ambiguity* parameter was not recorded as frequently as uncertainty and volatility, it cannot be overlooked because ambiguity of rural tourism environment relates to legislative requirements. This legislative environment is primarily difficult for SMEs (Small and Medium-size Enterprises), which are predominant business subjects in rural tourism. Monitoring and understanding of existing legislation (such as labour code, tax legislations, etc.) is difficult. Ambiguity is also represented in the policy of regional development and countryside support (see also ASZ, 2017).

## Discussion

The following list of key factors for each PESTLE category was prepared on the analysis of VUCA in rural tourism (RT) business environment in the Czech Republic (Table 4).

**Table 4: VUCA analysis of PESTLE environment in RT in the Czech Republic**

<i>PESTLE category</i>	<i>VOLATILITY (instability, unexpected changes)</i>	<i>UNCERTAINTY (unpredictability, inability to specify new trends)</i>	<i>COMPLEXITY (number of elements and interconnections)</i>	<i>AMBIGUITY (ambiguity in identification of threats and opportunities)</i>
<i>Political</i>	changes in connection with political issues	vision and tourism conception	competences of tourism management	policy of regional development
<i>Economic</i>	variations in demand, business partnerships, competitions	state subsidies and similar financial support, methodical, information, advisory	limitation of resources	policy of countryside support
<i>Social</i>	customer preference changes	lack of knowledge, underestimation of professional training	relations between stakeholders	
<i>Technological</i>	ICT changes	new trends in ICT	information quantity	information of reservation systems
<i>Legislative</i>	legislative changes	unpredictability of legislative changes	quality of tourism services	missing legislation on tourism
<i>Environmental</i>	climate changes, preferences in public opinion on climate protection	application of tourism sustainability principles	seasonality of rural tourism	underestimation of environment protection

Source: Author's own research

Table 4 indicates link between VUCA concept and PESTLE analysis. This link actually relates to the fact that managers had always been forced to predict their decisions and actions, despite of uncertainty and business environment complexity in general. Factors in the PESTLE analysis should be evaluated according to their characteristics, i.e. whether are volatile, uncertain, complex, or ambiguous. It is the VUCA analysis that can answer key questions: What do we know or what do we think about current situation? What is the certainty of results, or to what extent a manager can make his decision?

## Conclusion

According to Hope and Balogun (2002, p. 153) “*change is becoming a way of life for most organisations and most managers*”, but for many organisations changes are very rarely positive. As such they carry along uncertainties. Businesses therefore seek ways to manage the changes and turn them to benefits.

Based on a review of professional literature the current business environment in rural tourism can be described as volatile, uncertain, complex and ambiguous. Business environment in rural tourism thus shows all aspects of VUCA and as such can be also called. VUCA parameters can be seen at most of rural tourism businesses in all PESTLE factors.

This is also the result of research performed by direct interview and questionnaires, where most of the respondents – rural tourism businesses – see the environment as uncertain, ever changing, where changes are hardly predictable. Market changes are often represented by market-demand imbalances and changes in customers preferences. Businesses are also subjects of changes in legislation, technologies, competitiveness (as a result of new market entrants, price changes, strategies, marketing activities). Some changes are difficult to predict and react to, such as legislation. Czech legislation is very complicated with many obstacles for business doing. Some respondents, however, stated that specific changes were beneficial for their businesses (migrant crisis, terrorist attacks in foreign destinations, health risks e.g. coronavirus), after which Czechs preferred holidays in the Czech Republic. Business management practices in rural tourism, however, have not changed much. Another problem is seen rather low state support.

Businesses perceive the current environment as turbulent. Positive affects come from environmental protection oriented customers and also situation across EU, when demand shifts to local tourism activities. The paper shows that VUCA describes the changes in today’s business environment. VUCA parameters also characterize types of changes and their impacts on behavior of organisations/businesses. Any organization in order to succeed in the turbulent environment, must adapt their view of the change. Instead of avoiding changes, they must learn how VUCA parameters can be used to understand changes and how to prepare for these changes. Individual VUCA factors would be more beneficial in business practice if they were divided in PESTLE categories by importance, urgency and impacts. This may allow for better understanding of changes in rural tourism and

subsequently effective and faster reaction than it is today. As always, subjects prepared can benefit from quick action and flexible reaction to a change by turning them into new business opportunity, such as new products/services, innovation of existing products/services, quality improvement, new market to entry etc. Prepared businesses can quickly find their place and grow even in a very turbulent environment.

There are many articles on business management in turbulent environment. But most of these publications describe VUCA environment only generally. How difficult it is to cope with VUCA concept for the practical needs of tourism and rural tourism is shown in some publications (e.g. Vukadin and Krešić, 2020; Wakelin-Theron, et al., 2019). Unfortunately, there is no analysis how to use this concept at the practical level in tourism. Since it is difficult to find strictly VUCA-parameters-focused publications in rural tourism, it is also difficult to compare this research results with other studies.

Rural tourism companies cannot fully control changes of the external business environment (esp. macro environment), so analyses of their influence become relevant for assessment how changes can impact the company performance. Without this analysis it is difficult to determine whether changes in the rural business environment are statistically significant. It is also difficult to quantify VUCA parameters, i.e. to determine how environmental changes are measured in tourism related areas. If environmental changes are measured, this is not done in tourism, but the topic is for example environmental dynamics (e.g. Vossler, 2015), project environment (Szpitter and Sadkowska, 2016), VUCA metrics in retail sector (Sahu and Panda, 2016) etc. On the other hand, issues of agility and identifying dynamic capabilities that allow entrepreneurs to adapt and learn of environmental turbulence is described quite in details. This becomes the author's motto for her further publications on tourism, in which she wants to put more light to. At the same time because of the research was realized before the coronavirus pandemic broke out, another topic is to consider other possible pandemics and related restrictions (e.g. Gong et al., 2020).

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**Contact information**

Ing.Eva Šimková, Ph.D.  
Faculty of Education  
University of Hradec Králové  
Rokitanského 62  
500 03, Hradec Králové  
Czech Republic  
T: (1420) 493 331 376  
E: eva.simkova@uhk.cz

**Description of the author**

Author is a senior lecturer at the Faculty of Education University of Hradec Králové where she teaches economic and management specialized on non-profit sector and tourism. Her research is focused on regional development, sustainable rural development and rural tourism.

Lenka Švajdová

## COVID-19 AS AN OPPORTUNITY FOR NEW TOURISM TRENDS

***Abstract:** The presented article aims to identify opportunities for the introduction/expansion of new tourism trends based on the analysis of changes in consumer behaviour in the consumption of tourism services due to the COVID-19 pandemic. To achieve the goal the author will use the method of marketing research, which will be based on the analysis of secondary data, but also primary data. Primary data will be obtained by implementing a questionnaire survey on a randomly selected sample. The results of the survey will identify opportunities for the potential development of new tourism trends.*

**Key words:** Consumer Behaviour, COVID-19, Tourism,

**JEL Classification:** Z32, Z38, Z39

### Introduction

Until the beginning of 2020 tourism was an important sector of the global economy, which contributed significantly to economic growth, relatively low unemployment, and the economic development of many countries. This was particularly noticeable in countries where tourism contributed significantly to their gross domestic product. And exactly these countries were the most affected by the outbreak and spread of COVID-19 from the point of view of tourism. Restrictions adopted, to reduce the spread of COVID-19, on all tourism-related services such as transport, accommodation services, catering services, leisure-time services, have caused a complete decline in tourism. After a year of living with COVID-19 and with the possible perspective of developing of pandemic, it can be concluded that travel, by and so on, tourism will continue to operate in a regimen of various limitations for a time that can be considered not short. Despite the incredible success in developing effective vaccines against this disease.

