Cooperation between Municipalities and the Private Sector in the Field of Tourism

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Abstract

The public sector very often encounters a lack of the financial resources needed to finance tourism projects. In this context, different models of public - private partnerships are proving to be appropriate solutions. The fact that the private sector is more efficient than the public sector in implementing big infrastructure projects that need to be implemented in the field of tourism can be mentioned in favour of using such a partnership, and moreover the use of public-private partnership models (PPP) does not have an immediate impact on public budgets. The aim of the paper is the analysis of a selected model of PPP in the field of tourism at the local level in the conditions of the Slovak Republic. Municipalities enter into PPP projects with tourism enterprises in order to create Local Tourism Organizations (LTO). LTO is a legal entity established under Act No. 91/2010 Coll. on the promotion of tourism. It supports and creates conditions for the development of tourism in its territory and protects the interests of its members. The data for the analysis were data obtained from the Register of LTO in the Slovak Republic and the FINSTAT database. We used multiple regression and correlation analysis to test the established hypotheses. The results of the analysis show that in 2018, there were 35 LTO in Slovak Republic, in which 953 entities and 269 municipalities were involved. At the same time, a statistically significant dependence of selected economic benefits resulting from this PPP model was demonstrated.

Introduction

Traditionally, the construction and operation of infrastructure has been provided by the public sector, but this situation has been changing recently, with the financial resources and know-how of the private sector being increasingly used in the construction and operation of infrastructure. This phenomenon arises for two reasons, namely that the private sector is more efficient in its implementation than the public sector. The second reason is that by using financial resources from the private sector, it is possible to implement infrastructure without an immediate impact on public budget expenditures. The transfer of risk in projects implemented using public-private partnership models presupposes that the risk is transferred to the entity that has the best preconditions for managing it. If all risks are transferred to a private partner, who should be able to manage them more effectively compared to the public sector, this may result in an increase in project costs (Romančíková, 2014). Public-private partnerships are successfully applied abroad in various areas of public services. Securing a public service with private capital in the absence of own public resources is the main idea of PPP projects (Holub, 2009). Over the last decades, many national and regional governments have intensified their cooperation with the private sector through public-private partnerships (PPP), in which private sector investment in public projects allows investors to return on their investment within a specific legal framework (Chang, Memon, Imura, 2003). Public-private partnerships are based on the idea that exceptional value can be gained through a combination of knowledge and mutual cooperation. Such cooperation involves the joint sharing of risks, costs, but also benefits. Most such projects involve the reconstruction of cities or the renewal of public infrastructure (Arbulú, Lozano, Rey-Maquieira, 2017). Rather,

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existing research focuses on PPP projects at the national level and mainly in the field of building big technical infrastructure (eg. motorways, expressways). Research on public-private cooperation at regional and local level, appears in smaller numbers. Therefore, we decided to pay attention to the cooperation of municipalities and the private sector in the field of tourism.

The aim of the paper is the analysis of a selected model of public - private partnership (PPP) in the field of tourism at the local level in the conditions of the Slovak Republic. We also used multiple regression and correlation analysis to test the established hypotheses.

Literature Review

A public-private partnership is a formal agreement, usually concluded on a contractual basis, through which a public entity (government, regional or local authority) and one or more private entities decide to cooperate in the production or provision of services. Private entities are usually selected through a competition. The role of the public entity is to ensure the compliance of the implemented partnership with the public interest. To this end, the contract specifies exactly what tasks private entities must perform in terms of the services to be performed, the need for capital to be invested, the security regulations to be complied with, etc. Private entities generally participate through equity brought into construction activities or services offered. The neoliberal economic systems that have prevailed in recent centuries have created a many number of public-private partnerships across Europe (Stănese, Cărăuş, Ungureanu, 2017). They also confirm this Kuvíková, Gajdošová (2012) who based on the results of the survey, note that public - private partnerships involve the private sector in the provision of infrastructure assets and services in pursuit of value for money. Such partnerships stimulate cost reduction, qualitative innovation or create general preconditions for providing value for money. Holub (2009) notes that "value for money" is a comprehensive comparison of the procurement of a given project with the participation of a private partner and a procurement without its participation, it means a classic public procurement. Achieving "value for money" can be expected in areas where the presence of a private entity compared to public institutions in the long run shows greater work efficiency, respectively more efficient use of resources. The value for money analysis takes into account the quality, price and operational aspects of the project.

