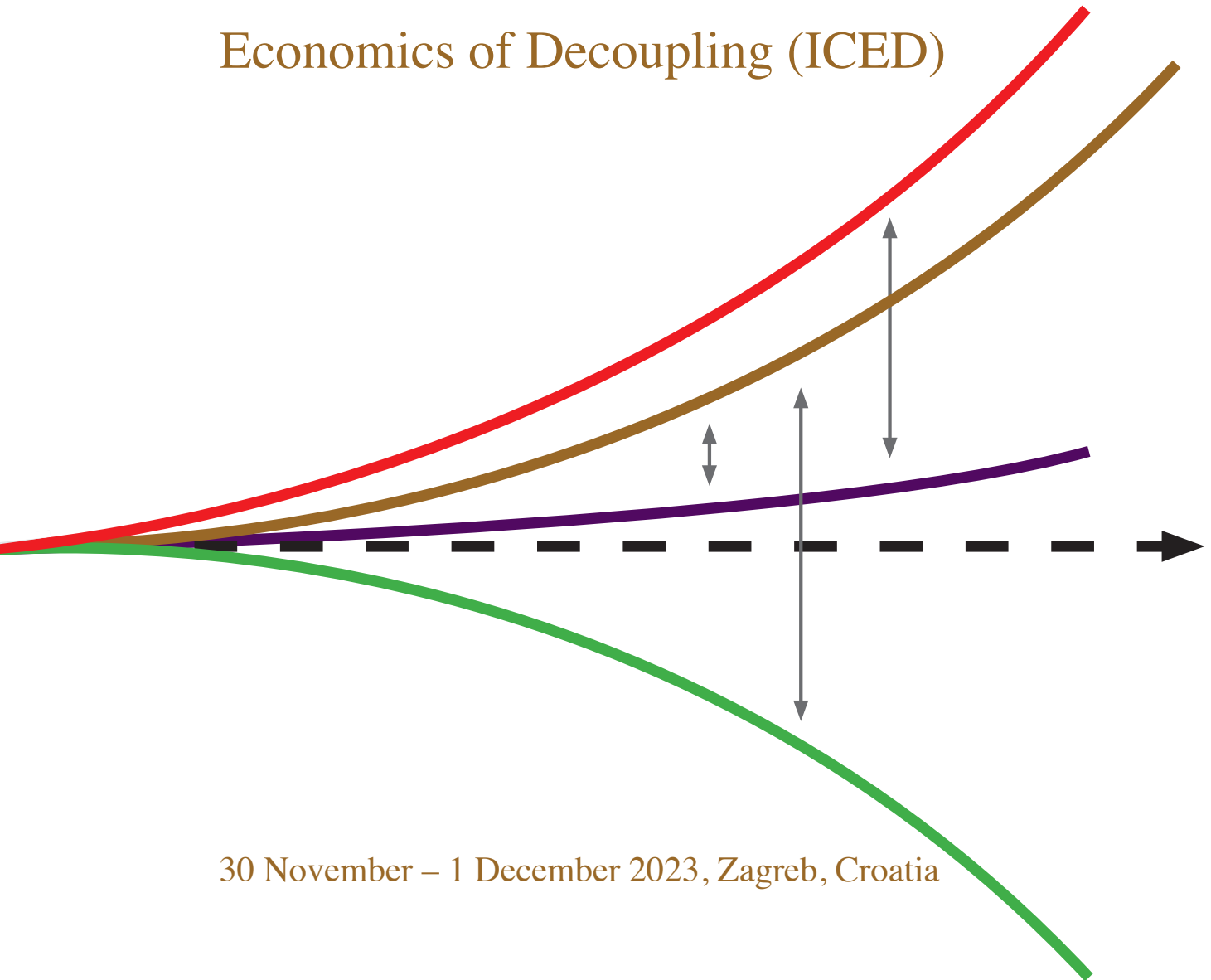


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30 November – 1 December 2023, Zagreb, Croatia



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Faculty of Economics & Business



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Editors

Gordan Družić
Croatian Academy of Sciences and Arts, Zrinski trg 11,
10000 Zagreb, Croatia
gdruzic@hazu.hr

Marija Beg
University of Zagreb
Faculty of Economics and Business, Trg J. F. Kennedy 6,
10000 Zagreb, Croatia
mbeg@efzg.hr

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Conference programme

30 November 2023

14:00-15:45 Session 1 – Room 32 (link available Online)

Session chair: MIHELJA ŽAJA Maja / SLIŠKOVIĆ Tamara

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EMPIRICAL DETERMINANTS OF INNOVATION IN EUROPEAN COUNTRIES: TESTING THE PORTER'S HYPOTHESIS
2. KOCÚROVÁ Nina, HANÁK Róbert
THE THREAT OF INSUFFICIENT PROGRESS OF THE DIGITAL ECONOMY DUE TO THE LACK OF CROATIAN, SLOVAK AND EUROPEAN IT UNIVERSITY STUDENTS
3. DUNKOVIĆ Dario, KNEŽEVIĆ Blaženka
CONSUMER GUARANTEES AND WARRANTIES IN SUSTAINABLE CONSUMPTION REGULATION
4. MIHELJA ŽAJA Maja, TUŠKAN SJAUŠ Branka
CASHLESS SOCIETY - IS IT FEASIBLE? ANALYSIS OF PAYMENT TRENDS
5. GAŠPAR Ivan, SLIŠKOVIĆ Tamara
THE IMPACT OF THE MACROECONOMIC MOVEMENTS ON THE RESIDENTIAL REAL ESTATE PRICES IN THE EUROPEAN UNION
6. ŠUŠAK Matija, SOLENIČKI Martina
IMPLEMENTATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS IN COMPANY VALUATION

15:45 -16:00 Coffee break

16:00-18:45 Session 2 - Room 51 (and Online)

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EVALUATION OF PUBLIC-PRIVATE PARTNERSHIPS (PPPS) IN THE REPUBLIC OF NORTH MACEDONIA
2. BEKAVAC Ante, RUŽIĆ Erik, BENAŽIĆ Dragan