The current situation has also had an impact on the behaviour of tourism services consumers. Changes in consumer behaviour have been reflected in the choice of transport, accommodation and the way in which holidays are organised. And it stands to a reason that countries/destinations/carriers/hotels, leisure-time facilities that want to gain a certain competitive advantage will be forced to respond to these changes. It can be assumed that many of these changes will be of a medium to long-term nature and will be necessary to lead to the manifestation of current trends in tourism.

## Materials and Methods

Tourism is defined as the activity when international visitors spend time across national borders and are travelling primarily for business, convention or conference travel, government business, and the more familiar tourism for leisure, vacation or to visit friends and relatives. Major industries that benefit from tourism expenditure include domestic and international air transportation, accommodation services, food services, drinking places, automotive rental, and travel agencies (IBISWORLD, 2020).

Before the global outbreak of COVID-19, the tourism growth expected for the 2020 was between 3 – 4 %. The paralysation of tourist activities has led to the total collapse. Its transversality means the decline in the sector has a domino effect that not only affects the tourism system, but all those elements directly or indirectly dependent entities, including territories and economy local and national. The coronavirus has affected tourism like no other previous event in the history (Sanchez, 2020).

Due to COVID-19 travel and tourism is among the most affected sectors, because it is fully depending on „free“ movement and possibility to travel for various reasons. The unpleasant situation of the tourism industry is the consequence of the fact that the globe was and still is facing an unprecedented global health, social and economic emergency with the COVID-19 pandemic. This is affecting airplanes on the ground, hotels closed and travel restrictions put in place in virtually all countries around the world. For sure the time of COVID-19 pandemic and post-COVID-19 period can cause and for sure will see the emergence of current trends or reuse of past trends in the tourism industry. As for a trend it can be defined as a tendency or an inclination toward a certain line of action (whether, or not the action follows), and is often the result of inherent qualities, nature, or habit. In last years the tourism industry has faced many changes in consumer behaviour, in offer and demand. And obviously the COVID-19 pandemic will cause significant changes in tourist behaviour on which the providers of tourist services will have to answer in various ways.

As for Consumer behaviour Scott (2014) published in his article that consumer behaviour (CB) involves certain decisions, activities, ideas or experiences that satisfy consumer needs and wants. It is 'concerned with all activities directly involved in obtaining, consuming and disposing of products and services, including the decision processes that precede and follow these actions.

Understanding consumer decision-making is a crucial point for implementing marketing strategy. Consumer behaviour in tourism is underpinned by general assumptions about how decisions are made. The processes involved in consumer behaviour decision-making require the use of models rather than definitions alone to understand their complexity (Swarbrooke & Horner, 2004)

The turbulent situation about the COVID-19 pandemic and the uncertainty associated with travelling has a massive impact on everyday consumers' life including their decision making

while thinking and choosing their holiday destination. Because the issues that the consumer now has to address are not mostly about the weather in the destination, but how to choose a destination so as to minimize the health risks from the COVID-10 pandemic associated with travel.

Consumer behaviour refers to the selection, purchase and consumption of goods and services for the satisfaction of their needs. There are different processes involved in the consumer behaviour. Initially the consumer tries to find what commodities he/she would like to consume, then he/she selects only those commodities that promise greater utility. After selecting the commodities, the consumer makes an estimate of the available money which he can spend. Lastly, the consumer analyses the prevailing prices of commodities and takes the decision about the commodities he/she should consume. Meanwhile, there are various other factors influencing the purchases of consumer such as external, social, cultural, personal, and psychological (Nilesh, 2014).

The uncertainty caused by the pandemic let tourist to delay their purchase decisions until the last moment. Travel contracts made months in advance, which have been common until now, have plummet due to the high risk of cancellation so last-minute bookings are becoming more prominent as for European travellers about 34% of them make their booking less than one month in advance (Toubes, Vila, Brea 2021).

The reason of changes in consumer behaviour identified in this article were caused by the COVID-19 pandemic. Which, from the point of view of theoretical background of consumer behaviour studies can be considered as an external factor belonging to the group of natural factors, however, complementary factors that influenced consumer behaviour were, according to the author, political and legislative factors, and economic factors, which were represented by restrictions, travel bans, and uncertainty caused by concerns about the economic future.

The questionnaire survey method was used to achieve the goals of this article. The questionnaire survey took place online and was combined with personal interviewing. The selection file contained 380 respondents. To obtain relevant data, the random selection was used to select the sample this can guarantee maximum representativeness of the research. The selection contained the entire structure of the surveyed file considering the age. The aim of the questionnaire survey was to identify changes and trends in consumer behaviour due to the COVID 19 pandemic in decision making while consuming tourist services compared to the "pre-COVID-19" period.

The aim of this article was to identify trends, trends that can be expected in the behaviour of consumers of tourism services in the summer season 2021 and in the 2022 season, which tourist experts believe will still be marked by the COVID-19 pandemic (UNWTO,2020). A questionnaire survey was conducted in March and April 2021 to meet the target. 380 respondents participated in the questionnaire survey, of which 200 were women and 180 were men. The age range of respondents was from 18 years to 65+ with an even

distribution into groups of 18 - 24 years, 25 - 34 years, 35 to 44 years, 45 to 54 years, 55 – 64 years and age category 65 +.

The questionnaire was dedicated to find out information about changes in consumer behaviour in the categories like transport, accommodation, use of travel agency services or preferences for individual travel. In addition, questions have been added to determine the attitude to factors and circumstances affecting the choice of destination and accommodation. Results of this survey are compared to the similar authors' survey carried out in February of 2020. The presentation of the survey results will be based on a group of 320 persons, who declared in the first question their will to travel abroad.

## **Results**

Until 2019 and early 2020, when the first cases of COVID 19 occurred in Europe, the behaviour of customers who draw on tourism services could be characterised as stable and predictable.

### **Transport preferences in 2019**

The most common type of transport chosen by Czechs when transporting for their summer holiday abroad was a passenger car and a plane. Air transport was most often chosen by clients when transporting to destinations more than 1500 km away (south of Italy, southern Croatia, Greece, Bulgaria, Spain). Passengers declared car transport for holidays in countries where the driving time was up to 12 hours- north of Italy, north of Croatia, Poland, Switzerland (Švajdová, 2020).

### **Accommodation preferences in 2019**

In accommodation services, tourists in 2019 had clear preferences for hotel-type accommodation. The 48% of survey respondents voted for hotel accommodation, of which 31% in 3-star and 19% in higher categories hotels - 4 to 5 stars. The 13% voted for camp accommodation, mainly tourists heading to Italy and Croatia, 12% for apartment buildings, 12% of the 320 respondents reported private accommodation, and only 3% used AIRBNB services (Švajdová, 2020).

### **Individual x Travel agency preferences in 2019**

In 2019, 52% of respondents said they fully turn to a travel agency when making a holiday abroad – 22% exclusively and 30% prefer to use services of travel agency. The 48% of respondents take their holidays on their own 43% prefer to do this and 5% exclusively choose this option. In this case the respondents preferred destinations that are close like Croatia, north of Italy, Slovakia. The vote for travel agency was preferable by those who intended to travel with family or traveller older than 55 years (Švajdová, 2020).