Tourism as a perspective sector of the national economy in the current highly competitive environment is influenced by the need for cooperation and coordination of its development. Partnerships between the private, public and non-profit sectors are being established in tourism destinations, which are one of the most effective tools for implementing coordinated processes aimed at increasing the quality of the destination product (Maráková, Medveďová, 2016). Also according to Gajdošík, Šmardová (2016) creating competitive products in urban destinations requires the cooperation of stakeholders in the development of tourism. These are representatives of the public (eg. local and regional government, cultural facilities), the private (eg. accommodation and restaurant facilities, travel agencies, sports and recreational facilities, transport companies) and the public sector (eg. tourism associations, management organizations in destinations). Their motives and barriers to cooperation to affect the competitiveness of destination cities is shown in table 1.

Table 1. Motives and barriers to stakeholder cooperation in target locations

Category	Motives for cooperation	Barriers to cooperation
Strategic	• creation of a complex product • addressing new markets for visitors	• setting unrealistic goals • lack of confidence
Financial	• better access to financial resources • cost reduction	• better access to financial resources • cost reduction
Information	• exchange of information • exchange of experience	• unwillingness to communicate • fear of information leakage
Marketing	• uniform marketing communication • building a brand and image • uniform reservation system	• non-identification with the image of the target site • a misuse of marketing for one-sided benefit

Source: Gajdošík, Šmardová, (2016)

The tourism sector plays an important and vital role in the economic and social development of the country. This sector is an important means of economic progress, which generates employment, foreign exchange, tax revenues and contributes to poverty alleviation in the country. In fact, tourism is the fastest growing industry in the world. However, the promotion of tourism is a critical issue for the government, as there is a great need for high quality infrastructure and services. The government itself is not always able to adequately develop infrastructure and investments in this area, therefore public-private partnerships have become a globally used term for creating projects in the field of infrastructure and provision of services in tourism. PPP enable the public sector to benefit from commercial dynamism, the ability to raise finance in an environment of budgetary constraints, innovation and

efficiency, which are exploited through the introduction of private sector investors who contribute their own capital, skills and experience (Singh, Khan, 2014). According to WTO (2015) the development of tourism in emerging economies is shaped by many factors, among which public-private partnerships play a key role, as they connect the public sector with tourism representatives in support of socio-economic development, sustainability, job creation and international competitiveness in tourism. This is also confirmed by Tshehla (2018) who notes that the government should adopt a model of public-private partnership in the implementation of infrastructure projects in the tourism sector. Such a model can be implemented especially in the field of creation of tourism products and their promotion. However, it requires the knowledge and skills of public sector workers for such a partnership to succeed (Korenkova, Urbanikova, 2014). The decisive factor for entering into such cooperation is to ensure feasible long-term economic operations and to provide the necessary socio-economic benefits for all parties involved, as well as a fair distribution of income and employment opportunities (Hudáková, 2015). The government should not underestimate the role of the private sector as a partner in creating and maintaining sustainable tourism projects. In connection with the ongoing decentralization reform in Ukraine, Pochernina (2020) notes that the public - private partnership began to be used in the process of strategic planning of tourism development at the regional level. According to the author, the initial phase of strategic planning in this context is the systematization of sustainable development goals. In this context, the author proposed a strategic model of public - private partnership focused on tourism, which consists of the following stages:

- prioritizing interlinked sustainable development goals,
- analysis of possible sources of financing PPP projects,
- identification of "point" PPP projects with synergistic potential for implementation based on public discussion,
- the division of responsibilities between entities and institutions and the stimulation of "point" PPP projects and the creation of a set of tools for their quantitative and time measurement,
- involvement of specialized institutions in the development and promotion of specific PPP projects,
- legitimization of the sustainable development strategy, simultaneous conclusion of PPP agreements.

