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## DOES SMALL TOWN WITH TOURISTIC FUNCTION HAVE DEMOGRAPHIC POTENTIAL?

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**Abstract:** This research is conducted to determine impacts of tourism development on the demographic image of selected small towns in Serbia. Analyzing the following indicators — tourism potential, the share of inhabitants employed in the tourism industry, tourist turnover, and tradition in tourism, the group of 23 small towns is singled out. Further, the selected small towns with dominant tourism function are observed within four tourism clusters. Demographic characteristics of these urban settlements are analyzed through population indicators: total population increase/decrease, age and sex structure, economic activity, education structure, etc., according to the latest available data. The level of local population involvement in tourism is examined, as well as the influence of these small towns on the immediate rural surroundings. The results of conducted analysis show that tourism has an important impact on demographic development in several observed small towns. In the case of other selected small towns, the tourism influence on population increase or migration is stagnating. Despite that, increasing number of employed in the tourism industry is recorded, which implies that tourism is recognized within local community as an activity that could contribute to the development of small towns in Serbia.

**Key words:** small towns, tourism, demographic potential, Republic of Serbia

### Introduction

The Republic of Serbia was affected by intensive primary urbanization in the second half of the 21st century. Intensive migrations from eastern, southern and western parts of the country to urban areas (Novi Sad–Belgrade–Niš) or abroad, have led to a demographic expansion of urban areas on the one hand and creation of depopulated areas on the other (Stojkov & Šećerov, 2012). According to economic structure, Serbia had mostly agricultural character until the 1940s, and according to population structure, it was a rural area. In the latest inter-census period, the process of urbanization in Serbia stagnates (Vojković & Kokotović, 2009). Addressing these issues would create the basic spatial and social conditions for the sustainable development of all parts of the country and

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the spatial-functional areas, both urban and rural. According to official statistics of the Republic of Serbia, settlements are categorized into towns and others. It dates to 1980s (1981 Census) and this division is applied according to administrative and legal criteria. Further, categorization of the urban settlements is based on one criterion — population size (total number of inhabitants in a settlement). Considering these criteria, urban settlements are divided into large, medium and small.

Globally observed, the research dedicated to small and medium-sized towns have been conducted sporadically even though they are faced with the loss of service functions, population aging and population decrease (Fertner, Groth, Herslund & Carstensen, 2015). Besides, statistical data available at European level are very poor and there is a lack of conceptual comparability. These conclusions are based on the results of the ESPON (2006) project 1.4.1 *The Role of Small and Medium-Sized Towns* as a newer document devoted to the role of small and medium-sized towns in some European national urban systems. In Serbian literature, the research related to the group of small towns appeared as a part of the analysis of the complete network of settlements (Veljković, Jovanović & Tošić, 1995; Spasić, Petrić & Filipović, 2007).

As Muzzini and Lindeboom (2008) argued, there is not a unique definition of small towns, and therefore different criteria are used across the world. For example, the low population threshold is used in Europe and Latin America. On the other side, there are countries which use both quantitative (population size or population density) and qualitative (adequate infra and supra-structure) criteria (Tacoli, 1998). In this paper, all settlements that have the status of an urban settlement according to the methodology of the Statistical Office of the Republic of Serbia and have a maximum of 20,000 inhabitants are included in the category of small towns. According to the 2011 Census, there are 126 settlements in the Republic of Serbia. Due to their developmental characteristics, small towns are a very important link between urban and rural areas. They become an integral part of the rural economy and make a symbiotic relationship with the surrounding area (Courtney & Errington, 2000). The small urban settlements are a very heterogeneous group, in terms of their development, socio-economic, demographic, functional and spatial-physical characteristics. They vary in population size, structure and functions. Differences are evident among towns that are closer to the medium-sized town category and urban areas that are municipal centers; then among towns that have a mono-functional economy (mining settlements, towns with tourism functions) and towns having balanced development of the economy (Spasić, 1984).