### **Tourism and COVID-19 in 2020**

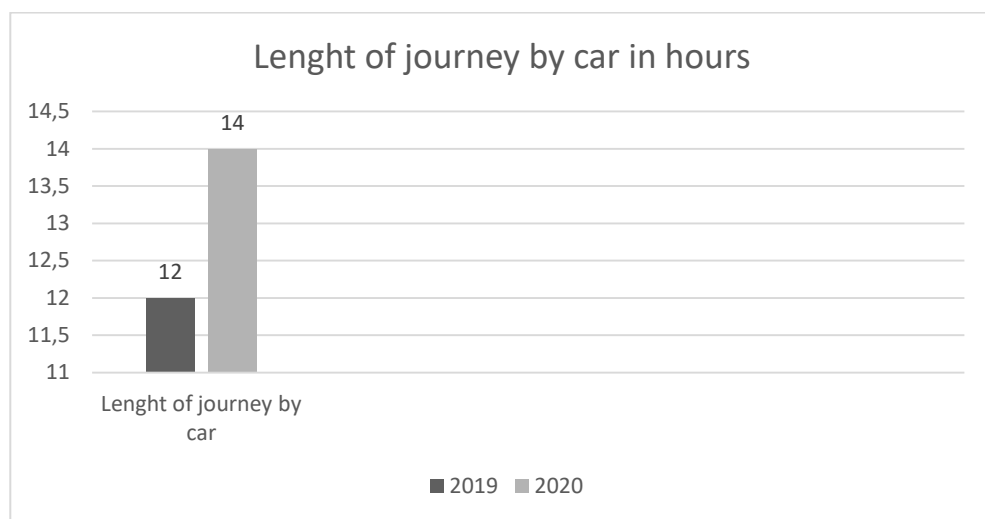
The year 2020 was marked by a significant decline of international tourism which was estimated up to 70% compared to the situation in 2019. The possibilities of foreign holidays were very limited, very harsh conditions were accepted for the travel and return of Czech tourists.

Many studies have been recently conducted to analyse the best policies and non-pharmaceutical interventions to contain the pandemic while reducing the economic damage. The myriad of policies have led to the fact that the majority of tourism destination have led to the fact that the majority of tourism destinations have implemented travel restrictions and have gone through different tags during the Covid-19 pandemic from being able to welcome reduced amount of tourist to total tourism lock-down (Chica, Hernández, 2021). Some countries then shut down organised tourism at all for example Spain, Italy, France. The offer for spending foreign holidays was thus relatively limited. Many Czech tourists who were used to spending their summer holidays abroad before the pandemic were relied on the offer of Czech tourism destinations, or if they wanted to go abroad, they did it more individually, without using the services of travel agencies – this was the case for many European destinations. For more distant destinations such as Egypt, the United Arab Emirates, Tunis, Turkey they used the services of travel agencies at the time when it was possible.

### **Expected transport preferences in 2021.**

Based on the survey conducted, it is noted that there has been a change in preferences among Czech tourists regarding the choice of transport compared to the results of research conducted in 2020. A plane and a car continue to be the most common modes of transport, which Czech tourists choose when transporting for their foreign holidays plane and car. In the air transport, the distance crucial to use air transport has been shifted to 1800 km (maximum 14 hours) comparing to 2019 with 1500 km (12 hours). A wide range of destinations where tourists are willing to drive their own car is wider because tourist are accepting the distance of 14 hours travelling by car, in 2019 there were only 12 hours. Therefore, in addition to the aforementioned, to 12 hours of travelling would fit Bulgaria, destinations of northern Greece, southern Croatia, the Côte d'Azur in France etc. Clients choose air transport for destinations that are far away – Spain, island destinations, and destinations like Egypt, Tunis, UAE, where the only way how to get there is the air transport. (Švajdová, 2021).

**Figure 1 Transport preferences**

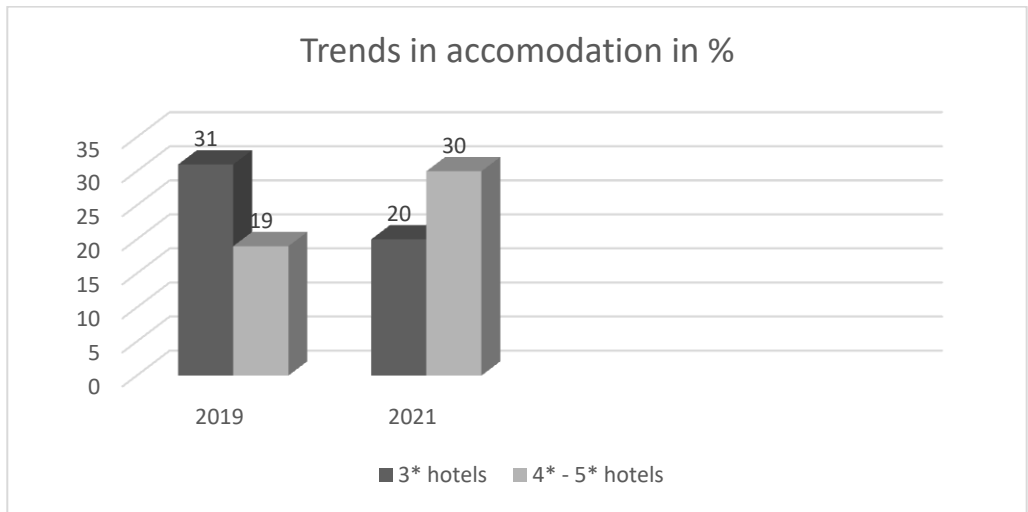


Source: authors 'own research

### **Expected accommodation preferences in 2021.**

In the area of accommodation, there has also been a change in preferences in favour of the quality of hotel accommodation, where about 11% of clients, in 2020 preferring 3 stars hotels have moved towards 4- and 5-star hotels see Figure 2. There has been a decrease in accommodation preferences via AIRBNB. Accommodation in camps and apartment houses received the same preferences and preferences for private accommodation were diverted in favour of hotel-type accommodation. While interviewing respondents they are explaining this by the fact that they expect higher-quality hotel accommodation to better implement hygiene measures to prevent the spread of COVID-19. AIRBNB is concerned about compliance with hygiene rules, and, above all, they find AIRBNB's offer to be significantly more limited than in the run-up to the pandemic of COVID-19. Respondents who have commented on the possibility of accommodation in camps and apartment houses clients appreciate their own dining option and larger personal space (Švajdová, 2021).

**Figure 2 Trends in accomodation**

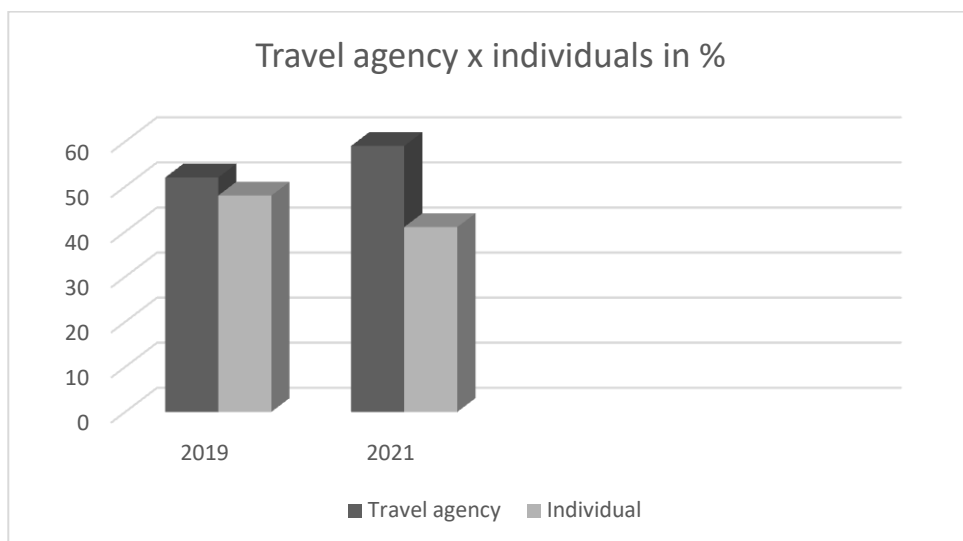


Source: authors' own research

**Expected Individual x Travel agency preferences in 2021.**

Respondents also commented on the issue of securing foreign holidays, and there was also a change in preferences. There has been an increase in tourists planning to use travel agency services to arrange their holidays in 2021, from 52% to 59% - there has been an increase in those who exclusively turn to the travel agency and those who prefer to do so see Figure 3. As a reason, respondents stated the fact that travel agencies offer comprehensive services that were not needed in the run-up to COVID-19 – important, such as providing COVID-19 tests under more favourable conditions, delegate services – which tourists appreciate if they had to deal with quarantine problems, doctor's visits, hospital stays, etc. on holiday (Švajdová, 2021).

