

## Chapter 13

# Culture and Tourism: Hidden Potential for Slovak Economy

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### Abstract

The aim of the chapter is to clarify the importance of culture and tourism in the economy of Slovakia in the context of social and economic changes in recent years. Culture as a part of every society, an element that defines, unites, and at the same time divides, today undoubtedly belongs to the economic activity of the country with its material outputs. In the last two decades, the share of culture and creative industry in gross domestic product (GDP) has been growing both in the entire Union and in Slovakia. Despite the fact that Slovakia has a huge cultural capital that can be transformed into cultural output, this area is often outside the interest of policymakers. However, culture is a catalyst for economic growth, a tool for regional development, a source of employment, and a contributor to social inclusion. Together with tourism, they represent a significant potential for regional development in Slovakia.

*Keywords:* Culture; cultural capital; creative industries; tourism; regional development; sustainable development

## 1. Introduction

Culture, which represents a summation of values, norms, beliefs, symbols, and rituals is the basis of every society. Individual communities create their own culture, which is specific. Moreover, culture is alive, that is, it is constantly changing. It is necessary to cultivate it, that is, improve it. Currently, the question of the importance of culture for society and culture as a source of creativity and a catalyst of knowledge is coming to the fore. The basis of the current, so-called knowledge economy is the quality of information, knowledge, ideas.

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According to [Castells and Cardoso \(2005\)](#), knowledge is also the basis of culture. Nowadays, we think about the economization of culture. This means that certain economic benefits are attributed to culture. Compared to other economic sectors, culture shows a number of fundamental differences and is economically presented as a tool for the development of regions, a catalyst for economic growth, an important source of employment, and a positive factor for social integration and cohesion. The basis of cultural diversity is also the strengthening of cultural identity, both at the national and regional level. Today, diversity is understood as one of the basic prerequisites for sustainable growth and prosperity on a global scale.

John Hawkes offers the definition that culture is The Fourth Pillar of Sustainability. According to [Hawkes \(2001\)](#), culture allows people to express themselves, creates a sense of connection and cooperation. Traditional cultural production (such as crafts) allows people who are for various reasons not employed to participate in the economic process. This effect is mostly present in developing countries where there is hardly any job opportunity. It enables women to be better involved (not only on maternity leave) in social life and fosters community feeling and belonging, which ultimately leads to strengthening of cultural identity.

Cultural activities bring together people with different opinions, habits, and beliefs from different conditions and thus contribute to increasing intercultural competences and mutual understanding. Recognizing and understanding each other's differences contributes to the prevention of unwanted attitudes such as bullying, racism, and improves the involvement of disadvantaged groups. The role of culture in every society is therefore undeniable. Together with tourism, which is often connected to creative industries, it represents the hidden potential for future Slovak economy.

## 2. Culture in the Slovak Economy

Slovak culture was born on the background of European culture; hence, it is based on the European cultural context with the strong Christian tradition. Starting from the historical context, Slovak culture built its nationality under the influence of political, economic, and social changes. After 1989, it began to fully open up to the influence of world culture ([Mistrič, 2006](#)). Today, the economization of culture as a trend manifests itself throughout the European Union (EU) through the concept of the creative industry. The concept of creative industry is developing relatively slowly in Slovakia. Compared to the countries of Western Europe, this development was also influenced by the country's socialist past. The rebirth of the post-Soviet society also means rediscovering its cultural values.

In Slovakia, the creative industry was not included in any policy until recently, and therefore its contribution to economic development was not even mapped. However, the Government of the Slovak Republic adopted in 2011 the Basic concepts for the support of the cultural and creative industries in the Slovak