During the process of the economic and social restructuring, small towns have been seeking for a current activity that could replace traditional one and help to diversify their economic strategy. In the previous period, it was industrialization, but recently other activities have been present, such as education, social services, tourism, etc. (Vaishar, Štastná & Stonawska, 2015). These functions require certain urban activities, but also small-town surroundings. Tourism is an option that is added to some small towns' economies, because it is developed due to the local asset advantages. These assets could be landscape features, cultural, historic, or their combination (Halseth & Meiklejohn, 2009). Tourism appears as one of the most common activities, not only because of the ability of economic revitalization, but also because of the stabilization of the population base and the reduction of emigration (Halseth & Meiklejohn, 2009). Tourism industry is labor intense activity, which provides opportunities for current and new entrepreneurs (Nieman, Visser & Van Wyk, 2008). Also, tourism has specific nature — a service must be provided in a destination. Therefore, workforce must be situated in situ and it mainly leans on inhabitants. It requires employees at all levels of education and represents an opportunity for overcoming the unemployment issues. Regarding the above-mentioned characteristics of tourism as an activity in small towns, the main objective of this paper is to answer the question whether small towns with tourism function have better demographic characteristics than others in Serbia.

Generally, the Republic of Serbia has only a comparative advantage in tourism, owing to the diverse structure of the tourism offer, numerous natural and anthropogenic resources and favorable geographical position. There is not still a unique tourism product that makes Serbia a competitive destination in the tourism market (Tourism development strategy of the Republic of Serbia, 2006). The increase in total tourism arrivals and overnights has been registered since 2007. Separately observed, an increase of international tourists and overnight stays (6.3%, 7.5%) and a decrease of domestic arrivals and overnight stays (2.7%, 4.1%) have been recorded. One of the reasons for the reduction of domestic tourists is current economic crisis in Serbia.

According to the World Travel & Tourism Council (2017), during 2016 travel & tourism (T&T) industry in Serbia generated 2.3% of the total GDP (RSD 97.3bn) and 1.9% (or 38,000 jobs) of the total employment of the Republic of Serbia. On the other hand, during the same year, travel & tourism (T&T) economy generated 6.7 % of the total GDP (RSD 280.6bn) and 5.0 % (or 99,500 jobs) of the total employment of the Republic of Serbia. Travel & Tourism represents the important sector because it has its direct, indirect and induced impact. In this paper, we observe only the direct impact of tourism or

T&T industry. It includes only direct T&T contribution through residents and non-residents spending for business and leisure purposes, and government expenditures on T&T services directly linked to visitors (e.g. museums, national parks). Direct employment involves hotels, travel agencies, transportation services, restaurants and leisure industries directly supported by tourists (WTTC, 2017).

### **Methodology**

Urban settlements are determined according to certain criteria that vary from country to country. Consequently, small towns are not clearly defined, nor uniform. Likewise, there is not precise definition of the small town in Serbia. Perhaps the most comprehensive urban settlement classification in Serbia was presented by Kojić (1973). A category of urban settlements was not explicitly determined by population size, but certain population range corresponds to each category. Also, settlement rank is determined by core functions. As Marinović-Uzelac (1999) pointed out, a small town is *an urban agglomeration that meets the minimum requirements in terms of population, has reduced the primary sector activities within the urban corps, and has a minimal influence on its surroundings*. The Statistical Office of the Republic of Serbia varies urban and other settlements. In the spatial and functional settlement network of Serbia, the most numerous are small urban settlements with less than 20,000 inhabitants, defined according to the methodology of the Statistical Office of the Republic of Serbia. Out of 204 urban settlements, 126 have less than 20,000 inhabitants, 51 less than 5,000 and 41 have from 5,000–10,000 inhabitants.