**Figure 3 Travel Agency x Individuals**



Source: authors' own research

### **Phenomenon of COVID-19 in tourism**

The choice of destination is influenced mainly by the choice of type of transport or the willingness of the respondent to reach the destination by his/her own car. In addition to this fact, clients also take into consideration the level and quality of the health system and “COVID-19 reputation” of the destination,

In general, respondents are showing preferences for destinations that have minimum restrictions and measures when entering the country. Generally, the greater preference for destinations reachable by car, as a fact, is very important and important for 62% of the 320 respondents.

The level and quality of the health system was examined for the first time by the author. The question of its importance for a Czech tourist was chosen deliberately. Because customers feel that the greater possibility of using health services is existing. The issue of the level and quality of the health system comes to the fore and 76% of respondents perceive it as very important and important fact when making decision about destination.

The importance of COVID-19's reputation of the destination for consumer decision-making has also been reassessed. Respondents consider the COVID-19 reputation when deciding on their destination. For 52%, the reputation of the destination regarding the anti-Covid measures taken is very important and important, on the contrary, for 32% of the 320 respondents, this is not a decisive factor (Švajdová, 2021).

## Discussion

Current trends in consumer behaviour in the consumption of tourism services can be expected in 2021 and potentially in 2022: in accommodation preferences for higher-end hotel-type accommodation, a decline from AIRBNB for at least 2 years and higher requirements for accommodation information in relation to COVID-19 anti-spread measures. In the field of transport, a shift from air transport to medium-sized destinations in favour of passenger car transport is expected. This change is more likely to be shorter induration and, with the authorisation of restrictions on public transport travel, preferences in favour of air transport will be re-shifted. The most significant trend that will have an impact on the management of tourism destinations, the functioning of hotels, the sale of tourism services is the return to organised and mass tourism. In favour of this trend speaks the increase in the number of respondents intending to use travel agencies to secure their summer holiday services speaks. The latest trend resulting from the completed questionnaire survey is the change of appeal and the expansion of the content of marketing communication, both tourism destinations and accommodation facilities. The appeal that marketing communication should communicate and influence in this way is the appeal of security to its potential visitor.

## Conclusion

In this regard, we understand safety as the adoption and compliance with rules that prevent the spread of COVID-19, which will guarantee the good reputation of both the destination and the hotel and thus increase the likelihood that the tourist will choose the place as the destination of their holiday. After many terrorist attacks experienced by various tourist destinations around the world, the tourism industry and tourists seem to be "learning to live with terror". However, the world tourism continued to grow despite the terrorism. Similar trend can be expected regarding the current pandemic situation. Many epidemic experts are claiming that the COVID-19 will never disappear tourism industry and tourist seem to „have to learn to live with COVID-19.

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### Contact information

Ing. Bc. Lenka Švajdová, Ph.D.  
 Department of Marketing and Trade  
 VSB Technical University of Ostrava  
 17. listopadu 2172/15  
 708 00 Ostrava-Poruba  
 Czech Republic  
 T:(+420) 721847540  
 E: lenka.svajdova@vsb.cz

### Description of the author

The author has long been involved in the issues of tourism, tourism marketing and consumer behavior in the tourism industry. Since 2020, he has been working at the Department of Marketing and Trade at VŠB-TUO.

# INFORMATION PAPERS

## UNREVIEWED ARTICLE

**Michal Motyčka**

### **Popularity of Caesar salad in Czech restaurants**

***Abstract:** Caesar salad is one of the most famous dishes in the world. Many people are surprised that its history dates back to 1924, specifically to July 4, and has roots in Tijuana, Mexico. Over the years, it has undergone certain modifications, although these do not differ much from the original recipe. This world-famous salad has logically found its way into domestic gastronomy. And it certainly didn't get lost. The results of the research show that in more than half of the restaurants you will find this salad on the menu. The vast majority of restaurants try to follow a modern way of preparation. Romaine lettuce with Caesar dressing, bacon and croutons. However, each region has its own peculiarities. Somewhere you can get a variation of leaf salads instead of romaine lettuce, shrimp or salmon instead of chicken, and quite often it is possible to come across different dressings. The future of Caesar salad in our gastronomy definitely looks promising.*

***Key words:** Caesar, lettuce, romaine lettuce, dressing, Tijuana*

***JEL Classification:** Z32*

### **Introduction**

In the history of gastronomy, there are several classic dishes from various cuisines that have influenced the history of eating habits and the direction of trends. From the cradle of the kitchen we can name, for example, Bouillabaisse, Coq au Vin or, thanks to the animated film, famous Ratatouille. From the local gourmet food it is Spaghetti Carbonara or Vitello Tonnato. Today these are classic and iconic dishes with a clearly defined composition that should remain unchanged. That is what makes them good. The combination of flavors is the reason why the Caesar salad is so popular among consumers. What is allowed, and in fact desirable for new chefs, is to try to highlight and improve these traditional gastronomic gems. Not by changing the list of ingredients, but with presentation on the plate and by altering the structure and texture of the food. Within molecular cuisine, it was common that the state of some raw ingredients often changed. At present the trend is Nordic gastronomy and straightforwardness as well as simplicity with respect for the ingredients is preferred. Unfortunately, the result is not always what the client would expect. Perhaps with an exaggerated effort to improve the dish or attempt a surprise for the consumer, we then

encounter rather disappointment over a familiar dish, which does not meet the expectations for presentation and most of all harmony of flavors. This is no different with Caesar salad. It is one of the most widespread and popular salads in the world. It can be found in most of the countries and the Czech Republic is not an exception. However, it is this expansion that brings along variations or substitutes that degrade the authentic composition and concept. This is what the article is about. Its aim is to find out how widespread Caesar salad is in domestic gastronomy and whether it is served in a traditional composition, as it should be done with iconic dishes, or if the restaurateurs try to experiment.

## **Theoretical basis**

Salad is a dish that is prepared from various chopped vegetables, most often lettuce flavored with vinaigrette or dressing. It can be served as an appetizer, side dish, main course or as a dessert. The word salad comes from the Italian word *insalate*, which has its roots in the Latin word *sallita*, which means "salted" or "loaded into salt", or from the French word *salade*. The first book to deal purely with salads was *Acetaria: A Discourse on Sallets*, published in London in 1699, by John Evelyn.

### History of salad

The word salad was not yet used in the period of ancient Greece and Rome. However, they ate dishes with raw vegetables that were flavored with oil, vinegar and various herbs. According to Pliny, raw ingredients that did not require fire for cooking were used, which resulted in fuel conservation. Doctors like Hippocrates and Galen were convinced that raw vegetables would easily pass through the digestive tract and, therefore, would not be an obstacle to what followed. Despite that, many doctors later did not approve of eating fresh fruit and uncooked vegetables. From the standpoint of the humoral system of medicine, they are considered "cold". Against the effects of this cold properties, salads were seasoned with salt and olive oil, because these items were considered "hot". It was an opinion that persisted until the nineteenth century.

This Byzantine feature of cooking also gave the name to salads. From the term *salade*, which is derived from the Roman herb *salata* that literally means "salted herb", came the name *salade* or *salad*. Initially, the salad referred to various types of vegetables marinated in vinegar or salt. *Salade* was later used for fresh or cooked vegetables prepared in the Roman way. On the European menu this can be found in Spanish or Italian cuisine. These are salads served with a vinaigrette. The best known are *insalata condita*, *insalata caprese*, *insalata di mare* or *russe*.