According to Worku, Addis Tessema (2018) has public-private cooperation in the tourism sector has many business benefits for tourists, businesses and tourist destinations. However, compared to other economic sectors, tourism needs formal and informal cooperation, as a bigger number of different suppliers are involved in providing the resulting tourism product. Such cooperation also brings innovations to tourism and increases operational efficiency. Innovation plays according to Fiľa, Kučera (2016) the central role of the knowledge economy (characterized by the production of high value-added goods and services) and are also a key element of economic development and a driving force for economic development. Countries with the most developed economies are characterized not only by a more stable economy, higher living standards, but also higher innovation performance compared to other countries (Hudakova, Urbancova, Vnouckova, 2019, Vojtech, Levický, Filip, 2019). It also confirms Wray (2011), who state that cooperation in tourist destinations requires the development of partnerships between public and private stakeholders. However, according to Thiyane, Sibanda, Katrodia (2018) each actor in a public-private partnership has a role to play that needs to be identified and communicated in the creation of the partnership. All stakeholders must have a clear understanding of each role in order to avoid duplication of functions and responsibilities. The main role of the government is to ensure that local economic development is facilitated, focusing on the relevant key economic sectors. Each actor in a public-private partnership has a role to play that needs to be identified and communicated in the creation of the partnership. All stakeholders must have a clear understanding of each role in order to avoid duplication of functions and responsibilities. The main role of the government is to ensure that local economic development is facilitated, focusing on the relevant key economic sectors (Maličká, 2019, Andrejovska, Pulikova, 2018). The government must ensure that it develops policies that support local economic development through a public-private partnership model (Holubek, Vrabelova, Maros 2014). Wong, de Lacy Jiang (2012) indicate the result obtained from the primary data were collected by means of face-to-face in-depth interviews with key stakeholders (four government officials, three representatives of Samoa Tourism and Samoa Hotel Association and six business in tourism) in Samoa between January and November 2010. Their findings show that when creating PPP projects in tourism, it is necessary to establish a certain level of trust between the public and private sectors. Goals that are mutually beneficial must be set at the outset. On the government side, it is primarily their responsibility to formulate a transparent and practical PPP policy. As far as the private sector is concerned, their entrepreneurial spirit and innovation are invaluable assets that facilitate the creation and process of PPPs. In the Samoa region, it is mostly small and medium-sized enterprises and tourism companies that have formed an alliance in order to pool their resources and improve their negotiating position with the government. Empirical findings show that PPP projects can indeed potentially contribute to achieving mutually beneficial goals through public-private partnerships. On the other hand, they state that there are no standard forms of PPP projects. The policies governing public-private partnerships must be adopted by beneficiaries through government structures. Pan, Nedelea (2018) note that PPP in the field of cultural tourism require long-term operations compared to general PPP, and therefore the government should decide to have more operational and capable private partners to cooperate in the field of cultural tourism. At the same time, the PPP project in the field of cultural tourism should make full use of the role of experts and consultancy agencies and synergies should be achieved between

tourism professionals, financial experts, legal experts and professional consultancy agencies. Financing and efficiency are also according to Cheng, Yang, Gao, Tao, Xu (2018) important factors limiting the sustainable development of tourism in developing countries. Such development can also be achieved through socially responsible business of tourism companies. At the local level, we can characterize this concept as a continuous process of finding alternatives that equally satisfy the needs of current interest groups and at the same time are a better solution in terms of long-term sustainability (Beresecká, Hroncová-Vicianová, 2020). PPP is an innovative model for solving the above problems and is popular in the sustainable development of tourism worldwide. Evaluating the performance of PPP in the field of tourism is a key step in promoting PPP policy and sustainable development. Research in China shows that there are significant spatial differences in PPP tourism projects. Although PPPs in the field of tourism are the result of the interaction of several factors, the decisive factor is the financial factor. PPPs act as a driving force for China's tourism development policy. They eliminate spatial differences between the sources and factors of tourism, removes spatial barriers and supports the implementation of spatial justice in tourism development. In Spain Zapata, Hall (2012) in the research of public-private partnerships at the level of local tourism, they mention the emergence of hybrid quasi-public and quasi-private partnerships. The organizational development of both partnerships is the result of the institutionalization of tourism areas and at the same time the result of the political situation in society. With Spain's entry into the Eurozone, these hybrid partnerships (quasi-public and quasi-private partnerships) converged. However, these quasi-private partnerships in tourism (such as trade associations) are increasingly dependent on public resources. Nechita (2015) notes that the joint involvement of local institutions, private operators and NGOs needs to be used in complex projects that have an impact on the development of urban tourism. Such partnerships in the management of urban destinations are the basis for building competitive destinations (Candrea, Constantin, Ispas, 2017).

Methods

Municipalities enter into PPP projects with tourism enterprises in order to create Local Tourism Organizations (LTO). LTO is a legal entity established under Act No. 91/2010 Coll. on the promotion of tourism. It supports and creates conditions for the development of tourism in its territory and protects the interests of its members.