The group of 126 small towns was analyzed by the indicators such as tourism potential and tradition, tourist turnover, and a share of inhabitants employed in T&T. In order to be suitable for analysis, small town had to have valuable tourism potential and long tourism tradition and to be mentioned in the Tourism Development Strategy of Serbia, as part of listed clusters. Further, it had to have tourist turnover or a share of inhabitants employed in T&T higher than average for the whole group of Serbian small towns. As a result of these analyses, specific group of 23 small towns with tourism function was extracted.

These small towns have significant tourism potential and long tradition of tourism activity. Among the observed small towns, spa tourism represents the core of tourism development in Palić, Banja Koviljača, Divčibare, Jošanicka Banja, Kuršumlijska Banja, Mataruška Banja, Vrnjačka Banja, Sijarinska Banja, Niška Banja, Sokobanja Banja and Vranjska Banja. Small towns such as Guča (“Trumpet festival”) and Petrovaradin (“Exit festival”) are recognized as

international destinations of manifestation tourism. Divčibare, Ivanjica, and Zlatibor belong to the group of mountain resorts. Distinguished destinations of cultural tourism are Donji Milanovac and Kladovo (archaeological site “Lepenski vir”, The Tabula Traiana, “Diana Karataš” and fortress of Golubac); Topola; Sremski Karlovci and Irig (developed wine tourism); Kovačica (naive painting); Kuršumlija (The Devils Town, a rare natural phenomenon, which consists of 202 stone pyramids). Tourist attractions which are the basis of tourism development of these small towns are significant for the tourism development of Serbia, which was emphasized in the Tourism Development Strategy of the Republic of Serbia (Serbian Government General Secretariat, 2006). Further, observing the official tourist turnover data for 2014, this group makes 22% of the total number of arrivals and 31% of the total overnights. Tourist arrivals and overnight stays in these small towns represent important share among official categories of the tourist destinations. They made around 63% and 55% among spas, 37% and 38% among mountain resorts, and 17% and 28% among other tourist resorts and other places. According to the 2011 Census data, the percentage of people employed in T&T services in most of these 23 small towns is larger than the average of all small towns in Serbia (e.g. Divčibare, 54.17 %, Jošanička Banja, 29.79%, Zlatibor, 32.94%, etc.) (Statistical Office of the Republic of Serbia, 2014a).

Further analysis of the observed small towns was based on their division into four tourist clusters, defined by previously mentioned Strategy from 2006 (Figure 1). The tourist clusters are not defined by the administrative border, but according to tourism potential that can be valorized in form of integrated and recognizable tourist product. Settlements Irig, Kovačica, Palić, Petrovaradin, Sremski Karlovci belong to the cluster of Vojvodina. Donji Milanovac and Kladovo are within the cluster of Belgrade. The largest number of small towns belongs to the cluster of Western Serbia with Kosovo and Metohija — Banja Koviljača, Guča, Divčibare, Ivanjica, Jošanička Banja, Kosjerić, Kuršumlijska Banja, Kuršumlija, Mataruška Banja, Vrnjačka Banja, Sijarinska Banja, Topola, Zlatibor (information about settlements in Kosovo and Metohija are not available due to the current political situation). Eastern Cluster of Serbia includes Niška Banja, Sokobanja, and Vranjska Banja (Serbian Government General Secretariat, 2006).