In the cradle of gastronomy, i.e., in France, the 14th century manuscript of French cookery called *La Viandier* mentions vegetable goulash and other ways of serving vegetables, such as watercress or chard. Raw vegetables were served in the Roman way, i.e., with vinegar, salt and oil. Louis XIV. had a weakness for salads. Hygienic standards from this time claimed that salads were refreshing, good for sleep and appetite. They also quenched one's



thirst and relaxed the stomach. Nevertheless, until the end of the 18th century, there were prejudices against raw vegetables and fruits, especially among the upper social class. Common French salads include various raw or cooked vegetable dishes. These are, for example, Andalous salad, de légumes, Nicoise salad or Rossini salad.

If we have a look over the English Channel, we find that at the end of the 14th century an English salad or salet (also a sallet) was prepared mainly from leafy vegetables and served as a side dish to poultry or cooked meat. Watercress, fennel, leek, parsley or onion were used. Flowers were also included. Later, oranges or lemons were added but only as a decoration at this point. With the advent of new vegetables, such as beets or sweet potatoes, salad recipes have been enriched with these items. Initially, the salads were very simple, like lemons with sugar, but later became more complex. They consisted of many herbs, flowers, various fruits, nuts or spices. By the end of the seventeenth century, they were already served as large salads with many ingredients and flavored with sugar, vinegar and oil. As mentioned before, in 1699 the first book about salad written in English was published. The author is John Evelyn. He described "sallet" as a composition of certain raw and fresh herbs that are safely consumable, ideally with oil, vinegar and salt. Roots, leaves, stems, peel and citrus juice were also included. However, he ruled out fruit as a possible ingredient. At the beginning of the nineteenth century, during the French revolution, French emigrants elevated the preparation of salads with the use of dressings.

In America, on the other hand, there was little interest in salads before the Civil War. An exception was the warm potato salad of bacon, onion and vinegar brought by German immigrants. During this period, the medical community considered raw fruits and vegetables as unhealthy and the cause of some diseases. In the middle of the nineteenth century, this view reversed. Poultry and vegetable salads began to appear more abundantly on American tables. By the end of the 19th century, salads were already a common part of culinary experiences. At that time, Emmy Ewing's first well-known American cookbook (*Salad and Salad Making*) was published, focusing only on salads. At the beginning of the 20th century, salads were already a regular item on the menu of the middle class. At the same time, the desire for dressings to have bigger presence led to the involvement of dressing and oil manufacturers in the promotion of salads. The quality of dressings improved significantly after 1906 when the law on clean food and drugs was passed. Until then, olive oil and vinegar were often degraded by acetic acid, peanut, rapeseed or poppy oils. The popularity of salads flourished where raw ingredients were readily available, especially in Florida and California. At the end of the twentieth century, devotees and promoters of healthy nutrition increasingly promoted salads, particularly through the so-called salad bar. Its alleged designers were restaurateurs from Chicago Rich Melman and Jerry Orzoff from RJ Grunts. A salad bar features a long refrigerated counter with a wide selection of vegetables, spices, herbs and condiments. Many restaurants in the United States have adopted this concept very quickly.

From the above history it is clear that salad can be almost anything and can be served at any time of the day. Salads, especially vegetable salads, prepared from the right ingredients certainly belong to a healthy diet. That is why they are very popular among clients and especially women. It is also because of their taste and easy digestibility. As for meat or pasta salads, we need to be aware of certain things. Due to their variability and popularity among customers, we can find them in every catering facility, but there are still written rules and determinations that say in which segment or order such salad should appear on the menu.

#### Placement on menu card

For many years the classic composition of the menu was used in domestic gastronomy. This composition was adhered to especially in the time of the previous regime when restaurant operations fell centrally under the organization called Restaurace a jídelny (RaJ). This also continued few years after the Velvet Revolution in 1989.

Classic composition of dishes on the menu according to Salač (2014).

#### **Classic menu:**

- cold appetizers
- hot and cold soups
- hot appetizers
- fish and seafood (freshwater, seafood, cooked, stewed, baked, fried)
- poultry (rake, water and size)
- game (feathered, furry, low, hoofed, high, black)
- baby food (with regard to a healthy diet, not just in terms of portion size)
- light dietary meals
- specialties (day, head of kitchen, establishment, area, region)
- ready meals (according to meat processing - cooked, minced, stewed, roasted and fried; according to the types of meat - beef, veal, pork, mutton, smoked, offal, then meatless dishes)
- meals to order (in the same order as ready meals)
- pasta dishes
- vegetarian and vegetable dishes
- side dishes and vegetables
- salads
- cold dishes
- cheeses
- hot desserts
- desserts, ice creams
- fruit

It is clear from the list above that it was a detailed breakdown and to a greater extent logical one, however, the menu card often became confusing and incomprehensible. Therefore, an

abbreviated version of the menu began to be used, which was easier for clients to grasp. This served also as a starting point for current, modernized versions of menus.

### **Shortened menu:**

- starters (hot and cold)
- soups
- fish
- dishes from different types of meat
- cheeses
- desserts
- drinks

At present, thanks to the modern concept of gastronomy, dishes should be placed on the menu according to its method of preparation, composition, digestibility or purpose. A small salad intended to support the taste of other dishes is placed at the very beginning. Cold treatments appear before warm, and fish before fleshy items. Portion size also determines placement. Large salad that is meant to be served as a main course will not be logically listed under starters. But for reasons of digestibility, it comes as one of the first courses before fish or meat dishes. Some of the salads have become real icons of gastronomy throughout history and it is possible to find them in different variations almost all over the world. Here are the most famous:

*Waldorf salad* - dates to the '90s of the 19th century. Its author is Oscar Tschirky and it was named after the Waldorf Astoria Hotel in New York. The salad consists of celery, apples, mayonnaise and walnuts, which were not added to the recipe until 30 years later;

*Rossini salad* - a simple leaf salad with truffles, flavored with vinegar, lemon juice, salt and pepper;

*Parisienne salad* - a vegetable salad with lobster or crayfish and truffles with mayonnaise;

*Niçoise salad* - consists of sliced and boiled potatoes, hard-boiled eggs, French beans, olives, capers, tomatoes and anchovies, garnished with olive oil, vinegar, salt and pepper;

*Cobb's salad* - includes avocado, tomatoes, watercress, lettuce, bacon, chicken, Roquefort cheese and hard-boiled eggs;

*Caprese salad* - contains sliced tomatoes and mozzarella, salt, pepper, olive oil and basil leaves.

However, Caesar salad is undoubtedly one of the best known and most widespread salads in the world.

## **Caesar Salad**

This now famous salad has its origins in Mexico. Specifically, in the town of Tijuana, which is not far from the borders of the United States. Its author is Cesare Cardini. This is how his daughter Rosa declared it until 2003, before she died. Her father was an Italian

immigrant who came to America in 1910. He started a restaurant in Sacramento and later in San Diego. But like most operators, he became frustrated with the ongoing prohibition, so in 1920 he moved to Tijuana, Mexico where he began operating the now legendary Caesar's Restaurante & Bar. The legend says that in 1924, during the celebration of American Independence Day, the restaurant was completely full since lunch service and ingredients began to run out in the evening. Cardini had to start improvising and prepared food for a group of 4 Americans using romaine lettuce leaves, raw egg yolk, parmesan and other ingredients such as olive oil, worcester and garlic flavored crostini. He prepared a surprisingly tasty meal. His improvisation caught on very quickly. During the 1920s, a number of American movie stars flocked to Tijuana for the alcohol that was prohibited in the United States, and that is how the word about this salad soon spread among the Hollywood elite. For example, Clark Gable and Jean Harlow traveled to Tijuana just to try Caesar's fresh salad. Cardini's brother Alex arrived in Tijuana in 1926 and added anchovies to the original recipe. He called his version "Aviator's salad". This salad was so well received that it became the standard and was renamed Caesar Salad.