INTERNAL MARKETING IN CROATIAN POLITICAL PARTIES: EXAMINING PRACTICES AND MEMBER SATISFACTION

3. BUCUR Louisa-Maria, STAN Brindusa Nicoleta
THE EUROPEAN UNION'S TRADE POLICY: BETWEEN ECONOMIC GROWTH AND ENVIRONMENTAL RESPONSIBILITY
4. LACKOVIĆ VINCEK Zrinka, KOVŠCA Vladimir, BARLOVIĆ Viktorija
THE AWARENESS OF YOUNG PEOPLE REGARDING THE CONCEPT OF DIGITAL NOMADS
5. FLORIČIĆ Tamara
UNDERSTANDING IMPORTANCE OF SUSTAINABLE FOOD WASTE MANAGEMENT IN HOSPITALITY INDUSTRY
6. HAŠČIĆ Štefan, BENDA PROKEINOVA Renata
PROGNOSIS SCENARIOS OF THE METHANE PRODUCTION FROM LIVESTOCK PRODUCTION IN THE COUNTRIES OF THE EUROPEAN UNION
7. BILALLI Argjira, SADIKU Murat
THE IMPACT OF INFLATION ON FINANCIAL SECTOR PERFORMANCE: EVIDENCE FROM OECD COUNTRIES
8. KRESA Zdeněk
PROMOTING PUBLIC TRANSPORT – WHAT APPEALS TO GENERATION Z?
9. VRANEŠEVIĆ Tija, VRANEŠEVIĆ Pavao, MANDIĆ Miroslav
THE RELATIONSHIP BETWEEN SPONSOR RECOGNITION, SPONSOR PREFERENCE AND SPONSOR BRAND PERCEPTION

1 December 2023

8:30-9:35 Session 3 - Room 51 (link available Online)

Session chair: GOLEM Silvia / IVANIŠEVIĆ HERNAUS Ana

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GETTING FROM TODAY TO TOMORROW: WHAT DETERMINES THE (INTENT-TO)-USE DIGITAL BANKING SERVICES?
2. GOLEM Silvia, PAVLINOVIĆ MRŠIĆ Slađana
A COMPARATIVE ANALYSIS OF ENVIRONMENTAL PROTECTION EXPENDITURES: CROATIA AND THE EU

3. DESPOTOVIĆ Mia, GLOBAN Tomislav
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4. VILJEVAC Viktor, VUJEVA Karlo
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9:35 -9:45 Coffee Break

9:45-12:00 Session 4 - Room 51 (and Online)

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2. CAR Ivica
THE ECONOMIC ROLE OF EUROPEAN SOCIAL FUND IN REPUBLIC OF CROATIA
3. PIKL Lorena, ŠTEFIĆ Petra, TRESKA Lea, GREGUREC Iva
THE IMPACT OF COVID-19 PANDEMIC-DRIVEN CHANGES ON PURCHASING HABITS – STUDY ON UNIVERSITY STUDENTS
4. PETKOVŠEK Veronika, HROVATIN Nevenka, PEVCIN Primož
THE PRINCIPAL-AGENT RELATIONSHIP AND ITS SPECIFICS IN SLOVENIAN WATER AND WASTEWATER INDUSTRY
5. BOGUNOVIĆ Branko, VITASOVIĆ Aljoša
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Part I

ECONOMIC GROWTH and SUSTAINABLE DEVELOPMENT

THE ISSUES ARISING FROM TOURISM MONOCULTURE: THE CASE OF ISTRIA COUNTY, CROATIA

Branko BOGUNOVIĆ

*Faculty of Economics and Tourism “Dr Mijo Mirković”,
Juraj Dobrila University of Pula, Preradovićeve 1/1, 52100, Pula, Croatia*
branko.bogunovic@unipu.hr

Aljoša VITASOVIĆ

*Faculty of Economics and Tourism “Dr Mijo Mirković”,
Juraj Dobrila University of Pula, Preradovićeve 1/1, 52100, Pula, Croatia*
aljosa.vitasovic@unipu.hr

Abstract

The aim of this paper is to evaluate the current model of Istrian tourism from the point of carrying capacity, potential indicators of over tourism and tourism monoculture. Istria county is one of the parts of EU with the greatest tourism density, recording nearly 5 million tourist arrivals and 30 million overnights in 2022. Already a developed tourist destination at the beginning of 21 century, it has seen a rapid increase in tourism competitiveness since the end of great economic and financial crisis, and Croatian accession to EU in 2013. This has resulted in rapid accommodation development, where the capacities have doubled over 10 years, almost exclusively as a result of real estate development. The research takes qualitative approach aiming to identify specific issues that arise from tourism monoculture and implications to management measures necessary to overcome them. Working hypothesis are that Istria County is already in the state of tourism monoculture with signs of over tourism and that carrying capacity is already exceeded in at least one relevant element of the carrying capacity model. Research methodology includes analyses of the secondary data on tourism capacities, economy, demography, infrastructure and environment, together with interviews with relevant institutions responsible for managing various elements of infrastructure and natural areas in Istria County. Results confirm that Istria County in the state of tourism monoculture, which is deepening, and that the quantity and trends in accommodation development already exceed infrastructural carrying capacity. Indicators related to over tourism are still inconclusive, however with data on attitudes of guests, and especially, domestic population related to tourism in the County largely missing. The research also confirms indications from previous research that tourism monoculture has a tendency of acceleration, especially when subject regions lack legislative power related to tourism and spatial regulation. Limitations to the research are related to unknown data on attitudes of regional population and guests on the state of tourism development, which are usually among the most relevant indicators of over tourism.

Keywords: Sustainability, Tourism Monoculture, Carrying capacity, Istria County

JEL classification: Z3, Z32, Z38

THE EUROPEAN UNION'S TRADE POLICY: BETWEEN ECONOMIC GROWTH AND ENVIRONMENTAL RESPONSIBILITY

Louisa-Maria BUCUR
*Bucharest University of Economic Studies, Piata Romana,
No. 8, Bucharest, Romania*
bucurlouisa@gmail.com

Brindusa Nicoleta STAN
*Faculty of Economics and Business Administration, Babeş-Bolyai University,
Teodor Mihali Street, No. 58-60, 400591, Cluj-Napoca, Romania*
brindusa.pincu@gmail.com