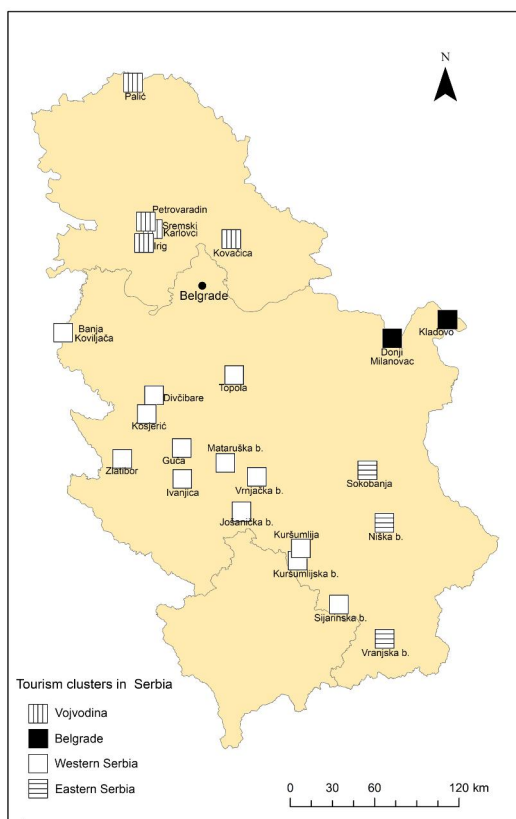


Figure 1. Sites selected in the official Tourism clusters in Serbia

To indicate the current situation and connections present in the researched areas, the authors used demographic, economic and tourism indicators. We applied the Webb methodology (Webb, 1963) for the impact analysis of natural and migration component to the population increase/decrease in the researched settlements. According to this methodology, we determined the migration types of the observed area (4 immigration and 4 emigrational types), based on three components of population changes (population change rate, natural increase rate, and net migration rate). Furthermore, we analyzed the economic structure of the population, indicators such as the share of the population that carries out profession and active population by conducted activity. Further, the share of population employed in the T&T industry (accommodation and food services, arts, entertainment and recreation and other service activities) was analyzed. The indicator tourism traffic was analyzed based on the data of the total number of arrivals (including domestic and foreign tourists) for the period from 2001 to

2015. For research of the demographic situation and processes in the observed towns, the official Census data of the Republic of Serbia (1981–2011) were used. As a data source for the tourism traffic, we used official publications of the Statistical Office of the Republic of Serbia “Municipalities and Regions of the Republic of Serbia”.

## **Results and discussion**

### *Demographic development of small towns in Serbia*

During the recent decades, the Republic of Serbia has been characterized by demographic regression. In the last inter-census period (2002–2011), the development of the population of the Republic of Serbia recorded extremely unfavorable trends, which is reflected in three global demographic processes: (1) depopulation — population decrease; (2) negative natural population increase — the number of deaths exceeded the number of live births, and (3) demographic aging.

This research provides an insight into the demographic state of small urban settlements by analysis of demographic indicators — population, vital indicators, age and sex structures, migration characteristics. A comprehensive study of the demographic situation and the demographic processes represents a starting point for the following determination of development model and demographic potential of the observed settlements.

During the 1990s, there were several socio-economic changes that influenced the demographic state in small towns. First, migrations had the biggest impact on demographic changes. Global trends between the 1980s and the 1990s indicated that calming of interregional migrations and migrations from rural to urban areas had already occurred. One of the reasons why that happened was a lack of population in the rural areas. This conclusion refers to the regional and major urban centers, while in smaller urban areas local moving is still present (Stevanović & Stojanović, 1998; Vojković, 2007). However, the war events in the former Yugoslavia influenced immigration of many refugees to the Republic of Serbia. On the other hand, economic and political instability contributed to considerable migrations abroad (Kokotović & Filipović, 2013). The complex balance of these trends is just one of the overall dynamic components. Besides, natural population increase/decrease is characterized by the constant biological depopulation. All these components affected the population size of the Republic of Serbia, as well as the population size of small urban areas (Kokotović Kanazir, 2016).

Unfavorable demographic processes, dominant depopulation and the population aging influence the weakening of the demographic base and the population potential reduction within the observed urban settlements. Analyzing the whole group of small towns in Serbia (126) according to the index of population changes (2011/2002), more than half observed small towns have index value higher than the average for the reference set (the index threshold value is 100; if its value is higher than 100, an increase was recorded and if it is less than 100, a decrease was recorded). Population increase was recorded in settlements Petrovaradin, Palić, Zlatibor, Mataruška Banja, and Vrnjačka Banja. By the analysis of the total population, in most settlements, the maximum number of inhabitants was registered in the 2002 Census. It clearly indicates that these settlements in demographic terms experienced their expansion at the beginning of the 21st century.