The Cardinis left Tijuana and moved to Los Angeles, where in 1948 they had their family's famous salad dressing patented. Today it is still sold as Caesar Cardini's dressing. While the brand is now based in the U.S., the restaurant that inspired the dish is firmly rooted in Tijuana. In many ways, the history of Caesar's reflects Tijuana. Once a charming place for the stars and gangsters of Tinseltown, the city spiraled into decades of crime and violence before the recent cultural revival. Caesar's, which was no longer owned by the Cardinis, was closed in 2009 as a result of the building's considerably devastated and declining state. However, in 2010 the local Plascencias family reopened it after a complete cleanup. In 1953, the International Society of Epicure declared the classic salad, popular at the time in Europe, as "the greatest recipe from America in 50 years".

### Original recipe

This is the original recipe that can be found in Tijuana. Usually the waiter prepares the salad right in front of your eyes:

1 head of romaine lettuce  
¾ cup of virgin olive oil  
1 teaspoon Worcester sauce  
¼ tablespoon Dijon mustard  
1 clove of crushed garlic  
Lightly boiled eggs (cook between 30 seconds and 2 minutes; allow to cool)  
Juice from one lime  
Freshly ground black pepper  
¼ cup of grated Parmesan  
4 slices of baguette baked with garlic (crostini)  
6 fillets of Anchovies

Let the clean and washed salad cool in the fridge until it is crispy (1 hour or more). In a wooden bowl mix olive oil, mustard, anchovies, garlic and some parmesan. Whipp with wooden spoons until a uniform mass is formed. Break the egg and then add the yolk to this dressing. Carefully combine romaine lettuce with the dressing. Serve on a plate with grated Parmesan cheese, crostini, salt and freshly ground pepper.

### Modern recipe evaluation

You can still get an authentic Caesar salad in Tijuana today. They constantly strive to respect the original recipe and the preparation takes place in front of the guest. It's a show. The waiter, or rather the "ensaladero", will come to your table with a cart. He pours a spoonful of crushed garlic into a large wooden bowl and adds mustard, then the anchovy fillets and a few drops of Worcester sauce. Then he breaks the eggs and uses two teaspoons to separate the yolks and tosses them into a bowl. Finally, he squeezes a little lime juice in and mixes everything with wooden tongs. While stirring, "ensaladero" drips in virgin olive oil and adds finely grated Parmesan cheese. Finally, combining the dressing with crispy romaine lettuce he then garnishes the plate with crostini and freshly ground pepper. No croutons, diced bacon or lemon juice.

These are some of the ingredients that can be found in the "traditional" Caesar salad today. If you ask someone what the original Caesar salad recipe is or what belongs in it, they will definitely agree on the ingredients above. The difference today is that preprepared mayonnaise is added to the dressing. Capers can also be often found in the dressing. And instead of a baguette in the form of crostini, garlic croutons are being used. Also bacon has established itself very well. However, this version is served as an appetizer. During its development, clients preferred their Caesar salad as a more fulfilling main course. That is why today we can most often see it served with slices of chicken breast. The second most common condiment is shrimp. However, it can also be seen with pieces of fish, such as salmon. The last common ingredients are eggs, which were also in the original version but were used for preparation of homemade mayonnaise. If an egg is served, it is prepared as a poached egg to enhance the taste of it. Its structure is a complement to the creaminess of the dressing and the crunchiness of the romaine lettuce. These are now considered as "domesticated" versions of Caesar salad. It can be said that they do not differ much from the original and were created in an unforced way based on customer preferences and the creativity of chefs. Unfortunately, there are less successful creations and at first unbelievable combinations that can be imagined for this salad. Local gastronomy will definitely not be an exception. The research that has been carried out in the Czech Republic provides answer to these questions.

## **Aim and methodology**

The aim of the paper is to find out the percentage of Caesar salad offered in gastronomic facilities in our territory with focus on individual regions.

### Sub-objectives

- acquaintance with the origin and history of the world famous Caesar salad
- comparison of sales prices of Caesar salads in domestic restaurants
- methods of serving Caesar salads in individual regions of the Czech Republic

### Methodology

To achieve the goals, not only secondary data were used, but also and above all data from primary research. It was the quantitative research, which was carried out through personal, email and telephone inquiries. The target of the research questions was to get an answer to the percentage in which this dish is part of the restaurant menu in the regions of the Czech Republic. At what highest, lowest or average price it is possible to order this salad in these gastronomic establishments. At the same time, the aim was to get an answer to what is served in the given facilities under the name Caesar salad. At present, there are more than 35 thousand gastronomic facilities in the Czech Republic. This number makes up the base file. The sample consisted of 457 randomly selected restaurants. The research took place in the years of 2019 - 2020. The results of the research were processed in MS Excel and presented according to individual regions.

It is possible with high probability that the situation will change completely due to the ongoing Covid-19 pandemic. Some of the companies that have been included in the research may not withstand the economic pressure. In general, about 5% of restaurants perish in our country every year. The initial assumptions are that, due to the effects of the pandemic, up to 25% of these facilities may become insolvent or bankrupt. In some places, which were completely dependent on tourism and foreign visitors, the number of the restaurants that disappear from the domestic gastronomic map can be as high as 45%. Examples of such places are Prague, Český Krumlov or Karlovy Vary. It cannot be assumed that there would be a change in what restaurants offer or in the composition of Caesar salad in particular restaurant. However, pricing policy is somewhat likely to change. Only time will tell in which direction prices will move based on customer preferences and the intensity of demand.

## **Results**

The main goal of the research can be divided into several areas based on the achieved results. The obtained data show percentage representation of Caesar salad as found on offer in restaurant facilities in the given region. The data also show the average price per serving of this meal. At the same time, it is possible to get an idea about how much the lowest and also the highest price for Caesar salad varies in individual regions. The achieved results are shown in Table 1.

**Table 1 – Overall overview of results in individual regions**

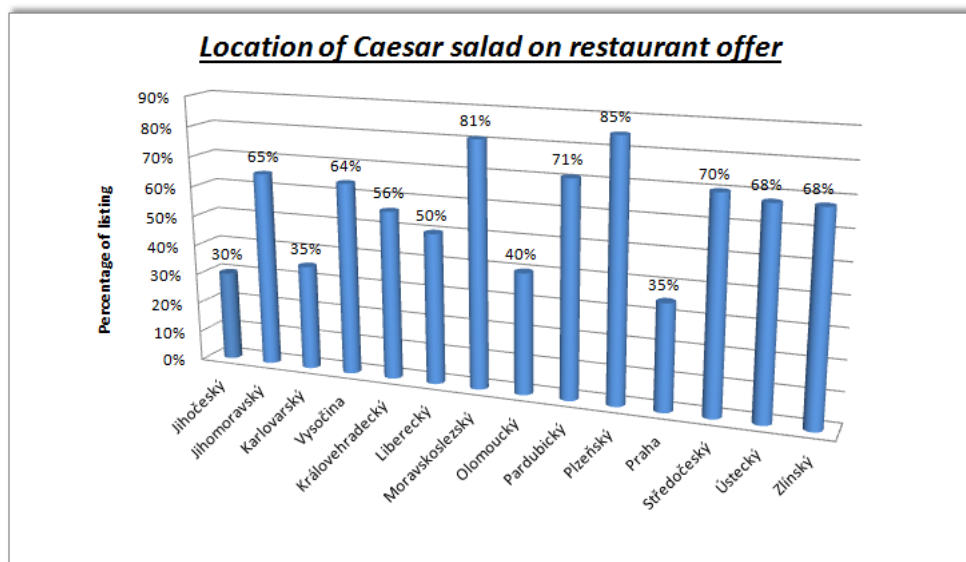
Region	Number of restaurant	Location of CS	Percentage	Highest price	Lowest price	Average price
Jihočeský	20	6	30%	230 Kč	138 Kč	185 Kč
Jihomoravský	40	26	65%	246 Kč	144 Kč	179 Kč
Karlovarský	40	14	35%	198 Kč	119 Kč	159 Kč
Vysočina	28	18	64%	199 Kč	125 Kč	169 Kč
Královehradecký	16	9	56%	270 Kč	139 Kč	147 Kč
Liberecký	40	20	50%	218 Kč	145 Kč	175 Kč
Moravskoslezský	36	29	81%	239 Kč	56 Kč	161 Kč
Olomoucký	40	16	40%	195 Kč	116 Kč	143 Kč
Pardubický	35	25	71%	215 Kč	89 Kč	164 Kč
Plzeňský	40	34	85%	225 Kč	128 Kč	165 Kč
Praha	40	14	35%	320 Kč	155 Kč	195 Kč
Středočeský	20	14	70%	245 Kč	135 Kč	182 Kč
Ústecký	25	17	68%	245 Kč	135 Kč	161 Kč
Zlínský	37	25	68%	220 Kč	135 Kč	152 Kč
<b>TOTAL</b>	<b>457</b>	<b>267</b>	<b>58%</b>	<b>233 Kč</b>	<b>126 Kč</b>	<b>167 Kč</b>