Abstract

The foundation of a healthy Single Market is represented by a strong trade policy. Over the years that shaped the European Union as we know it today, European trade policy had to adjust to new tendencies, all the while being mindful regarding economic growth, free trade and respecting new regulations set in place by the new wave of green economy. The European Union's (EU) Green Deal is the EU's main new growth strategy to transition the EU economy to a sustainable economic model. Being green, mindful of the carbon neutrality and aiming to achieve net-zero challenges the trade policy and pushes the law makers and other entities to take serious action. The European Green Deal aims to boost the efficient use of resources by moving to a clean, circular economy and stop climate change, revert biodiversity loss and cut pollution. One of the most important challenges faced by the European Union's trade policy represents its alignment with the imperatives of environmental sustainability and Green Deal. Characterized by its emphasis on multilateralism and free trade agreements, the potential tensions between trade liberalization and environmental conservation test the European Union's efforts to reconcile economic growth with environmental responsibility. This paper examines the evolution of the EU's trade strategy, analysing how it integrates and promotes green initiatives. Focusing on major trading partners and key sectors, the study assesses the impact of EU trade policy on the adoption of green technologies, renewable energy sources and circular economy practices. Considering trade agreements as tools to promote sustainable development goals and emphasizing the need for coherence between trade policy and environmental commitments, this article will use explanatory graphs and data gathered from OECD, World Bank and other entities to demonstrate the need of a common framework that will contribute to achieve the goals of the Paris Agreement regarding sustainability and net-zero status.

Keywords: EU trade policy, trade agreements, economic growth, sustainability

JEL classification: F13, F18

CONSUMER GUARANTEES AND WARRANTIES IN SUSTAINABLE CONSUMPTION REGULATION

Dario DUNKOVIĆ

*Faculty of Economics & Business Zagreb, University of Zagreb,
Trg J. F. Kennedy 6, 10000 Zagreb, Croatia
ddunkovic@efzg.hr*

Blaženka KNEŽEVIĆ

*Faculty of Economics & Business Zagreb, University of Zagreb,
Trg J. F. Kennedy 6, 10000 Zagreb, Croatia
bknezevic@efzg.hr*

Abstract

Consumer guarantees and warranties became a common marketing strategy of producers and retailers in the 1970s. Later, their role was expanded as a consumer protection tool to extend consumer rights, and now they are also measures to implement European sustainable consumption policies. A longer warranty period for white, brown, and grey household durable goods can encourage consumers to use them for longer and discourage them from premature replacement. The paper explains theories of warranty, the current statutory guarantee and warranty policy for durable goods and, most importantly, the features of guarantees and warranties that can contribute to achieving sustainable goals. A significant proportion of consumers replace a functional product or in case of failure with a new one before the end of its useful life. This is a problem because such behaviour is not in line with sustainable consumption guidelines. The goal of the paper is to test, from the customers' perspective, how statutory guarantee and the extended warranty influence their sustainable behaviour. A longer guarantee period would not impose any additional technical or financial burden on producers and retailers, as the proportion of consumer complaints within two years is very low. The results of the Flash Eurobarometer 367 show that 66 percent of consumers are willing to pay more for a product if the warranty period is extended to five years. The political and societal goal is to keep durable goods in use longer to avoid premature replacement and to save valuable production resources. It can be considered as a contribution to decoupling concept. To give customers the impression that the product is more durable, it is important to inform them about the expected minimum lifetime of the product. Similarly, a longer extended warranty period would have a positive impact on their perception of longevity as they can better plan their investment. Further regulation of consumer guarantees and warranties can turn this into more sustainable outcomes. The paper includes further regulatory options that would influence consumer perceptions, reduce the need for replacement products and encourage repairs. A longer product life depends on how consumers use it and maintain, and their planned behaviour (e.g., "When do I plan to buy a new model?") contributes significantly to achieving sustainable consumption policy goals. We set a structural model with five latent variables and tested it with CFA using a data from the survey. The items in the survey were related to consumer knowledge about statutory guarantee; propensity to optional extended warranty, effectiveness of market information provision about the existing guarantee and warranty; consumer willingness to practice the repair of the product failure by themselves, and the availability of the repair service provider. We have empirically demonstrated the incentive to consume sustainably, and our specific contribution is the insight how the incentive can be amplified depending on the category of consumer guarantee or warranty on durables. The results show that there are open

opportunities within which regulation can strengthen the market and marketing position of guarantees and warranties by making them more penetrating into sustainable consumption. These opportunities could manifest in particular in a liability of a retailer to inform the customer about both types, as well as a liability to provide a more developed and accessible service network if a retailer offers a commercial warranty option.

Keywords: guarantee; commercial warranty; household durables; sustainable consumption

JEL classification: Q56, D13, D18

EMPIRICAL DETERMINANTS OF INNOVATION IN EUROPEAN COUNTRIES: TESTING THE PORTER'S HYPOTHESIS

Elena MAKREVSKA DISOSKA

*Faculty of Economics-Skopje, Ss. Cyril and Methodius University in Skopje,
Blvd. Goce Delcev 9, 1000 Skopje, Republic of North Macedonia
elenam@eccf.ukim.edu.mk*

Viktor STOJKOSKI

*Faculty of Economics-Skopje, Ss. Cyril and Methodius University in Skopje,
Blvd. Goce Delcev 9, 1000 Skopje, Republic of North Macedonia
viktor@eccf.ukim.edu.mk*

Katerina TOSHEVSKA-TRPCEVSKA

*Faculty of Economics-Skopje, Ss. Cyril and Methodius University in Skopje,
Blvd. Goce Delcev 9, 1000 Skopje, Republic of North Macedonia
katerina@eccf.ukim.edu.mk*

Dragan TEVDOVSKI

*Faculty of Economics-Skopje, Ss. Cyril and Methodius University in Skopje,
Blvd. Goce Delcev 9, 1000 Skopje, Republic of North Macedonia
dragan@eccf.ukim.edu.mk*

Jasna TONOVSKA

*Faculty of Economics-Skopje, Ss. Cyril and Methodius University in Skopje,
Blvd. Goce Delcev 9, 1000 Skopje, Republic of North Macedonia
jasna@eccf.ukim.edu.mk*