The aim of the paper is the analysis of a selected model of public - private partnership (PPP) in the field of tourism at the local level in the conditions of the Slovak Republic. In order to fulfill this aim, we have chosen the following hypotheses:

H_1: There is a dependence of the number of regional tourism organizations on the involvement and membership of municipalities

H_2: There is the relationship between the amount of sales for accommodation and the amount of subsidies provided by the local tourism organization.

The research sample consisted of 2927 municipalities in the Slovak Republic, within which we examined their membership in regional tourism organizations. Regional tourism organizations are registered in the "Register of Local Tourism Organizations (LTO)" by the Ministry of Transport and Construction of the Slovak Republic and are published and available on: https://www.mindop.sk/ministerstvo-1/cestovny-ruch-7/register-organizacii-cestovneho-ruchu/register-oblastnych-organizacii-cestovneho-ruchu.The analysis was performed in the months of February - April 2020 according to the current data of the published register.

For analysis we used several statistical methods: regression and correlation analysis method, ANOVA. The method of regression and correlation analysis is used to identify and mathematically describe the statistical dependence between quantitative statistical features. The relationship between several quantitative characters, where one character is dependent (y) from several independent ones (x1, x2, ... xk), we call multiple dependencies. Suppose that between the dependent variable Y and the explanatory (independent) variables Xi i = 1, 2, ... k is the dependence described by the equation (1):

$$Y = f (X_1, X_2, ... X_k, \beta_0, \beta_1, \beta_2, ... \beta_k) + \varepsilon \text{ which we estimate: } y_j' = f (x_{1j}, x_{2j}, ... x_{kj}, b_0, b_1, ... b_k) \quad (1)$$

where

$X_1, X_2, ... X_k$ – value of the independent variable
$\beta_0, \beta_1, \beta_2, ... \beta_k$ – estimates of unknown parameters of regression coefficients
$x_{1j}, x_{2j}, ... x_{kj}$ – values of the independent variables
$b_0, b_1, ... b_k$ - b_0 – locating constant, b_1-b_k - regression coefficients

We calculate the multiple dependency using the Data Analysis tool in Excel. The output of regression and correlation analysis consists of three parts: the first part is the output of correlation analysis, the second part is the ANOVA output, where we test the suitability of the model used, the significance of the correlation coefficient and the coefficient of determination. The third part is the output of regression analysis. The first part of the output is the results related to correlation analysis. The value of Multiple R (multiple correlation coefficient) the closer to 1, the stronger the dependence. If the value of the multiple correlation coefficient is from 0 - 0.3, it is a weak statistical

dependence, 0.3 - 0.6 medium strong statistical dependence, 0.6 - 1 high statistical dependence between the examined variables. The value of R Square (coefficient of determination) after multiplication by 100 (%) indicates that the percentage of the chosen regression function explains the variability of the dependent variable, the rest represents unexplained variability, the influence of random factors and other non-specific influences.

In the ANOVA section, we test the null hypothesis, which states that the model we have chosen to explain the dependence (in our case, the linear model) is not suitable, the alternative hypothesis states the opposite. The F test is used to evaluate this statement. Significance value F <0.05. We reject H_0, which means that the model was chosen correctly.

The regression functions have the form

$$y' = -1.3625 + 0.2887x_1 \tag{2}$$

$$y' = 13310477 + 65.9832x_1 \tag{3}$$

The null hypotheses that are tested in this section relate to the significance of the locating constant (Intercept) and regression coefficients (b1, b2, b3, b4), while the null hypothesis states the insignificance of the relevant coefficient and the alternative hypothesis its significance. P-values will be used to evaluate these statements. If the P - value is> 0.05, the coefficient is statistically insignificant and if the P - value is <0.05, the coefficient is statistically significant (Matejková, Pietriková, Poláková, 2015).

The data for the analysis were data obtained from the Register of Local Tourism Organizations (LTO) in the Slovak Republic and the FINSTAT database.

Results and Discussion

The extent and form of private capital participation in the provision of public services at the local level has long been the subject of professional discussions. The limited ability of public budgets to finance large infrastructure projects, the pressure to reduce public debt and the drive for efficiency create room for activating the private sector.

Tourism in Slovak Republic is a specific sector that has a cross-sectional character, affects several spheres of the national economy, its economic importance is undeniable, but in Slovak Republic it does not have a separate institutional anchorage, it does not have a sufficient legislative background, which leads to problems (Beresecká, 2018).