Source: own processing

Individual areas of research, such as the percentage of representation on the menu of restaurants or the price range of food, are further visualized in Graph No. 1.

The graph below shows the percentage of Caesar salad on the menu card of catering establishments in various regions in the Czech Republic.

**Graph 1 – Location of Caesar salad on restaurant offer**



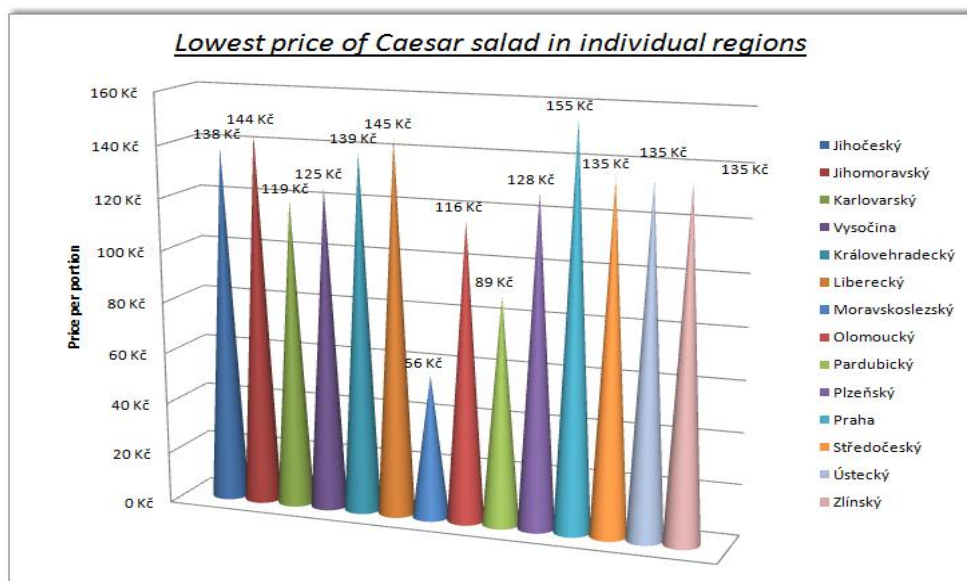
Source: own processing

From the results it is clear that 58% of restaurants offer Caesar salad on their menu. This represents most of the restaurant facilities in our country. If we consider that there are

restaurants focused strictly on their concept, which is very correct, it is possible to say that we can get a Caesar salad almost in every ordinary restaurant. It is definitely not right for a sushi bar, a traditional Wallachian hut, a Lebanese or a Russian restaurant to have this salad on their menu. Therefore, if we exclude these conceptual restaurants from the portfolio of gastronomic properties, the above statement will not be far from the truth. An interesting comparison is offered, for example, between Prague and the Central Bohemian Region. These are neighboring regions and yet at the same time show completely polar results. Near Prague, this result is mainly due to the wide base of foreign tourists who are looking for traditional cuisine of the country. A similar result is logically in the Karlovy Vary Region too. On the other hand, the Moravian-Silesian Region was positively surprising. It is known for its metallurgical and mining industry, where customers usually prefer traditional Czech dishes. They generally prefer meaty, heavy, basically not very healthy dishes. Nevertheless, 81% of restaurants offer Caesar salad.

The following graphs visualize the price levels of Caesar salad in each region. It shows the lowest prices (graph no. 2), highest prices (graph no. 3) and the average prices (graph no. 4).

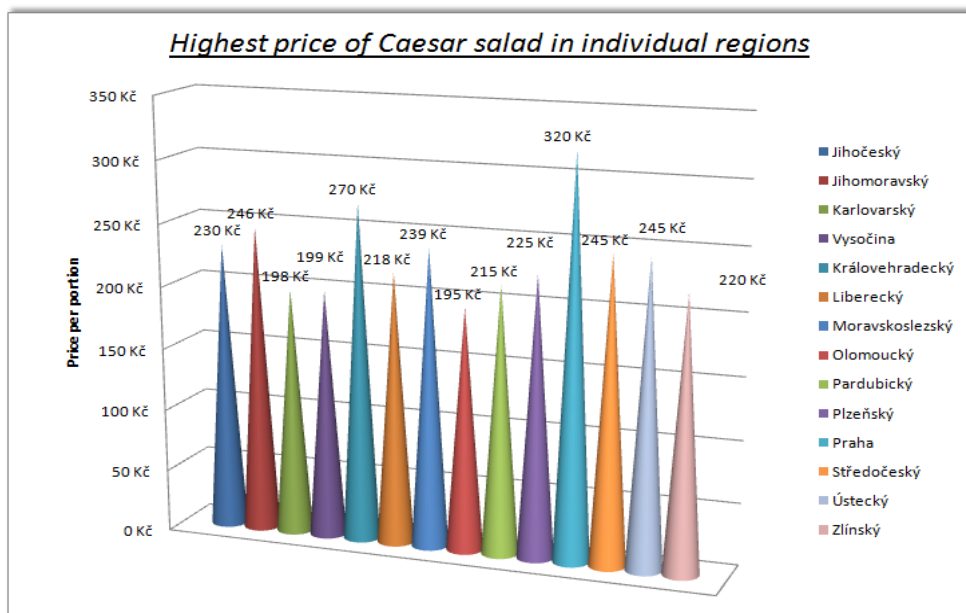
**Graph 2 – Lowest price of Caesar salad in individual regions**



Source: own processing

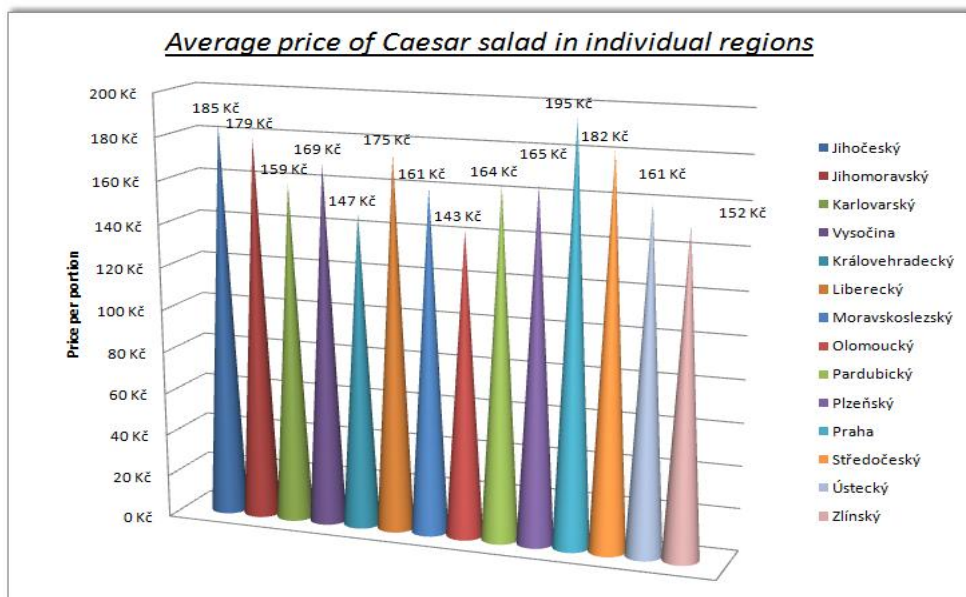


**Graph 3 - Highest price of Caesar salad in individual region**



Source: own processing

**Graph 4 - Average price of Caesar salad in individual region**



Source: own processing

As for the presented price levels, it can be generally stated that within individual regions they vary at an oscillating level. The exceptions are the Moravian-Silesian Region and Prague. These externalities are understandable. Moravian-Silesian Region has long been the region with the highest unemployment and the lowest average wage in the Czech Republic and the related lower purchasing power. In contrast, Prague shows a completely opposite trend. Lowest unemployment, highest average wage and good purchasing power. In general, inbound tourism further increases prices.