Republic, which should have served for the inevitable updating of Slovakia's national economic policy in relation to the creative industries ([Ministerstvo kultúry SR, 2011](#)). The understanding and definition of the creative industry in Slovakia is based on the EU's methodology for determining the creative industry. It divides the creative industry into the cultural sector and the creative sector. According to the materials of the Government of the Slovak Republic, the creative industry "is a summary of industries that are built on the use of the results of mental creative activity in the field of art, culture and other industries; creates an entire exploitation chain, ranging from the creation of conditions for creative activity, through production to the restoration (redesign) of its results" ([Ministerstvo kultúry SR & Ministerstvo hospodárstva SR, 2014](#)). The creative industry falls under the purview of the Ministry of Culture, which, in addition to the initial material, also prepared the Initial Strategies for the Development of the Creative Industry in the Slovak Republic. From the point of view of conceptualization, the year 2015, when the government adopted the Action Plan, is particularly significant. The plan promised to apply the ESS-net Culture methodology in practice ([Ministerstvo kultúry SR & Ministerstvo hospodárstva SR, 2015](#)). The result is now finally a functional satellite account of the creative industry in Slovakia, which allows statistical mapping of individual industries and thus monitoring their development. The satellite account of the cultural and creative industry in Slovakia is methodologically and content-wise based on the final documents of the ESSnet-Culture project, which was created by Eurostat in 2009–2012 and which became the starting point for building international harmonized statistics on culture and creative industry. The account was created as a subsystem of the national accounts of the Slovak Republic, which is based on the methodology and concepts of the system of national accounts of the Slovak Republic. The branches of cultural and creative industries make up nine areas in the satellite account, namely Cultural Heritage, Periodical and Non-Periodical Press, Visual Arts and Crafts, Architecture, Performing (Scenic) Arts, Audiovisual Media, Advertising, Art Education, and Support Services for CCIs Areas ([Ministerstvo kultúry SR, 2022](#)).

Before the existence of the satellite account of the creative industries, it was rather problematic to accurately identify the units that can be included. The first attempt at comprehensive mapping of individual cultural and creative sectors came in 2013, when a study by Neulogy was published. The study chose a composite work methodology, mapping macroeconomic indicators but also regional characteristics ([Neulogy, 2013](#)). In March 2020, the renowned KEA agency in cooperation with the European Commission completed the annual project of strategic evaluation of measures to support the development of the cultural industry in Slovakia, while also issuing a package of recommendations. According to the study, the Slovak government has recognized the importance of the cultural industry for the economic and social development of the country. It also considers it remarkable that Slovakia allocated 270 million EUR from the Integrated Regional Operational Program (IROP) 2014–2020 to support the development of the cultural and creative industry in the regions ([KEA, 2020](#)).

Overall, the perception of the creative industry has become more holistic, but the biggest shortcomings can be identified as the low competitiveness of the industries and the very short standardized statistical survey.

In the pre-COVID period, the cultural and creative industries were developing very dynamically. The EY's study on the creative industry in the EU has already revealed that during the global economic crisis, when almost all other industries recorded a decline in production and income, it was the regional industries that grew. They thus became a source of employment, especially for young people (EY, 2014).

The period before the pandemic was positive for the cultural and creative industry in Slovakia. The sector as a whole grew year-on-year. The added value in 2020 amounted to 1,498.28 million EUR, which was a decrease of 44.758 million EUR compared to 2019 (Horecká & Némethová, 2022). One of the most analyzed economic indicators of the economy is, of course, the gross domestic product (GDP). The GDP of cultural and creative industries in 2020 was 1,550.505 million EUR, which represented a decrease of 47.474 million EUR compared to 2019. According to statistics, three sectors have the largest share on the GDP of the entire sector, namely the sector outside the direct activity of the creative industry (but producing creative production) with a share of about 24%, followed by the advertising sector with a share of 15% and audiovisual production with a share of 11%. In 2020, the share of the cultural and creative industry in the entire economy of Slovakia was up to 1.68%, which is more than tourism with only 1.45% (Horecká & Némethová, 2022).

In Slovakia, the total revenues of the cultural and creative sector in 2017 amounted to 963.7 million EUR. The most prosperous and most potential sub-sector was gaming industry with the significant growth of +267% (revenues) and +1568% (employment) during the period 2013–2017 (KEA, 2020). Overall, the audiovisual sector of the creative industries recorded growth of +46,6% (KEA, 2020). Music industry itself generated +30% revenue. Majority of the Slovak creative industries are composed of micro and small enterprises (less than 10 employees). Self-employment represented 61% of the total employment in the sector. In the period 2013–2017, employment in the audio-visual sector grew most (16%). However, the largest percentage of people employed in the creative industries work in the book sector (KEA, 2020). Some aspects of the culture and creative industries in Slovakia are illustrated in Fig. 13.1.