Abstract

This paper is continuous research on the relationship between innovation and productivity (Tevdovski et al. 2017, Toshevska-Trpchevska et al. 2019; Disoska et al. 2020; Toshevska-Trpchevska et al. 2020, Disoska, 2023). However, this paper tries to go further and capture the impact of environmental regulation (among other determinants), on the innovation firms' behaviour in Europe. The main goal of this paper is to test the Porter hypothesis, which suggests that well-designed environmental regulation can trigger firms' technological innovation that helps gain commercial competitiveness (Porter and van der Linde, 1995). Many papers (Jaffe and Palmer, 1997 and Jaffe and al., 1995) support the hypothesis explaining that innovation in pollution-saving technology induces savings in energy, and therefore cost that can offset the cost of complying with them. Nonetheless, the effect varies depending on the sector affected and can be negative in some cases (Kozluk and Zipperer, 2013). In this paper, we try to compare the impact of environmental regulation on innovation and productivity, in different group settings. We use the analytical framework of the CDM model (the acronym of the three authors' names, Crépon, Duguet and Mairesse, 1998). The model consists of two general stages, and each of them can be divided into two sub-stages. In the first general stage, we estimate the factors that drive firms' decisions to innovate, as well as innovation investment, using a Heckman correction model. In the second stage, we perform the three-stage least squares (3SLS) methodology to simultaneously estimate the innovation output and the productivity of the firm. This four stages model has led us to gradually observe the determinants of the

innovation process and their influence over increasing labor productivity in different institutional settings. The data for the econometric model on firm-level data was taken from the Community Innovation Survey (CIS). The CISs represent harmonized surveys aimed at collecting microdata on innovation activities conducted in 2 years from firms belonging to countries that are part of the Eurostat network. In this analysis, we utilize one wave of the CIS survey, namely CIS18 (conducted between 2016 and 2018). We are exploring the impact of innovation on productivity in the observed EU member countries. Furthermore, we would like to see whether there is a positive influence of environmental regulation on the decision to innovate, innovation output, and productivity. The countries are divided into two groups of EU countries – South Europe and Central Eastern Europe and we compare their performances with Germany. The countries representing South Europe are: Greece, Spain and Portugal and countries from Central Eastern Europe included in the analysis are Bulgaria, Czech Republic, Estonia, Croatia, Hungary, Lithuania, Latvia, Romania and Slovakia. The research questions are:

1. How environmental regulation affects the decision to innovate, innovation output, and productivity in different group settings? Is there a significant difference between South and Central Eastern European countries compared to Germany?
2. Does a lower level of innovation in South Europe and Central and Eastern Europe associated with lower environmental awareness among the population or a higher energy intensity in the economy (compared to Germany)?
3. Is Porter's hypothesis valid in Central and Eastern Europe countries and in South Europe?

From the theoretical point of view, we link theory regarding the validity of Porter's hypothesis and firms' environmental awareness in two institutional settings. From the practical perspective, we provide practical policy implications.

Keywords: innovation, productivity, CDM model, CIS, Porter's hypothesis

JEL classification: C33, C36, O31, O33

Acknowledgement The anonymous data used in the analysis of this paper were obtained on CD-ROM from Eurostat as part of the research proposal "The role of innovation in productivity growth across selected Central and Eastern European countries after the crisis". The results and the conclusions are given by the authors and represent their opinions and not necessarily those of Eurostat, the European Commission, or any of the statistical authorities whose data have been used.

TOURIST EXPERIENCE AND PERCEPTION OF EXPERIENCES IN TOURISM

Aljoša VITASOVIĆ

*Faculty of Economics and Tourism "Dr Mijo Mirković",
Juraj Dobrila University of Pula, Preradovićeve 1/1, 52100, Pula, Croatia
aljosa.vitasovic@unipu.hr*

Mauro DUJMOVIĆ

*Faculty of Economics and Tourism "Dr Mijo Mirković",
Juraj Dobrila University of Pula, Preradovićeve 1/1, 52100, Pula, Croatia
mauro.dujmovic@unipu.hr*

Branko BOGUNOVIĆ

*Faculty of Economics and Tourism "Dr Mijo Mirković",
Juraj Dobrila University of Pula, Preradovićeve 1/1, 52100, Pula, Croatia
branko.bogunovic@unipu.hr*

Abstract

Tourist destinations today respect the development and positioning model that achieves competitive advantages. Satisfaction, that is, the experience, affects the perception of competitiveness and optimizes the use of the integral management model. Contemporary tourism practice and trends impose perceived satisfaction as one of the most important factors in the differentiation of the tourist product, which satisfies the need for continuous quality improvement with an integral approach, and is based on the starting points of tourist satisfaction. That is why understanding tourism as a set of relationships and phenomena requires theoretical approaches from different social disciplines. Tourist cultures are contradictory and multiple, constructed and reconstructed through the mediation of experience that takes place in the context of the tourist space. Cultures are no longer single, demarcated and homogeneous appearances. The goal of this paper is to theoretically define the tourist experience as the main output of a tourist destination, including the realized experience and perception of tourists. Satisfying the very needs within the destination is achieved through an optimal mix of products and services. Due to the constant growth of tourist needs, satisfaction should be found in a wider area. This space must be dependent on the overall experience and activities that the tourist carries out in the tourist destination. Therefore, the tourist destination does not represent the goal of the trip, but the content and experience that is placed on the tourist market as a finished product. The attractive elements of the destination must be supplemented with additional activities, and the excellence of the tourist destination must be measured by expectations and experiences, that is, by the realized experience. It is precisely this diversification of needs and motives that make people choose to visit and stay in a tourist destination that leads to a qualitative departure from the standard tourist offer - the emphasis is on quality. The realized experience in tourist flows is individual and subjective for each tourist. Achieving experiences and qualifications depends on motivation, perception, value, meaning, satisfaction and lifestyle. Understanding the experience is linked to the explanation of perception. Experience as a psychological process can be connected with the process of perceiving stimuli. The consumption of a tourist product affects the realization of the experience. Therefore, the experience depends on the type of tourist product. It is concluded that activities for the direction of the structure of tourist consumption within the tourist

destination should be aimed at the expectations and realization of the desired experiences of tourists. Following socio-economic trends, i.e. recorded changes in the form of the demographic picture of society, better education and a higher standard of living, a change in the structure of demand for products and services is also observed. There is a transition from the service economy to the experience economy, and the more frequent purchases of things and services are replaced by the purchase of experiences. Therefore, the systematic action of the elements of the offer must enable the creation of a memory, and then that memory becomes an experience, that is, the experience becomes a product and the main product of the destination becomes a tourist experience.