The most interesting finding from a gastronomic point of view is the way in which the Caesar salad is served in different regions, what ingredients can be expected or what interest can be encountered. Within the South Bohemian Region, it is usually served with bacon, chicken, croutons and Parmesan cheese. Occasionally, there was a variant with a quail egg. In the South Moravian Region they almost always try to follow the modern method of serving with chicken, and because of that often use the original "Caesar salad" in the name. Within the Karlovy Vary Region, you can find variations of dressings or iceberg lettuce instead of romaine. However, there is always bacon on the salad. In the Vysočina Region, they typically emphasize the type of parmesan by stating its name "Gran Moravia", "Gran Padano", and it is also possible to get a salad topped with salmon. The situation in the Hradec Králové Region is identical to that in the Karlovy Vary Region with regards to dressings or types of salads used. In the Liberec Region, a significant inclination is towards pancetta, the Italian bacon. It appears on the menu of several restaurants. There are also various dressings, but you always get a salad with croutons. As an interesting thing, it is possible to highlight the Caesar salad with chicken in filo dough. An even bigger surprise is the salad with Tandoori chicken in the Moravian-Silesian Region. Few would expect traditional Indian chicken preparation in the area. In addition, it is often served here with romaine lettuce and a poached egg. However, it is possible to get it in certain places only with mustard dressing. The Olomouc Region is characterized by romaine lettuce, variations of dressings (sometimes only with mayonnaise) and quite often with Pancetta on the salad. If you visit the Pardubice Region, you may taste a salad with anchovy dressing, cheese or garlic. They will always serve it to you with Parmesan cheese. Plzeňský Region is one of the most conservative regions. Here in most cases serve the classic version with chicken. Although chicken is in some places replaced with beef steak. In Prague you may receive a Caesar salad with shrimp. However, as already mentioned, in Prague you also have the least chance to come across the Casear salad. On the other hand, you have a much better chance if you visit the neighboring Central Bohemian Region where the traditional salad usually appears on your table, just like in the Ústí nad Labem Region. And if you want to taste this famous dish in the Zlín Region, you have a 50% chance of getting a variation of leaf salads instead of romaine lettuce. At the same time, you can choose whether you want it with chicken, shrimp or even salmon.

## Discussion

The methods of serving have many elements in common. Results of the research confirmed that domestic restaurateurs try to serve the salad authentically. Previously widespread Chinese cabbage or iceberg lettuce has usually replaced the traditional romaine lettuce. There is definitely room to improve the dressing, but bacon or parmesan were on the salad in most of the restaurants. The research showed that in our country we are currently trying to return to the original recipe. Chefs respect the traditional and authentic composition of Caesar salad, which after two decades of attempts at invention, substituting individual ingredients with different unexpected alternatives, is definitely a step in the right direction. The question is what future developments can be expected. The world is currently changing faster than we might wish. Manufacturers and developers are always coming up with something new, consumers constantly need new impulses. The field of gastronomy is no different. Customers expect unusual creations, strong tastes and innovative concepts of traditional dishes. After the year 2000, the culinary world moved in the direction of fusion cuisine, and a few years later molecular gastronomy came with its desire to transform substances. In recent years these trends have been replaced with Nordic cuisine. Its concept should indicate the future trend of serving Caesar salad and do so with focus on locality, freshness, simplicity and straightforwardness. This is not to be confused with regionality. The locality means that raw ingredients are sourced from the surrounding area, ideally from small and family producers. Emphasis is, therefore, placed on economic, environmental and social impact in the area. Chicken breast, bacon or eggs should come from local farms. And parmesan, for example, will be used according to the type of restaurant. Fine dining will emphasize the traditional Italian at min. 24 months old, while classic restaurants will look for some local alternative to Parmesan-type cheese, such as Gran Moravia. However, molecular cuisine certainly did not say its last word. It will probably no longer play the first violin, but as a great addition it will definitely still have its place in gastronomy. For instance, it will be possible to serve dressing in the form of espuma or I can picture bacon dried with nitrogen. There are really many variants which we could imagine. And thanks to past, current and future trends there will be many more.

The truth is that in the future we will certainly come across a creative or innovative idea, one that we will not understand at first moment. But with time we will find out that it is not so bad. As an example serves the variant of Caesar salad in a famous restaurant in Kersko, which is thanks to the movie „Slavnosti Sněženek“ probably the most known cottage area in our country. The restaurant, where competition to cook boar with rosehip or with cabbage has taken place, is still there to this day. It is one of the most famous excursion places and is always full during the season. Their menu features Caesar salad with roasted wild boar slices. It is definitely not traditional, but remains as one of the most popular and best-selling dishes there.

## Conclusion

The results of the research show that this famous dish can be found in most of the restaurants in the Czech Republic. At the same time, we usually get it in an established modern form. It can be said with little bit of exaggeration that the Caesar salad is slowly but surely approaching the same status like roast duck, sirloin or pork dumpling, and it will be possible to find it in every restaurant. Even Czechs themselves might adopt it as a typical Czech dish, as was the case with the famous fried cheese popularly known as "fryer". But this is thankfully not a likely scenario. However, it is highly probable that the salad will definitely settle permanently on the menu cards and perhaps its percentage representation will increase. There always going to be restaurants where this food will not fit into the concept completely. So it is not possible for us to come across Caesar salad everywhere. It depends on how it will be served in the given facilities. The more respect for its tradition and originality it gets, the better the overall impact will be. Clients will get used to it and start looking for it more and more. Moreover, since nowadays the clientele is already more sophisticated, more traveled, and attacked with gastronomic programs from all sides, customers will insist on the right composition and high quality. And that is ultimately the best news for Caesar salad, as well as for domestic gastronomy in general.

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**Contact information**

Ing. et Bc. Michal Motyčka, DiS., Ph. D.  
Filozoficko-přírodovědecká fakulta, UGLAT  
Slezská univerzita v Opavě  
Krčmářovská 233/53  
196 00 Praha-Čakovice  
Czech Republic  
T: (+420) 603 378 515  
E: [michal.motycka@goldenwell.cz](mailto:michal.motycka@goldenwell.cz)  
F: (+420) 257 535 020

**Description of the Author**

The author has been working in the field of gastronomy and hotel management for more than 20 years. For the past 14 years he has been working as the director of the Golden Well Hotel, which together with the Terrace at the Golden Well is ranked among the best in the world. He has also been dealing with human resources management for a long time. Its aim is to find a group of instruments and their various combinations in order to achieve a steady growth in the performance of the hotel staff. Last but not least, he also works as a researcher at the Institute of Spa, Gastronomy and Tourism at the Silesian University in Opava.

## **Reviewers of this issue of Czech Hospitality and Tourism Papers:**

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