### 3. The COVID Times

According to the EY (2021) study, creative industries is one of the sectors most affected by the pandemic. In total, the cultural and creative economy in Europe lost up to 31% of its turnover, which is more than, for example, tourism (27%) or the automotive industry (25%). The only sector that matched creative industries in this unpleasant comparison was air transport (31%). The total turnover of cultural and creative enterprises thus fell by 199 billion EUR. The impact of the pandemic on culture and the creative industry are the worst in the area of Central and

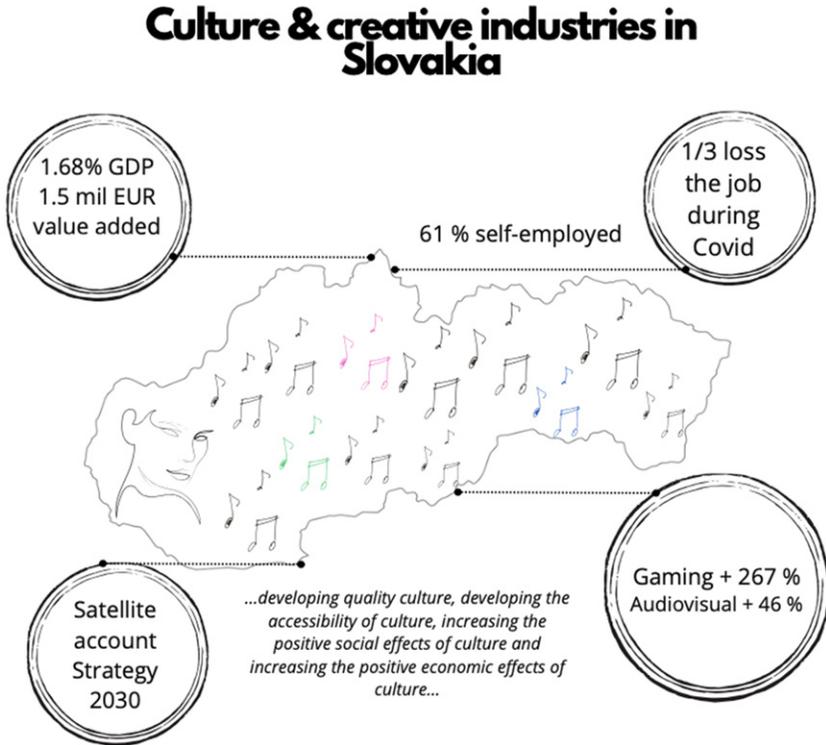


Fig. 13.1. Culture and Creative Industries in Slovakia. *Source:* Author's own processing.

Eastern Europe, and the shocks are felt in all cultural and creative industries. The most affected are performing arts (−90%) and music (−76%). The only area of creative industries that managed to maintain its income in 2020 was the gaming sector (+9%).

When the world was hit by the COVID pandemic, 220,000 people worked in the cultural and creative industry in Slovakia (9% of the workforce). About one third of them have been facing the decline in the performance by more than 80%, in some industries up to 90% (Collective of authors, 2020). According to SOZA (2020) data, only around 2,000 events were reported throughout Slovakia in 2020. For comparison, in 2019, there were more than 11,000 of them. In April 2020, the survey of the platform “We stand by culture” collected the data to identify the basic impacts of pandemics on the creative industries. The Institute of Cultural Policy also provided a basic analysis. The results showed that people working in the sector of cultural events are at existential risk of income loss (Inštitút kultúrnej politiky, 2020).

The first wave of the pandemic also brought a package of first measures. Basic financial support mechanism, also for the field of culture, was the possibility to obtain a contribution to wages in the amount of 80% if the employer maintains employment at the level of the period before the pandemics. Within the pandemic support measures, particular attention was paid to the Law on Subsidies from the Ministry of Culture, which was approved by the parliament in October 2020. The law applied to workers in culture, arts and crafts, technical and support professions, as well as professions in the field of audiovisual culture and film artists who work in the cultural and creative industries as self-employed persons ([Ministerstvo kultúry SR, 2020](#)). The law allowed the voluntary deduction of two percent contribution to artistic funds (Literary Fund, Musical Fund and Fine Arts Fund). Organizers of festivals and other cultural events were allowed to postpone the validity of purchased tickets for events that were supposed to take place until June 30, 2021, but due to the pandemic, they were canceled. Extension was possible until June 30, 2022.

Despite the measures taken, it can be stated that not a single scheme affected one of the key actors of culture in Slovakia – cultural facilities. The Association of Cultural Institutions of Cities and Towns of Slovakia also drew attention to this problem ([AKIS, 2020](#)). Cultural institutions, such as cultural houses, mostly operate in Slovakia on a basis of contributions within the founding jurisdiction of the city or municipality. Their income is partly made up of contributions and partly of own income from ticket sales. These institutions cover several activities, but above all they create an environment for the presentation of culture – they fulfill the role of cinemas (mostly single-screen cinemas in Slovakia), theaters, concert halls, exhibition halls, participate in educational activities. Thus, in most municipalities and towns in Slovakia, they have multifunctional cultural houses that have the necessary equipment material and technical equipment and especially a dignified space that is directly created and maintained to fulfill the role of a cinema hall and a theater hall. Cultural centers have their permanent staff employees who, as a result of the pandemic, found themselves in the same unfavorable situation as the artists themselves. If adequate help is not provided to these cultural institutions, there is a risk the disappearance of spaces for the presentation of culture at the local and regional level. This may lead to a narrowing of the cultural offer, which ultimately can bring serious consequences in the form of a change in values and attitude of society toward art and culture, influence on the development of society, especially youth and the threat to social inclusion of excluded groups.