Keywords: experiences, experience economy, perception, tourist destination

JEL classification: Z3 Z30

Part II

ENVIRONMENTAL ECONOMICS

A COMPARATIVE ANALYSIS OF ENVIRONMENTAL PROTECTION EXPENDITURES: CROATIA AND THE EU

Silvia GOLEM

*University of Split, Faculty of Economics, Business and Tourism,
Cvite Fiskovića 5, 21000 Split, Croatia
silvia.golem@efst.hr*

Slađana PAVLINOVIĆ MRŠIĆ

*University of Split, Faculty of Economics, Business and Tourism,
Cvite Fiskovića 5, 21000 Split, Croatia
spavlino@efst.hr*

Abstract

The system of European economic accounts under Regulation (EU) 691/2011 is designed to provide additional insight into the relationship between economic activities and environment. Environmental protection expenditures accounts provide information about transactions related to environmental protection, elimination of pollution, and prevention of environmental degradation. The key components of those accounts are environmental domains, sectors of the economy (government, enterprises and households) and types of expenditures (current and capital). Previous empirical research was limited by data availability, but it suggested that the relationship between environmental protection expenditures and economic development might be positive. Theoretical basis for the empirical work is based on the studies of the relationship between environmental quality and economic growth. The inversely U-shaped Environmental Kuznets Curve suggests that at the early stages of economic growth environmental pollution increases while at the higher levels of economic growth environmental pollution decreases. Explanations for such a relationship are diverse but they form the basis for the empirical considerations of the relationship between environmental protection expenditures and GDP. The aim of this research is to identify the state and trends of the environmental protection expenditures and investments in Croatia and in the other EU countries. Two research questions are posed: firstly, which is the state of the environmental protection expenditures and investments in Croatia compared to the other EU countries, and second, which determinants may explain levels and dynamics of environmental protection expenditures. Desk analysis is undertaken in order to identify key factors affecting environmental protection expenditures together with the main trends. EUROSTAT datasets on socioeconomic indicators and environmental protection expenditures are analysed by applying descriptive statistics and regression analysis. Furthermore, a more detailed analysis by environmental protection activities and institutional sectors is undertaken to obtain insights into the structure and key drivers of environmental protection in Croatia and in the EU. Finally, it is found that the share of environmental protection expenditures in GDP varies together with GDP per capita.

Keywords: environmental protection expenditures, GDP per capita, EU, panel data

JEL classification: C51, E01, Q56

PROGNOSIS SCENARIOS OF THE METHANE PRODUCTION FROM LIVESTOCK PRODUCTION IN THE COUNTRIES OF THE EUROPEAN UNION

Štefan HAŠČÍK

*Faculty of Economics and Management, Slovak University of Agriculture in Nitra,
Tr. A. Hlinku 2, 94976 Nitra, Slovak republic
xhascik@uniag.sk*

Renata BENDA PROKEINOVA

*Faculty of Economics and Management, Slovak University of Agriculture in Nitra,
Tr. A. Hlinku 2, 94976 Nitra, Slovak republic
renata.prokeinova@uniag.sk*

Abstract

The EU Methane Action Plan, presented by the Climate & Clean Air Coalition (CCAC), outlines policies and measures to support the Global Methane Pledge (GMP) to reduce global emissions by 30% by 2030. The EU's long-term policy goal is to reduce greenhouse gases towards climate neutrality by 2050. Livestock is the world's largest agricultural source of greenhouse gases. Each year, one cow produces about 220 pounds of methane. Livestock methane has a shorter lifespan than carbon dioxide but is 28 times more effective at warming the atmosphere, said Mitloehner, a professor and air quality specialist in the animal science department. The aim of the contribution is to predict the development of methane production in agriculture in the countries of the European Union. The Climate Act for Agriculture in Slovakia sets the goal of reducing emissions by 10 percent by 2030 compared to 2005. Each country of the European Union has a different percentage goal. The methane production forecast will indicate the state the country may be in in 2030. We obtained the methane emission production time series from the available databases on FAOStat. From a methodological point of view, it will be an application of time series forecasting using the Augmented Dynamic Adaptive Model (ADAM). The term "adaptive model" means that the parameters of the model change over time according to some assumed process. The word "dynamic" reflects the idea that the model has components related to time series (ETS, ARIMA). From the results of the analysis, it will be clear which countries will move towards a downward trend in methane production and vice versa. We found that most countries have a downward trend in methane production. There are also countries such as Spain, Cyprus, Hungary, and Ireland, where the trend indicates an increase in production or stagnation. Through the analysis, we will point out the countries on which it will be necessary to focus the attention of European politicians.

Keywords: methan, livestock, prognosis, ADAM mode, EU Methane Action Plan

JEL classification: C15, C22, C53, Q01, Q18

Acknowledgement: The paper is funded by the GA FEM SPU project: Researching responsible consumption in the context of sustainability.

PROMOTING PUBLIC TRANSPORT – WHAT APPEALS TO GENERATION Z?

Zdeněk KRESA

*Faculty of Economics, University of West Bohemia, Univerzitní 2732/8,
Pilsen, Czech Republic
zdenekk@fek.zcu.cz*

Abstract

The paper focuses on advertising campaigns used for public transport promotion. Today's efforts to achieve a better living environment and to expand more sustainable forms of mobility are closely linked to increasing the attractiveness of public transport systems. One of the widely used ways are advertising campaigns aimed at attracting passengers to public transport vehicles. In this paper, four realized video advertising campaigns (one Danish, three Czech; two focusing on urban public transport, one on train and one on bus regional transport) are presented in more detail. Opinions of representatives of Generation Z from the Czech Republic (more precisely, persons between 19 and 28 years of age; both users and non-users of public transport) were obtained through face-to-face and online surveys. The relationships between video likeability, uselessness, ability to represent reality, ability to improve the perception of public transport and ability to attract new passengers to public transport were investigated. It appears that the more “dynamic” campaigns, which do not represent the real situation as much, are generally evaluated to be more useless, while the likeability depends on the execution of the particular campaign. A moderate correlation can be observed between the likeability of a video and its perceived ability to attract new passengers to public transport, or at least to improve the public perception of public transport. At the same time, it appears that most of the selected transport campaigns did not reach Generation Z very well (although they were also videos presented on social media). The findings presented in this paper can be used to design advertising campaigns that can better reach Generation Z. In particular, trying to tune in to the “in and cool wave” of the younger generation can be quite counterproductive. Young people's preference for public transport can be seen as crucial - young people form transport habits that prevail for the rest of their lives.