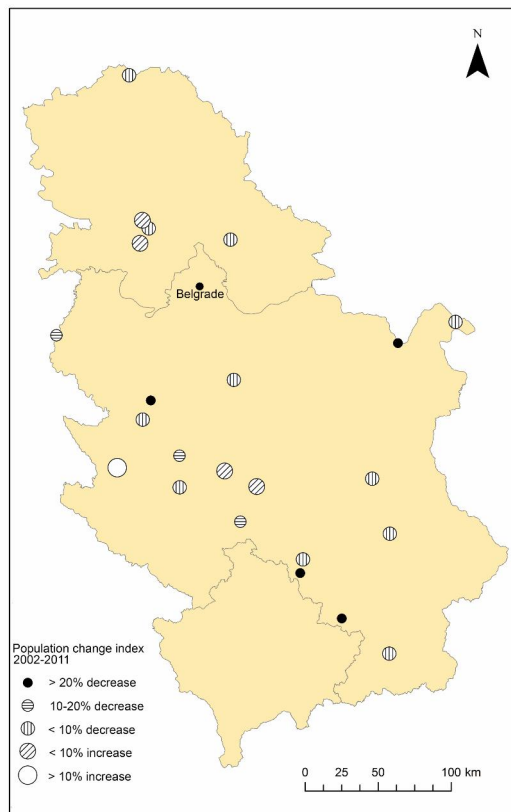


Figure 2. Population change index in the period 2002–2011



According to the 2011 Census, 129,274 inhabitants live in the settlements under research. In the last inter-census period (2002/2011) there is an increase in population in 5 out of 23 settlements. The largest population growth is registered in the settlement Zlatibor (over 20%). On the other hand, the greatest population decrease is registered in the settlement Divčibare (decrease by 40%). It is noteworthy that in both settlements there are less than 2,000 inhabitants. In the settlements that belong to the cluster of Vojvodina, most of the population increase is recorded in the period 1953–1961 (14%). The latest Census data show the population increase in the settlements Petrovaradin and Palić (Figure 2).

The settlements Donji Milanovac and Kladovo (cluster of Belgrade) had a population growth of about 15% during the period 1971/1981. Today, according to the latest Census there is a population decrease in these settlements (Donji Milanovac, 3% and Kladovo, 13%). The highest population increase is recorded during the period 1961–1971 in the cluster of Western Serbia, which is the largest according to the number of settlements selected for this research (13). Kuršumlijska Banja stands out in this group with a constant population decrease throughout the whole researched period. The cluster of Eastern Serbia, which includes three settlements, is also characterized by depopulation. Although spa tourism has been developed in all three settlements, it did not have any effect on slowing the depopulation over the past twenty years.

*Does small town with touristic function have demographic potential?*

The concept of demographic potential unifies various categories and implies the presence of different qualitative and quantitative properties, which are necessary to be measured, correlated, to assess the size and quality of these resources. The natural component creates the demographic base in long terms and ensures population reproduction, but for the evaluation of demographic potentials of an area, it is necessary to determine the effects of both components (natural and migration) on the total population movements. Based on certain migration types (according to Webb methodology), only settlements Petrovaradin (cluster of Vojvodina) and Zlatibor (cluster of Western Serbia) recorded population increase, thanks to immigration (positive net migration rate). Positive natural increase rate is recorded in several settlements (Kosjerić, Kuršumlija, Ivanjica), which are also the settlements with the largest population. On the other hand, intensive emigration influenced that these places have the character of depopulated small towns.