#### **4. Hidden Potential of Culture for the Slovak Economy**

The financial support from the European funds represents a very good opportunity for the development of creative industries in the regions. Entrepreneurship in creative industries in Slovakia is very volatile, the financial incentive can therefore be motivating. Development of creative industries at the regional level is the key for stable functioning of the whole sector. Regional development of

cultural and creative industry will help to bring the culture and creativity closer to the general public. Support for the regional development of creative work will also enable a better understanding for the needs of creative workers. Although the action plan was designed in cooperation and discussion with the professional public, the creative workers themselves see the support so far as theory rather than practice. Only practice can show more effective solutions and support models (including non-financial ones, for example).

The introduction of the ESSnet-Culture methodology is also a considerable benefit and opportunity, that is, the allocation of creative industries according to NACE codes. Such division enables to precisely define industries and its sub-categories. The biggest benefit of the methodology is the possibility to measure creative industries. Cultural and creative industries have recently become interesting for economists, because several studies have indicated that they behave differently from other industries. One example was demonstrated during the Global Financial Crisis back in 2008/2009. Despite the crisis, creative sector was growing and providing employment opportunities mostly for young people.

Development of creative thinking is also associated with innovative potential. Creativity as a creative process can be the first step which later may (but not necessarily) lead to innovation. So, it is impossible to identify creativity as innovation, but we understand creativity as an important part of innovation process. Creativity represents the process of creating new ideas and thoughts, while invention denotes a new idea or thought. For an even better understanding of the mutual relation between the concepts of creativity and innovation we should return to Schumpeter and his creative destruction (Schumpeter, 1976). That represents an innovative subversion of old systems. It is an ongoing process of changes – innovations of products and processes when new ones replace obsolete ones. At the same time up to 50% of productivity growth is precisely the process of creative destruction. Innovation means a shift, always for the better. Creativity is a constant change, unrest. However, this change may not automatically lead to the better, on the contrary, creativity (as a change) leads to the destruction of old systems. While creativity represents a process of absolute change, innovation is a strategic and long-term preparation to this change. Creativity and innovation are therefore closely related from an economic point of view. Creativity can be the basis of innovation, but unlike innovation, it does not always bring a positive shift.

Anderson et al. (2014) see creativity and innovation as inseparable parts of the same process. He therefore proposes one common definition of both creativity and innovation: “Creativity and innovation at work is the process, attempts and results of attempts to develop and introduce new and improved ways of doing things. Creativity is the phase of this process, in which new ideas are generated and innovation represents the next stage of implementation thoughts and ideas to improve work procedures, practices or products. Creativity and innovation can occur at the individual, team, organization or combined at more than one of these levels.” In simple terms, it could be said that creativity represents the beginning of something new, but we can only innovate what already exists. Creativity is, according to several authors (Amabile, 1996; Anderson et al., 2014), the first step

to innovation. On the other hand, creativity alone does not necessarily lead to innovation.

Culture has its central place in the knowledge economy. The communication of culture plays a dynamic role in the world of ideas, as it provides direct creative input through its ability to inspire and implement new ideas and new approaches. It helps to structure creative endeavors and promote quality through the application of traditional disciplines, the involvement of specialized skills, and the respect for authenticity that marks a truly cultural endeavor.

The problem for the future development of the sector and the release of its full potential is the underestimation of the influence and importance of the cultural and creative sector. While before the pandemic the economic value of the cultural and creative industry came to the fore, in recent years, we have been witnessing a return to the so-called public value. Culture and creative industries have a number of indirect effects in addition to their direct impact on the economy. Cultural wealth can be considered an important capital, for example, for the country's tourism. In addition, culture creates the morale of society and contributes to social inclusion. In very simple terms, culture distinguishes man from other creatures on this planet. At the same time, we learn culture, and during life, it is necessary to constantly improve it, that is, to cultivate it.