Keywords: Advertising, generation Z, marketing, public transport

JEL classification: M31, M37, R40

Acknowledgement: This contribution was made within the project SGS-2021-022 “Financial (stock) markets, modelling and prediction of behaviour” of the Faculty of Economics, University of West Bohemia in Pilsen.

IMPLEMENTATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS IN COMPANY VALUATION

Matija ŠUŠAK

Deloitte d.o.o., Zagreb Tower, Radnička cesta 80, 10000 Zagreb, Croatia
matija1e4c@gmail.com

Martina SOLENIČKI

*University of Zagreb, Faculty of Economics and Business,
Trg J. F. Kennedy 6, 10000 Zagreb, Croatia*
mnakic4@net.efzg.hr

Abstract

Company valuation provided by investment bankers and other financial advisors plays a key role in many business transactions like securities issuance, mergers and acquisitions, leveraged buyouts etc. More and more investors are considering environmental, social and governance factors (ESG) in making investment decisions. Growing popularity of ESG is also visible through business practice where publishing non-financial reports with ESG factors as their dominant part has become the norm. Because of the investors increased interest in companies that meet ESG criteria, financial advisors have been seeking ways to implement ESG factors in company valuation. The problem is that these are mostly qualitative information which are difficult to assess numerically as to be included in the financial analysis. So, the standards for the implementation of ESG factors in company valuations have not yet been developed. The aim of the paper is to analyse current trends and different proposals for implementation of ESG factors in company valuation, specifically the discounted cash flow (DCF) model as the most commonly used method of company valuation. ESG factors can be implemented in DCF model through adjustment of free cash flows or through the adjustment of the cost of capital. Due to the problems with the practical application of the first method, implementing ESG through the adjustment of the cost of capital is recommended. We propose implementation of ESG risk into the cost of capital, and thus the company valuation, by including a premium similar to the size premium, i.e. “ESG premium” which should be added to the cost of equity in the same way as the size premium. This way, for the company that does not meet ESG criteria the cost of capital would be higher and the company value lower. Since the lack of harmonization in ESG valuation, ESG premium can be determined arbitrarily and then the sensitivity analysis can be performed as to analyse how the valuation result changes with different ESG premiums. We present this way of implementing ESG factors in the DCF model through a case study of a selected company. Although it is quite simplified way to implement ESG in company valuation, we suggest including ESG premium into the cost of capital till more sophisticated and standardized framework for assessing ESG is developed. Due to the increased importance of ESG in finance, we expect that greater moves towards the implementation of ESG factors in valuation models will be made in near future.

Keywords: company valuation, discounted cash flow model, ESG

JEL classification: G11, G24, G32, G34, Q51

Part III

WATER ECONOMICS and WASTE MANAGEMENT

UNDERSTANDING IMPORTANCE OF SUSTAINABLE FOOD WASTE MANAGEMENT IN HOSPITALITY INDUSTRY

Tamara FLORIČIĆ

*Juraj Dobrila University of Pula, Faculty of economics and tourism "Dr Mijo Mirković",
Preradovićeve 1/1, HR – 52100 Pula, Croatia
tfloricic@unipu.hr*

Abstract

Contemporary hospitality industry has become increasingly aware of the importance of managing hotels more responsibly. By introducing practices such as recycling waste, continuous sustainable energy efficiency audits, donations, and procurement of local and seasonal ingredients, hotels achieve sustainability and social responsibility. In addition, hotels by, focusing on prevention of food waste and, sustainable management resources can contribute to the achievement of United Nation's sustainable development goals related with poverty reduction and zero hunger as well as responsible consumption and production. On the other hand, the initiatives like waste reducing menus and use of crude and raw ingredients influence on more efficient business operations and results. Purpose of the paper is exploration of the level of management awareness and food management strategies in hospitality industry related with zero food waste sustainable concept within green circular economy of post-transitional countries, namely Croatia. It also reflects the aim of the study related with the research questions: What is the perception of importance of food waste management in hospitality industry? What are the food waste sustainable initiatives? What are the plans for the sustainable future? The scientific research is designed in two parts: metasearch and desktop research of the topic and original questionnaire for the hotel managers interview. The contribution of the research relies on a qualitative methodology that includes methods of analysis, synthesis, generalization, systematization, and the application of creative thinking techniques in order to achieve new knowledge. The research results, as well as the obtained knowledge, could affect the perception of the decision makers i.e., hotel managers, about the importance of adjustment of existing structures and business processes towards green hospitality. The study reveals that the adjustment to the new green mind set and implementation of corporate social responsibility policies could in long-term period contribute to the operations and supply chain management cost efficiency as well as to positive public perception related with genuine and reliable sustainable initiatives conducted in community. The research results contribute to scientific knowledge in the field of food and beverage department organization within sustainable hospitality industry.

Keywords: Green hospitality industry, green hotels, zero food waste, sustainability, corporate social responsibility

JEL classification: L83, M1, Q01, Q53, Z3

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The author declares no conflict of interest.

ECONOMIC INCENTIVE-DRIVEN RAINWATER RETENTION FOR GDP GROWTH IN A HILLY CATCHMENT

Attila KÁLMÁN

*National Laboratory for Water Science and Water Security, Széchenyi István University,
Egyetem square 1., H-9026 Győr, Hungary
kalman.attila@sze.hu*

Katalin BENE Dr

*National Laboratory for Water Science and Water Security, Széchenyi István University,
Egyetem square 1., H-9026 Győr, Hungary
benekati@sze.hu*