According to Act No. 369/1990 Coll. on municipal establishment, as amended, municipalities may cooperate:
- on the basis of a contract concluded in order to carry out a specific task, activity,
- on the basis of an agreement on the establishment of an association of municipalities,
- establishing or establishing a legal entity under a special law.

Many municipalities have used the legislative possibilities of associating self-governing institutions and business entities, or other entities in tourism as well. By adopting Act No. 91/2010 Coll. on the support of tourism, the main goal of which was to motivate tourism entities to ensure coordination of activities, it means destination management in regions and areas of tourism, therefore a system element that was significantly absent in the conditions of Slovak Republic.

The Act also regulates the provision of subsidies to support the development of tourism and the possibility of municipalities to associate without meeting the conditions of a common cadastral area, thus creating conditions for tourism development in its founders and members, with the aim of sustainable tourism development and protection of its members' interests.

Table 2. Individual levels of tourism management in the Slovak Republic

Level of management	Organizations
National	Government of the Slovak Republic, Ministry of Transport and Construction of the Slovak Republic
Regional	Higher Territorial Units, Regional Tourism Organizations, Tourist Information Centers
Local	Municipalities, Local Tourism Organizations, Tourist Information Centers

Source: Act No. 91/2010 Coll., own processing

Although the decisive role in the development of tourism is play the private sector, the role of the public sector is to formulate a strategy for its development and to define tools for its provision. Therefore, the essence of the state policy in tourism and the necessity of its new orientation is important. At present, these institutions and organizations are the main bearers of decision-making processes in the creation of the state tourism policy (Tab. 2). In supporting tourism, the Government of the Slovak Republic focuses on increasing the number of tourists and the length of their stay in Slovakia through effective destination management through local tourism organizations and active marketing presentation of the country. Regional and local organizations are legal entities that support and create conditions

for the development of tourism in the region, in the case of a local organization in their territory and protect the interests of their members. A more detailed description of the local tourism organization is provided in Tab. 3.

Table 3. Characteristics of Local Tourism Organizations in the Slovak Republic

	Local Tourism Organization
Formation	municipalities and entrepreneurs
Establishment	Memorandum of Association, 1) business entities and at least 5 municipalities, if the number of overnight stays in the previous year was at least 100,000 visitors 2) less than 5 municipalities if the number of overnight stays was at least 250,000
Registration requirements	Memorandum of association, Articles of association, Minutes
Authorities	General meeting, Board of directors, supervisory board Executive Director
Funding	Membership fees
Character	Non-profit, returns are its revenues and are not distributed among the members

Source: Act No. 91/2010 Coll., own processing

Tourism organizations in Slovak Republic (7 regional, 35 local) are associations of self-governing and business entities in the field of tourism services, which form a common platform for the development of tourism in the destination. Every entity of tourism located within the territorial scope of the local tourism organization has the right to become a member. These organizations are to help create a complex product in the regions and thus increase visit in the regions. The rights and obligations of the local tourism organizations are regulated by § 15 of Act No. 91/2010 Coll., and above all supports the activities of its members in the creation and implementation of the concept of tourism development in its territory, creates and implements marketing and promotion of tourism for its members and the municipality at home and abroad. It promotes the common interests of its members, cooperates with municipal authorities in the development of the territory within its competence, including the elaboration and implementation of its support and development programs, supports cultural, social and sports life and preservation of natural and cultural heritage, organizes events for residents and visitors. In addition, it provides its members with advisory and consulting services, processes and submits tourism development projects and ensures their implementation. It promotes the sustainable development of tourism in such a way as to protect and preserve the environment in all its aspects and to respect the way of life of the local population and respect for property rights. It compiles and implements the concept of tourism development, based on its own analyses, the regional concept of tourism and the national concept of tourism, in cooperation with the municipal authorities that are its members.

A local tourism organization may also be established by less than five municipalities if the total number of overnight stays in accommodation establishments in the territory of the founding municipalities in the previous calendar year was at least 250,000. The intensity of actors involved in regional tourism organizations and their spatial distribution is provided in Tab.3.