Slovak legislation and European structural funds help to develop the potential of the cultural and creative industry in Slovakia. The aim of the last support was to build creative centers in individual regions. Some creative centers (such as in Trnava or Trenčín) have already been built. Creative centers as institutions help the development of the cultural and creative industry in individual regions, that is, through activities that generate employment growth in the sector. These activities represent the development of creative talent, entrepreneurial skills, and the support of nontechnological innovations. The creative center helps support entrepreneurship in the creative industry, facilitates market access, helps build networks and clusters, and increases the demand for creative production. Creative centers cooperate with public administration, educational institutions. At the same time, their infrastructure is very complex, they provide workspaces, so-called co-working space, administrative spaces, laboratories, workshops, studios, and sales premises.

In 2023, the Culture Strategy 2030 was adopted by the Ministry of Culture. The extensive and complex document, which determines the future direction of culture and the creative industry in Slovakia, was created in extensive collaboration with experts, external collaborators, members of the Platform for Cultural and Creative Industry, as well as with the public. The document is based on the principles of participation, nonpartisanship, long-term perspective of development, and social impact. The new strategy proceeded with the definition of the main goal and subgoals of the cultural policy in Slovakia so that the cultural policy was assessed according to measurable parameters and the results were comparable to other public policies ([Ministerstvo kultúry SR, 2023](#)).

These goals include developing quality culture, developing the accessibility of culture, increasing the positive social effects of culture, and increasing the positive economic effects of culture. Individual subgoals are connected to each other and

influence each other. Cultural diversity can be a suitable way to protect society from dangerous phenomena that threaten democracy, such as extremism or xenophobia. Culture has, as well, potential in addressing climate change.

For a long time, a major obstacle to the development of the full potential of culture and the creative industry in Slovakia is its underestimation and under-dimensioning of its financing. This underestimation was supposed to be eliminated precisely by the introduction of the satellite account, with which it is possible to map the economic benefits of the industry. However, the individual activities included in the Slovak satellite account are not completely identical to foreign statistics. This does not allow a comparative analysis of the creative industry in Slovakia and abroad. Moreover, as far as international trade is concerned, the Slovak creative industry is largely closed to the outside world (Ministerstvo kultúry SR, 2023). Even though the share of public spending on culture in GDP in Slovakia is comparable to the EU average, the country has long been lagging behind other European countries in terms of the volume of private resources in culture. These detected shortcomings and threats are solved by the vision of the development of culture until 2030. The vision is based on seven strategic goals, it is a well-managed, high-quality, responsible, dignified, inclusive, respected, and effectively financed culture.

For the gradual improvement of the quality of services in culture, it is necessary to improve management processes systematically and continuously in cultural institutions. The national and regional self-government established cultural institutions are currently functioning in the legal forms of budget or contribution organization, while voices are heard seeking a legal form with greater flexibility and independence in financing and management. For the need to link the department of culture and key actors in the sector on various levels, the ministry responded already in 2020 by creating a platform for the cultural and creative industry as a potential tool for the development of culture and creativity, small and medium-sized businesses, innovations, employment, permanently sustainable urban and regional development, economic and social development, artistic education, tourism, and establishing international cooperation. This should be further transformed as a communication tool for the actors in the culture and creative industries (Ministerstvo kultúry SR, 2021).

The new strategy for the development of culture and the creative industry in Slovakia is based on global megatrends in the field of culture. Due to its rich cultural heritage, traditions, and crafts, Slovakia has a huge cultural potential. The inspiration for its development is also the overall development of the creative industry on the territory of the EU, of which Slovakia is a part. The dynamics of creative industry development in the EU before the pandemic represented a potential economic miracle. The industry grew by an incredible 17% between 2013 and 2019. In 2019, the creative industry employed around 4.4% of the workforce, which is 8.4 times more than, for example, the telecommunications sector (EY, 2021). In comparison with other countries, Slovakia belongs to the medium group of European countries with a share of CCI's GDP between 1.5% and 2% (EY, 2021). Only four countries with a highly developed cultural policy have a higher share of the creative industry in GDP. In addition, the Central

European market is one of the fastest growing, especially in the segment of video games and audiovisuals. Creative jobs tend to be held by younger and higher-educated people than the average.

The COVID pandemic has caused a huge external shock to the creative industry. Along with air transport, these were the sectors that paid the most for the crisis. In addition to financial aid for the creative sector, other priorities for its support are emerging as new, postpandemic challenges. An example is leveraging broader cross-sectoral links, especially with tourism, research and innovation, energy, transport and active mobility, and construction. Creative industry promotes and strengthens the European model of a social economy, where key players can help shape the EU's economy and welfare through sustainable, inclusive, democratic, and cooperative programs.