The age-sex structure of the population is a qualitative indicator of the demographic potential. In terms of the intensity of demographic aging, the population of these urban areas is characterized by favorable trends in relation to the average values for the population at the country level, especially when they are compared to rural areas. The age structure was analyzed based on two Censuses (1981 and 2011). These two Censuses were chosen to clearly indicate the aging process that was present in all researched towns (increase in the share of the older population and the reduction of the young population share). During the 1980s, the share of young people (0-14) ranged from 18.2% in Vrnjačka Banja to 27% in Vranjska Banja. The share of the population older than 65 years ranged from 3.5% in Ivanjica to 14.1% in Kuršumlijska Banja. After forty years, the situation has changed significantly in favor of the share of the older population (65+). In most settlements, the share of elderly people is around 20% while the share of young people is 13%. This relationship between the young and old population indicates a trend of slowing or stopping the population growth of small towns. The decline of immigration with reducing reproductive norms strongly affected population age structure of the researched settlements.

Analyzing the demographic development of the chosen small towns, emphasizing the share of the educated population as one of the preconditions for the overall future development is crucial. Almost all small towns with tourism function have relatively high shares of the educated population: Guča (18%), Niška Banja (16%), Petrovaradin (21%), Vrnjačka Banja (23%), etc. This indicator refers to the fact that this is a quality educational attainment, which is important for the demographic and economic development of these tourist centers.

Table 1. Comparative review of economically active population that performs occupation, employed in T&amp;T industry and employed in secondary activities in 2011 (%)

Tourism cluster	Small town	Economically active population that performs occupation	T&T industry	Index changes — T&T industry 2011/1981	Secondary activities	Index changes — secondary activities 2011/1981
Vojvodina	Irig	36.9	9	211.97	24.66	375.60
	Kovačica	43.3	7.1	358.54	33.73	121.83
	Sremski Karlovci	38.8	11.1	548.37	26.00	72.36
	Palić	44.8	11.4	252.02	26.05	64.36
	Petrovaradin	43.6	8.4	224.04	21.60	40.78
Belgrade	Donji Milanovac	49.8	22.7	132.61	25.61	75.61
	Kladovo	44.7	7.7	142.69	22.79	47.24
Western Serbia and Kosovo and Metohija	Banja Koviljača	41.7	10.2	68.35	28.80	92.49
	Guča	50.4	10.8	344.32	29.36	71.93
	Divčibare	78.8	54.2	88.96	2.08	52.60
	Ivanjica	50.4	6.4	106.03	38.40	91.62
	Jošanička Banja	43.3	29.8	800.00	18.72	469.33
	Kosjerić	50.2	6.9	229.20	34.82	65.36
	Kuršumlijska Banja	40.1	-	0	28.57	405.71
	Kuršumljija	37.5	6	189.04	33.01	52.58
	Mataruška Banja	40.3	7.9	96.17	21.12	702.50
	Sijarinska Banja	30.5	4.2	9.59	5.83	79.58
	Topola	48.8	9.9	241.15	26.51	59.94
	Vrnjačka Banja	42.4	16.8	98.84	19.12	69.26
Zlatibor	-	-	32.9	94.65	10.78	77.33
Eastern Serbia	Niška Banja	42.1	9	95.20	23.70	541.46
	Sokobanja	44.9	12.8	150.98	14.76	68.82
	Vranjska Banja	43	6.1	201.01	35.58	93.27

Source: Statistical Office of the Republic of Serbia (2014b; 2014c).

To determine the demographic potential of small towns with tourism function, further research is focused on the analysis of the economic structure of the population. The indicators such as share of the economically active population that perform occupation and active population by conducted activity, in our case T&T industry, were analyzed (Table 1). According to the 2011 Census, the average of around 40% of the economically active population that perform occupation (active/employed) was registered in analyzed small towns. Observing these shares, it can be concluded that the settlements Petrovaradin, Palić and Vrnjačka Banja stand out with around 50% active population. The same settlements recorded population increase. The average share of the employed population in the T&T industry (accommodation and food services; arts, entertainment and recreation and other service activities) for all small towns in