According to the OECD, Slovak Republic is one of the rural countries, which is why the support of tourism focuses mainly on this area. 45.3% of the total population of the Slovak Republic lives in the Slovak countryside, while almost all municipalities have natural and cultural preconditions for tourist use. Support for rural and rural regions according to Trhlínová, Jelínková (2014) belongs among the priority areas for the support of regional development at the level of individual nation states as well as the European Union. Rural areas represent a specific form of Europe's cultural heritage, its development potential is influenced by social, cultural, urban, environmental and economic specifics, which can be a factor and at the same time a barrier to strengthening the quality of life of residents of small settlements and municipalities.

A specific role in rural development is played by the so-called social capital, resp. mutual relations, networks and trust. Support for this segment is also possible through LTO. Another motivation for associating tourism entities into regional and local tourism organizations is the provision of subsidies from the budget chapter of the Ministry of Transport and Construction of the Slovak Republic, which supports the main activities of local tourism organizations through a subsidy mechanism in accordance with § 29 section 10 of Act 91/2010 Coll. on the promotion of tourism.

Table 4. Involvement and membership of actors in local tourism organizations in the Slovak Republic

Regions in SR	Number of LTO	Number of subjects in LTO	Number of municipalities	Intensity of municipalities
Bratislava region	3	114	16	7,13
Trnava region	4	91	22	4,14
Trenčin region	4	94	15	6,27
Žilina region	6	136	53	2,57
Nitra region	2	30	8	3,75
Banská Bystrica region	6	257	100	2,57
Prešov region	7	101	38	2,66
Košice region	3	130	17	7,67
Slovak Republic	**35**	**953**	**269**	**3,54**

Source: Register of Local Tourism Organizations in the Slovak Republic, 2020, own processing

Most LTO are registered in the Prešov region, slightly less in the Žilina and Banská Bystrica regions. From the point of view of tourism, these regions have the greatest potential for the development of tourism. Despite the fact that most LTO is in the Prešov region, the number of entities involved in these organizations is the lowest in comparison with the Žilina and Banská Bystrica regions (Tab.4). The relatively unequal representation of entities in the LTO is related on the one hand to the conditions created for the development of tourism in the region, its economic development, on the other hand it is closely related to the settlement structure. This is also confirmed Knežová (2016) who states that Slovak Republic belongs to the group of countries with a highly fragmented settlement structure, which is characterized by a high proportion of small municipalities with less than 500 inhabitants, up to 66% of municipalities out of a total of 2890 municipalities are in the size category of up to 1000 inhabitants. This situation is the result of a sharp increase in independent municipalities as a manifestation of their regained freedom. Just Prešov region that is one of the regions with a very scattered settlement structure and a big number of small municipalities, which ultimately has an impact on the number of business entities in this area, which could be part of the LTO.

Table 5. Dependence of the number of municipalities on the number of entities in the LTO in the Slovak Republic

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0,983483
R Square	0,9672388
Adjusted R Square	0,9625586
Standard Error	16,156135
Observations	9

ANOVA

	df	SS	MS	F	Significance F
Regression	1	53944,411	53944,4	206,6672	1,8763E-06
Residual	7	1827,1449	261,021		
Total	8	55771,556			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95,0%	Upper 95,0%
Intercept	-1,362555	6,8622176	-0,1986	0,848251	-17,589121	14,864011	-17,58912	14,86401
Subjekty v OOCR	0,2887004	0,0200822	14,3759	1,88E-06	0,24121352	0,3361873	0,2412135	0,336187

Source: own processing by authors

In order to test the H1 hypothesis, we examined the relationship between the number of municipalities and the number of subjects in the LTO. The value of Multiple R of the multiple correlation coefficient 0.98348298 indicates a strong statistical dependence. The value of the coefficient of determination, R Square 0.96723877 explains the 96% variability. A Significance F value of 1.8763 means that the model as a whole is statistically significant. The