## 5. Tourism in the Slovak Economy

Tourism as such began to develop more significantly in the 18th century. Today, the term tourism is understood much more broadly. We are talking not just about leisure travel but about any movement of person with various goals. Tourism generally has a distinct economic and social impact. Tourism can be defined from the perspective of demand and from the perspective of supply. The demand perspective is largely based on leisure and related recreation. The supply perspective is broader and includes many other reasons for travel. For a standardized measurement of tourism performance, it is important, as with culture, to start from a satellite account that precisely defines individual areas. The satellite account of tourism in Slovakia began to be compiled in 2001, while the first data were published in 2007 ([Matlovičová et al., 2015](#)).

Tourist interest is derived from several key determinants. These determinants include the degree of economic growth, the population factor, the political factor, and today we can also include individual preferences and trends ([Matlovičová et al., 2015](#)). The higher the degree of economic growth, the greater the assumption of growth in interest in tourism. However, this premise does not apply completely across the board. A typical example is still developing countries in the region of Latin America or Southeast Asia. Countries such as Brazil or Thailand began to attract tourists while still in the process of industrialization. The population factor is closely linked precisely with the degree of economic development. The political factor is also important. These determinants include the degree of economic growth, the population factor, the political factor, and today we can also include individual preferences and trends.

The variety of forms of tourism is huge today. The most common forms include recreational tourism, water tourism, agritourism, cultural tourism (which also has several branches), or specialized tourism, which mainly attracts sports fans. Among the forms mentioned, in Slovakia, we find mainly cultural tourism, and within the specific forms mainly hiking tourism, cycle tourism, ski tourism, and among the recreational forms are water tourism and spa and wellness tourism.

Until the COVID pandemic, tourism in Slovakia had been recording an average growth of 5% year-on-year for about a decade (Özoğlu, 2020). Participation in domestic trips (together with foreign trips) exceeded participation in foreign trips alone. Preference was given to short-term trips. The most common reasons for not participating in any trip were health reasons, insufficient funds, or motivation to travel. It was mainly about the category of elderly. Since 2013, the number of employees in the tourism industry in Slovakia has been continuously growing. At the beginning of 2020, 162 thousand jobs were recorded in the tourism industry. In 2019, tourism share in GDP was up to 2.86% (Štatistický úrad, 2021a). In 2019, tourism produced a total value of 10.2 billion EUR. It is a summary of the production of characteristic tourism industries that are internationally comparable, as well as industries specific to tourism in Slovakia. The gross value added of all these industries amounted to 4.6 billion EUR (Štatistický úrad, 2021b). Participants in the tourism industry spent a total of almost 6.8 billion EUR (expenses of locals and foreigners on the territory of the Slovak Republic as well as expenses of citizens of the Slovak Republic on trips abroad). Total expenses increased by 15.8% year-on-year. Domestic tourism was particularly successful. Among the sectors, the largest volume was made up of domestic tourism expenditures (3.0 billion EUR). These expenses achieved year-on-year growth of almost 24%. However, the striking fact is that up to two thirds of visitors from abroad spent only one night in Slovakia. Slovakia is therefore becoming a destination especially for visiting the capital as part of traveling around Central Europe (especially the Prague-Vienna-Budapest triangle). At the same time, Slovak citizens spent almost 2.1 billion EUR on goods and services on trips abroad and foreigners who came to Slovakia 1.6 billion EUR (Štatistický úrad, 2021b). Some aspects of tourism in Slovakia are illustrated in Fig. 13.2.

## 6. The COVID Times

After the outbreak of the COVID pandemic, tourism in Slovakia recorded a year-on-year decrease of 54% in 2020, while the number of tourists from abroad decreased by more than 70% (Tajťáková, 2021). During the favorable year 2019, average year-on-year increase in domestic trips represented 23.7% while for foreign trips even 10.1% (Štatistický úrad, 2020). In 2020, however, there was a strong decrease of 45.6% for the domestic trips and 81.1% for foreign trips (Štatistický úrad, 2022). The pandemic has caused the loss of about one-tenth of jobs in tourism. In 2021, the share of tourism in Slovakia's GDP decreased to 1.4%, which is less than half the value compared to the best result in 2019. The average expenses for domestic trips decreased in 2020 compared to 2019 by 3.2 EUR and for foreign trips by 114 EUR (Štatistický úrad, 2022). In 2020, residents took domestic trips with staying overnight for personal purposes in particular in order to get to know new cities. Other reasons for domestic trips were a visit of rural and mountainous areas.