Serbia is 8%. It is important to point out that within our set of small towns with dominant tourist function; these shares are significantly higher (average 13.1%). In the cluster of Vojvodina, settlements Palić and Sremski Karlovci recorded the largest share of the population that works in the T&T industry. In the settlement Donji Milanovac, which belongs to the cluster of Belgrade, 22% of the population is employed in the mentioned activities. In the cluster of Western Serbia, the largest shares of the population working in T&T industry were registered in the settlements Zlatibor (33%), Jošanička Banja (30%), and Divčibare (54%). Divčibare stands out as a settlement where more than half of the population works in the mentioned activities. These data clearly indicate that tourism has a significant role in the economic development of these towns. Besides, respecting the positive trend of these indicators, it can be concluded that they could represent a precondition for the generation of the demographic potential. Also, some urban settlements from this specific category of small towns are attractive for the people in their immediate surroundings, such as Zlatibor which has recorded population increase thanks to immigration.

Further, change of employed in T&T industry for the period 1981-2011 was analyzed. Based on the data of the index changes (Table 1), it can be concluded that decrease of employed in mentioned industry was present in seven small towns, while all others recorded an increase. The greatest decrease was recorded in Kuršumlijska Banja (100%), Sijarinska Banja (more than 90%), and Banja Koviljača (30%). One of the reasons for the present state of T&T industry in these small towns is a decline of state-owned specialized rehabilitation hospitals, which were the pillars of tourism development (“Žubor” in Banja Koviljača, “Gejzer” in Sijarinska Banja, “Banja Koviljača” in Banja Koviljača). Since 2008 those hospitals have been listed in the portfolio of the Privatization Agency of Serbia. The implementation of this process has not been possible due to unresolved property relations between the Government of the Republic of Serbia and Retirement and Disability Fund (Ministry of Economy, Republic of Serbia, 2017). It has resulted in the decline of jobs in T&T industry and stagnation of the further development. Realization of this process and converting hospitals into modern spa centers could contribute to the revival of tourism function and job creation. Besides, it would create conditions for the demographic revitalization of these settlements, too.

It is of high importance to emphasize that small towns which have a significant percentage of employed in T&T industry are closer to rural areas, according to their characteristics. Developed tourist function caused these settlements to obtain the status of a town, as in the case of Zlatibor, Divčibare, Vrnjačka Banja, Donji Milanovac and Jošanička Banja. At the same time, these small towns have

the least share of employed in secondary activities. It implies that tourism is dominant activity in these settlements. On the other side, tourism is still complementary activity in small towns which are municipal centers and which are the most populated (Ivanjica, Kušumlija, Kladovo), but the share of employed in T&T industry is constantly growing. Although the share of employed in secondary activities is between 20 and 30%, a decreasing trend (up to 60%) has been present in almost every analyzed settlement (even 18), while the number of jobs in tourism has been increasing constantly.