result of the coefficient 0.28870042 can theoretically be justified by the fact that if the number of municipalities increases by 10, then the number of LTO will increase by almost 3 (Tab.5).
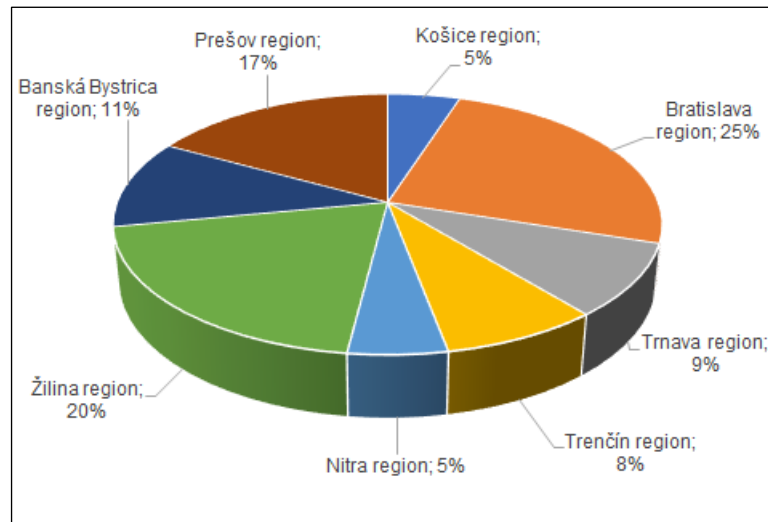
Fig. 1. Share of sales from accommodation in tourism firms in 2018 in individual regions of the Slovak Republic

Source: Statistical Office of the Slovak Republic,2020, own processing

The results show that the highest share of sales for accommodation is in the Bratislava region, the lowest share in the Nitra and Košice regions (fig.1). The Bratislava region is significant in that it has a low number of local tourism organizations, with a relatively high representation of entities. Such a result can also be reported in the Košice and Nitra regions in relation to the number of LTO and the number of entities in the LTO. At the same time, in the Bratislava region, there is also the capital of Slovak Republic, which is frequently visited by tourists.

Table 6. Dependence of the amount of revenues from accommodation on subsidies

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0,89746931
R Square	0,80545116
Adjusted R Square	0,77302635
Standard Error	14815671,2
Observations	8

ANOVA

	df	SS	MS	F	Significance F
Regression	1	5,45261E+15	5,45261E+15	24,8405842	0,002491682
Residual	6	1,31702E+15	2,19504E+14		
Total	7	6,76964E+15			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95,0%	Upper 95,0%
Intercept	13310477	9627345,374	1,382569798	0,21605582	-10246788,54	36867742,44	-10246788,54	36867742,44
Subsidy	65,9832383	13,23892504	4,984032922	0,00249168	33,58875568	98,37772085	33,58875568	98,37772085

Source: own processing by authors

The second hypothesis tests the relationship between the amount of sales for accommodation and the amount of subsidies provided by the local tourism organization. Multiple R of 0.897469 speaks of strong statistical dependence, R Square of 0.805451 speaks of 80% variability. Significance F means that the model as a whole is statistically significant. The result of 65.98324 means that the state will increase the subsidy by 100 €, so the amount of revenues will increase by 6,598 € (Tab. 6).

Conclusion

Although tourism in the 2014-2020 programming period is not one of the EU's priorities and support for these

activities is only indirect, Local Tourism Organizations could be an opportunity for the development of tourism in individual regions of Slovak Republic. The results of the analysis show that in 2018, there were 35 LTO in Slovak Republic, in which 953 entities and 269 municipalities were involved. At the same time, a statistically significant dependence of selected economic benefits resulting from this PPP model was demonstrated.

The research results confirm hypothesis 1 that there is a strong relationship between the number of municipalities involved in LTO membership and the number of LTO. The statistically significant result suggests that if the number of municipalities involved in LTO increases, so will the number of LTO organizations. Cooperation and sharing of experience and knowledge is of multidimensional importance for municipalities.

The results of the analysis confirm the hypothesis that for Local Tourism Organization is significant scope of municipalities in these organizations. As well as H2 hypothesis that there is the relationship between the amount of sales for accommodation and the amount of subsidies provided by the local tourism organization.

Tourism and its support could bring an increase in living standards, social and economic development of rural regions of Slovakia. The potential for development should be, in particular, in targeted support for the development of small family and medium-sized agricultural and food businesses, forestry and tourism. Although cooperation between the private and public sectors does not mean immediate savings, it increases the quality of municipal performance potential. At the same time, such cooperation can contribute to strengthening of the economy and development of the whole region by creating structures and network systems that will make it possible to identify synergies in good time and ultimately exploit them.

The content of the article, due to its scope, has several limits, which at the same time give rise to further research. These include for example examination of other economic indicators of evaluation of the impact of cooperation and involvement of municipalities in the LTO through the development of the dynamics of business entities in tourism, the development of the dynamics of the number of organized events and their economic benefits for example on the budget of municipalities.

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