Due to ongoing pandemic, in 2021, 496 gastro and tourism enterprises were deleted from the commercial register (FinStat, 2021). The data for the year 2022,

# Tourism in Slovakia

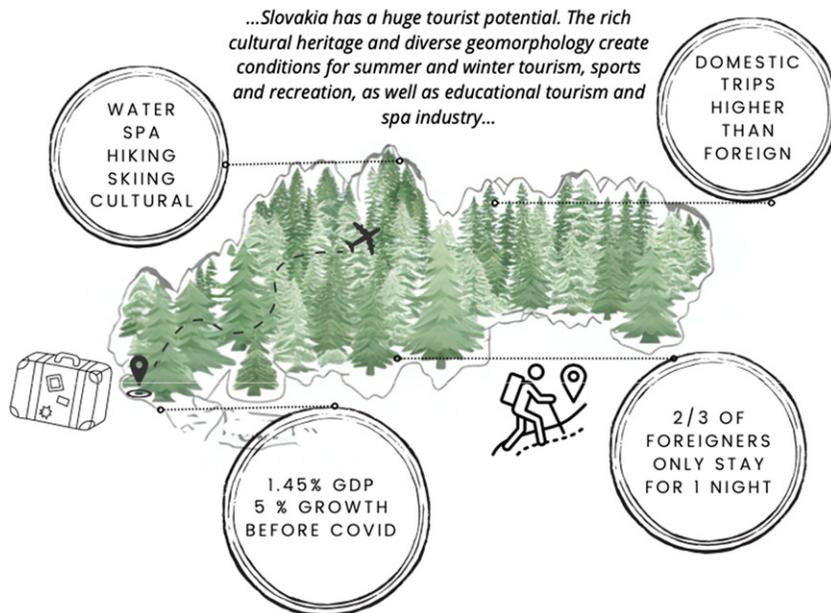


Fig. 13.2. Tourism in Slovakia. *Source:* Author's own processing.

when further impacts of the pandemic were shown, have, unfortunately, not yet been evaluated by the statistical office. Entrepreneurs in the tourism industry used state aid to mitigate the consequences of the pandemic. In addition, after the adoption of the amendment proposal, tourism organizations in the regions could temporarily use the provided subsidy from the state budget in the amount of up to 15% for operating costs in 2022 and 2023. Without aid schemes from the Ministry of Transport, 72% of tourism entrepreneurs would have to close their businesses. This follows from a survey conducted by the Department of Transport among 1,101 recipients of pandemic aid in the field of tourism (Trend, 2023). Despite the fact that, according to their own words, three-quarters of entrepreneurs would not have survived the pandemic without state aid, 62% of respondents described the amount of aid for tourism as insufficient or completely insufficient.

## 7. Hidden Potential of Tourism for the Slovak Economy

Considering global socioeconomic trends, tourism is one of the most promising economic sectors in the world economy. Increasing the standard of living of the population in the rapidly developing countries of Eastern Europe and Asia or the

tendency to shorten the length of working hours in Western Europe create conditions for the growth of demand for services in the field of travel and tourism. Global trends in tourism are also changing dynamically. Crowded world monuments are changing the interest of travelers. This causes a shift away from mass tourism and a return to regional and local tourism. According to the World Economic Forum's index, which measures the competitiveness of tourism in individual countries, Slovakia was ranked 60th. It is thus at the bottom of the EU member states. Slovakia has a huge tourist potential. The rich cultural heritage and diverse geomorphology create conditions for summer and winter tourism, sports and recreation, as well as educational tourism and spa industry. However, this potential is not fully exploited.

Tourism is developed on two levels – central and regional. The central level primarily provides support to regions and promotes Slovakia abroad. However, the greatest weight on the development of tourism lies with the regions themselves. Tourism is the so-called cross-cutting sector of the national economy, which means that it affects many other economic sectors (e.g. transport, construction, food industry, agriculture). Tourism contributes to the growth of tax and foreign exchange revenues and thus the growth of the GDP of the state and the region. It directly and indirectly creates jobs. It contributes to value creation and has a multiplier effect. The development of tourism stimulates structural changes in the regional economy in connection with the decline of traditional economic activity. At the same time, tourism participates in international cooperation. In addition, the development of tourism and the income obtained from it help preserve and enhance cultural heritage.