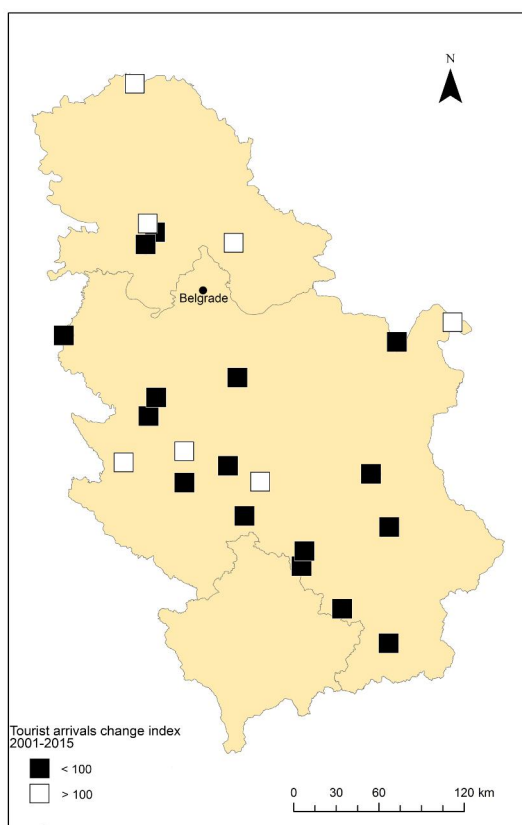


Figure 3. Tourist arrivals change index in the period 2001–2015

For better clarification and to make a connection between the tourism development and its impact on the demographic changes of small towns, tourist traffic data were analyzed through indicator tourist arrivals change index for the period 2001–2015 (Figure 3). This indicator points out the change in number of tourist arrivals in the observed small towns during the stated period. During the

period 2001–2015 an increase in number of tourist arrivals was documented in seven settlements. The highest was recorded in settlements Kovačica and Guča. During 2001, only 119 tourists were registered in Kovačica and 2,564 in Guča. In 2015, the number of tourists increased considerably: in Kovačica 4,789 and in Guča 9,387. At the same time, the high increase of employed in T&T industry was recorded in these small towns (Kovačica 258.54% and Guča 244.32%). In the small towns Palić, Petrovaradin, Vrnjačka Banja and Zlatibor an increase of tourist arrivals was also recorded. Exactly these settlements have favorable demographic conditions. During the researched period population increase was recorded, thanks to immigration, attracting people from their immediate, rural surroundings. These data clearly indicate that the tourism function, which is dominant in these settlements, contributed to the demographic development.

Small towns are linked to their rural surroundings. In many small towns and rural areas, tourism is considered as an activity which could help in achieving community development and economic diversification. They are trying to take share in this growing industry (Davis & Morais, 2004). Thanks to the tradition of the Serbian small towns, it is easier for the rural area to position itself on the tourism market. This impact is the most prominent in the examples of Kosjerić, Guča, Ivanjica, Zlatibor, and Irig. During the recent years, intensive rural tourism development has been recorded in their surroundings. It is reflected in the construction of ethnic villages, ethnic houses, and individual rural households (Todorović & Bjeljic, 2007). It implies that local community of Serbian small towns and their surroundings has started to recognize beneficial effects that tourism development could bring.

### **Conclusion**

Primary demographic processes (population decrease, negative natural increase, and population aging) in the Republic of Serbia have also affected the observed group of small towns. However, demographic indicators of these 23 analyzed small towns are more favorable compared to other small towns. Tourism has contributed the demographic development in several researched small towns (Palić, Petrovaradin, Vrnjačka Banja, and Zlatibor). The population increase and the tourist arrival increase are recorded in these settlements. Further, it is crucial to emphasize that recorded population increase in the last inter-census period is based on the immigration. We can conclude that one of the reasons for immigration was engaging in some form of tourism because in these settlements intensive tourism development is evident during the past twenty years. Also, these four small towns have the significant share of people employed in T&T industry. This indicates that tourism development has an impact on the

transformation of the local employment structure (Qian, Feng & Zhu, 2012). Small towns in Serbia that have dominant tourist functions are smaller by population size. The tourism function helped them to obtain the status of the small town and enabled transition from rural to urban settlement. For other small towns, we cannot speak about tourism influence on demographic development (population increase, increased share of the young population, migration calming). We could only assume that investment in tourism development would influence favorably the utilization of demographic resources in these areas by keeping working-age population and creating new jobs. New jobs would make these small towns attractive for living in them and they would increase the process of immigration. The growing number of employed in tourism that has been present in selected small towns indicates that local community has begun to recognize the importance of tourism for the economic and overall development. With adequate investments and applicable population policy, exactly these small towns could be drivers of demographic revitalization. Besides, the existence of local development strategy, coordinated with regional and national strategies is crucial. Also, to achieve sustainable development of small towns, a good relationship between local community and institutional level should be established. Encouraging local communities to participate in all phases of the decision-making process and implementation will contribute to the strategy effectiveness and help to find the best solutions for sustainable resource management issues.

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