Abstract

Water is essential for human existence, and with climate change, it has become one of the most important natural resources. Manufacturing sites demand large volumes of fresh water, including those with modern, state-of-the-art production technologies such as automobile, semiconductor, and e-mobility part factories. The need for irrigation also grows significantly. Increasing demands challenge water professionals and civil infrastructure networks. Climate change amplifies heat waves, resulting in more extended drought periods and intense rainfall events. Growing urban population and expanding grey infrastructures reduce infiltration and increase the risk of flash floods. Last year proved that flash floods and droughts can cause serious agricultural and economic damages, endangering food security and safe water supply. Using rainwater in decentralized irrigation infrastructures could reduce the impact of drought periods and flash floods. The applied blue-green infrastructures contribute to sustainable development while improving food security and generating economic benefits and GDP growth. The study was conducted in the hilly settlements of the Lake Velence catchment. The study balanced the three pillars of sustainable development. The possible rainwater retention volumes were calculated as an environmental pillar. The willingness to implement nature-based solutions as the social pillar was investigated in questionnaire surveys among local mayors. The utilization of rainwater for irrigation in small gardens and farms near the settlements was quantified to maximize incomes and optimize fund allocations among stakeholders. Discounted cash-flow analysis and net-present value calculations were used with different government incentives. These calculations served as the economic pillar. Implementing nature-based solutions for water retention and irrigation generates additional income for the farmers, increasing the settlement's contribution to the country's GDP. With suitably chosen incentives, the willingness to spread and use blue-green infrastructures may rise among farmers while sustainably increasing the revenues of the municipalities and improving its ecosystem services. An easy-to-use interdisciplinary methodology was developed based on a case study in a hilly catchment with a water deficit. The method supports the implementation of nature-based solutions in settlements and facilitates local stakeholders' cooperation for sustainability with GDP growth.

Keywords: nature-based solution, water retention, economic benefits, stakeholder cooperation, sustainability

JEL classification: D61, H21, H23, Q25, Q51

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ANALYSIS OF SELECTED RETURNED PRODUCTS IN THE FRAMEWORK OF REVERSE LOGISTICS IN THE CZECH REPUBLIC

Květa PAPOUŠKOVÁ

*Faculty of Economics, University of West Bohemia, Univerzitní 2732/8,
Pilsen, Czech Republic*

kvetapapouskova@gmail.com

Abstract

In connection with the Periodic Vehicle Routing Problem, the problems of waste collection are very often solved within the framework of reverse logistics. Products are introduced to the market with certain safety, efficiency and performance parameters. Manufacturers are coming up with alternative raw materials that are resource-efficient and have a low carbon footprint. Stricter targets are being set for waste collection, recycling, and material recovery related to the Green Deal for Europe, the Circular Economy Action Plan, and the New Industrial Strategy. The functioning of the internal market is strengthened, the circular economy is supported and the impact on the environment and society is reduced at all stages of the product life cycle. The aim of this contribution was to analyse the current state of separation and take-back for three types of environmentally demanding products. These are electrical equipment, portable batteries, accumulators, and tires. The data obtained were subjected to Descriptive Statistics and Regression and Correlation Analysis and compared with the new goals for waste collection until 2030. The result is an increase in the recovery of all the above-mentioned products, with tyres meeting the waste separation rate set in the Czech Republic for 2025 already in 2009. The subsequent use of these products discussed is also increasing. This is reuse, material, energy, or other use. In the case of electrical equipment and batteries, the rate of growth is slower, but the increase is happening. The increasing tendency in return collection and subsequent use of products means the necessity of including return collection conditions in models of the Vehicle Routing Problem. Whether it is about reducing overall costs or improving the environment. At the same time, the subsequent use of products in accordance with sustainable plans within the framework of the common promises of the European Union states is highly discussed.

Keywords: Reverse Logistics, Periodic Vehicle Routing Problem, Recycling, Take back, Sustainable

JEL classification: Q56

Acknowledgement: This paper was supported by the project SGS-2021-022 “Research of quantitative methods in application to selected economic problems” of the Faculty of Economics of the University of West Bohemia in Pilsen.

THE PRINCIPAL-AGENT RELATIONSHIP AND ITS SPECIFICS IN SLOVENIAN WATER AND WASTEWATER INDUSTRY

Veronika PETKOVŠEK

*Faculty of Public Administration, University of Ljubljana,
Gosarjeva 5, 1000 Ljubljana, Slovenia
veronika.petkovsek@fu.uni-lj.si*

Nevenka HROVATIN

*School of Economics and Business, University of Ljubljana,
Kardeljeva ploščad 17, 1000 Ljubljana, Slovenia
nevenka.hrovatin@ef.uni-lj.si*

Primož PEVCIN

*Faculty of Public Administration, University of Ljubljana,
Gosarjeva 5, 1000 Ljubljana, Slovenia
primoz.pevcin@fu.uni-lj.si*

Abstract

The paper focuses on the differences between principals' (municipalities) and agents' (public utility providers) perspective about changes of public enterprises' ownership, motives behind it and advantages and disadvantages of the reorganization of public enterprises, which occurred in Slovenia over the period 2007–2009 as the result of the adoption of the Public-Private Partnership Act in 2006. The research field covers water and wastewater management, more precisely, mandatory local public utility services for drinking water supply, sewage and wastewater discharges, and urban wastewater and sewage treatment. In Slovenia, public utilities in the field of water and wastewater are managed locally, at the municipal level. Most common form of water and wastewater utility provision in Slovenia is public enterprise. Therefore, the goal of the paper is to present empirical results, which on one hand confirm a classical principal-agent relationship, created as a result of the reorganization process of public enterprises, where municipalities, as owners of public enterprises, represent principals; and public utility providers, e.g. public enterprises, represent agents. Moreover, the specific goal of the paper is to present the differences between principals' and agents' perspective on how the provision of local public utility services has changed as the result of the reorganization process. At this point, three research questions are to be answered: (1) What are the final outcomes of the reorganization process? (to what extent the municipality buyout was implemented, as a necessary condition under the reorganization of existing public enterprises into public enterprises with full municipal ownership; in which cases the municipality did not buy the private shares and the enterprise retained mixed ownership; what changes occurred in the relationship between the owners and managers of public commercial infrastructure); (2) What are the motivating factors for full municipal ownership of public enterprises? (which motives guided municipalities in buying up own shares in the utility; are motives related to economics of rationality and efficiency or just to avoid tendering for concessions etc.) and (3) What are the advantages and disadvantages of the reorganization process? The empirical research is based on the primary data collected through two self-prepared, detailed, and structured online questionnaires (one for municipalities, and the other for public utility providers). Data collection took place over the period 2018–2020. The results identify increased full public ownership in local public utility services provision, both from municipal and public enterprise

perspective. Public enterprises as well as municipalities find simpler regulation of the provider and larger control over the provider as the most important motivating factors for full municipal ownership. However, differences are seen among the advantages of the reorganization process. Monitoring the business of the enterprise by a municipality under the decree, and full control of the public utility's performance by a municipality are seen as the most important advantages for public enterprises; on the other hand, municipalities find the most important advantages in developing expertise, in improving the quality of the service provided, and in better organization of work. These results give useful information to municipalities, local public utility providers and public policy makers to formulate better policy proposals, to implement good governance and to be able to manage delivery of public utilities more effectively.