In Slovakia, the tourism development policy is governed by regionalization. The first regionalization was adopted in the 1960s. The last, most recent one, divides Slovakia into 21 regions (Gregorová et al., 2015). The division was based on the most general common characteristics of the territories, although it is not universal (Ministerstvo dopravy SR, 2005). In 2021, the first mapping study of tourism potential in Slovakia took place. When comparing the actual and potential market share, the study found that Slovakia is not in line with the market, which is a situation where the actual market share corresponds to the potential market share. Slovakia with a potential market share of 17% and an actual market share of 11% lags behind by 6% (HAM, 2021). According to the study, the technological environment represents a major threat to Slovak tourism. Slovakia lags behind significantly in science and research, and even in the field of tourism there has been no technological change. As a result, competitiveness against other countries deteriorates, despite favorable entry conditions. Other threats include still insufficiently developed infrastructure, weak electrification of public administration, strong bureaucracy, and public policy. Recently, in addition to the progressing climate change, more and more emphasis is being placed on the greening of tourism. The tourists themselves are interested in seeing intact nature, on the other hand, he demands perfect infrastructure, which often disturbs the protected area. This is a long-standing problem in locations such as the Tatras, where the interests of investors, tourists, and conservationists collide, and it is very difficult to reconcile these different interests.

Other economic threats are rising inflation and a drop in disposable income of the population. In addition, the pandemic has paradoxically increased the demands on the quality of the services provided (especially with regard to safety and accessibility). For the successful development of tourism potential, it is necessary to pay attention to the determinants that decide the choice of a tourist destination, such as the quality of the location, the quality of the services provided, the available facilities and products, and marketing. In 2016, Slovakia introduced a new marketing brand, Good Idea Slovakia (Čiefová & Goda, 2019). According to the [Ministry of Foreign and European Affairs \(2016\)](#), the aim of this national branding was to create and introduce into the presentation practice of the Slovak Republic a set of attractive, trustworthy communication messages and their graphic renderings, which relevant domestic actors identify with, and which will help in creating a positive image of Slovakia abroad. The Good Idea Slovakia brand covers not only tourism but creates the already mentioned national branding for Slovakia as such. Moreover, such a national strategy significantly helps tourism, as it represents a unifying element in communication abroad.

A positive assumption for tourism is that the target group of tourists traveling for recreation should return to the level of the 2019 by 2025. The scenario suggests that the volume (of overnight stays) is, however, recovering faster than revenues, which means that tourism revenues will not return to the 2019 level until 2030.

## 8. Conclusion

Culture and creativity are the basis of human being. In today's understanding, creativity is transformed into an economic result – it produces profit. The creative industry contributes to economic growth, sustainable development, promotes social inclusion, and preserves cultural heritage. When thinking about the benefits of the creative industry, in addition to economic values, its key role in global value chains should be emphasized. The creative industry stimulates innovation, brings added value as an element of social cohesion, and serves as an effective tool in the fight against the current recession. It helps preserve cultural heritage and helps promote social inclusion.

Slovakia has a huge cultural potential. Historical crafts together with modern art and dynamic sectors, such as video games, represent a promising potential for the Slovak economy. However, the cultural sectors in Slovakia have long been underfunded, marginalized, and on the sidelines of government priorities. Since culture also determines morality, these negative tendencies are also reflected in society. Despite this, it was the cultural community in Slovakia that mobilized and, together with other stakeholders as well as the wider professional public, prepared an extensive strategy for the development of culture and the creative industry until 2030. The strategically set goals, as long as they are fulfilled, will enable the full release of the potential of this sector for economic growth and development of society.

Hand in hand with the development of the potential of culture, we also monitor the growing potential of tourism in Slovakia. Culture and tourism are

very close to each other. It is the cultural heritage in any form that motivates the development of tourism in the region. At the same time, together with recreational tourism, cultural tourism also prevails in Slovakia. However, tourism, like the cultural industry, was affected by the COVID pandemic. Travel restrictions radically cut incomes, and even attendance itself. Without the necessary financial assistance from the state or the Union, many entrepreneurs working in culture and tourism would not survive. Both industries showed their most dynamic growth just before the pandemic, in 2018–2019. Slovakia is trying to support its tourism potential with national branding, but also with the identification of weaknesses, which was brought about by the first mapping study. The dynamics of traveling is increasing, and it seems that after the pandemic, people are returning not only to travel but also to cultural experiences. It remains to be believed that the full recovery and growth will be at least as sharp as the entire world was hit by COVID.

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