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Impact of Capital Investments in the Hotel Industry: A Survey of Croatia

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Abstract. *Capital financial investments are one of the most significant variables that have essential impact on growth of business entities and it is also one of the most important prerequisite conditions for the growth of overall macroeconomic development. In modern economic history, capital investments have been proven as a key variable that could overcome current economic predicaments and to also take further step in economic micro and macro development, especially at times of economic downturns, such as the last global financial crisis. The growth of the hotel industry provides the impetus for macroeconomic development spilling over in the entire Croatian economy, percolating through tourism and impacting all the other sectors. In turn, future growth of tourism and within directly connected overall economy growth depends on the future development of the Croatian hotel industry. The current status of the Croatian hotel industry, however, is a reflection of previous economic, political, social policies that have been adopted throughout the past few decades. This paper provides a conceptual framework for examining the state of the capital investments in Croatian hotel industry and its impact on the quality of the accommodation and profitability. The main objective is to carry out an analysis of the current status of the Croatian hotel industry and also to inquire about the possibilities for new investment cycles. The paper concludes with observations and inferences on the phenomena of the capital investments and its impact to the quality and profitability of the hotel entities.*

Keywords: *capital investments, hotel industry, quality, investment cycles, Croatia*