Keywords: principal-agent theory, municipality, public enterprise, water management, Slovenia

JEL classification: H44, L33, K23

Part IV

DIGITAL ECONOMY

GETTING FROM TODAY TO TOMORROW: WHAT DETERMINES THE (INTENT-TO)-USE DIGITAL BANKING SERVICES?

Martina KENCEK

AI Hrvatska d.o.o., Vrtni put 1, Zagreb, Croatia
martina.kencek@gmail.com

Ana IVANISEVIC HERNAUS

*University of Zagreb, Faculty of Economics and Business,
Trg J. F. Kennedy 6, Zagreb, Croatia*
aivanisev@net.efzg.hr

Abstract

Digital banking—the technology-enabled innovation of financial practices—penetrates the global market. Not only developed markets, but emerging markets likewise are fuelled by digital banking innovation and adoption. The Technology Acceptance Model (TAM) has been traditionally used to determine whether the perceived ease of use, perceived usefulness, or perceived risk plays a significant role in accepting and using a technology for financial payments. We revise and test the TAM model for the emerging Fintech environment by adding the perceived security and the attitude towards adoption. In addition, since generational differences exist in using mobile/online banking services across financial customers, the objective of this research was to investigate how younger users perceive and approach to Revolut banking services (i.e., a leading and fast-growing digital bank in the Central and Eastern European (CEE) region with more than 10 million users). Thus, we conducted an online field study on 150 Croatian citizens under 40 years old to explore the extended TAM model of digital banking adoption. Survey respondents self-reported their existing experience and future intention to use Revolut. A method triangulation has been applied to provide complementary findings. Specifically, multiple regression analyses indicated that attitude towards digital banking adoption is sufficient for both present (i.e., monthly) and future (i.e., intention to) use. Additionally, we found that respondents who already use Revolut will probably continue to use it. Relative weight (importance) analyses further revealed that the attitude dominates more than half of the variance in monthly usage and above one-third in the intent to use digital banking services. Interestingly, other TAM components (i.e., perceived ease of use, perceived usefulness, monthly usage, and perceived security) also explained the substantial variance in the future-based outcome. Finally, the necessary condition analysis signalled that perceived security is the critical success factor (that is, a must-have precondition) for monthly usage. In contrast, the perceived ease of use and attitude towards digital banking adoption are mutual prerequisites for the future use of Revolut.

Keywords: digital banking, TAM model, Revolut, relative weight analysis, necessary condition analysis

JEL classification: D14, G23

THE THREAT OF INSUFFICIENT PROGRESS OF THE DIGITAL ECONOMY DUE TO THE LACK OF CROATIAN, SLOVAK AND EUROPEAN IT UNIVERSITY STUDENTS

Nina KOCÚROVÁ

*University of Economics in Bratislava, Faculty of Business Management,
Dolnozemska cesta 1, 852 35 Bratislava, Slovak Republic
nina.kocurova@euba.sk*

Róbert HANÁK

*University of Economics in Bratislava, Faculty of Business Management,
Dolnozemska cesta 1, 852 35 Bratislava, Slovak Republic
robert.hanak@euba.sk*

Abstract

University educated information and communication technology (ICT) professionals and their availability in the market are the cornerstone of the digital economy and in the long run are also crucial for the economics of decoupling. In our research paper we investigated if Croatian, Slovakian and European young people (19, 22 and 24 years old cohorts) are interested in ICT university study and if, despite decreasing population, these countries are able to provide enough ICT university educated specialists in absolute numbers to sustain their national economy digitalization and economics of decoupling. We worked with official Eurostat data from 2013 to 2021 period for Croatia and Slovakia, and for EU 27 data from 2015 to 2021 were available. We defined our custom dataset at Data browser on Eurostat, where we chose a specific field within ISCED Fields of Education and training (ISCED- F 2013): Information and Communication Technologies [F06]. We worked with International Standard Classification of Education (ISCED 2011): Bachelor's or equivalent level, Master's or equivalent level and Doctoral or equivalent level. Popularity of ICT study, measured as the percentage of ICT students at the population of the same aged inhabitants in the country, is rising at all university levels of study. Only PhD study popularity in Croatia is falling (-3,07%). But the absolute fall of 19, 22 and 24 years old young people cohorts in Slovakia, Croatia and EU is stronger than the absolute rise of ICT students. Merging these opposite trends, we can see the mean year to year (2013 - 2021) percentage growth of absolute numbers of bachelor students studying ICT in Slovakia (1,48%) and Croatia (-6,48%) compared to the rise of EU 27 countries (2,47%). But this is not the case for the year to year (2013 - 2021) percentage growth of master students, where Slovakia (-1,62%) and Croatia (2,02%) are behind EU 27 (5,02%). We found fall especially in the PhD study, where Croatia (-4,4%) and Slovakia (-3,21%) are lagging behind EU 27 (2,45%) even more. These differences in trends are statistically significant. Summing our results, we can say that despite students rise in ICT study, this trend is in the end hampered by the decline of 19, 22 and 24 years old young people cohorts. In the end Croatia and Slovakia have problems delivering enough ICT specialists in absolute numbers. The EU 27 bloc has better summary outcomes. With these findings in Slovakia and Croatia we should ask questions about basic foundations and prospects of our digital economies and in broader terms about the long-term sustainability of Croatian and Slovakian trends in economics of decoupling.

Keywords: digital economy, ICT university students, risks for economy of decoupling

JEL classification: J11, J16, L86, O10, O15

Acknowledgement: This research was funded by a grant of the University of Economics in Bratislava for young teachers, researchers and full-time PhD students, I-23-103-00: Career and qualification choices of young people towards a specialization in information technology.

THE AWARENESS OF YOUNG PEOPLE REGARDING THE CONCEPT OF DIGITAL NOMADS

Zrinka LACKOVIĆ VINCEK

*University of Zagreb, Faculty of Organization and Informatics,
Pavlinska 2, 42 000 Varaždin, Croatia
zlackovi@foi.unizg.hr*

Vladimir KOVŠKA

*University of Zagreb, Faculty of Organization and Informatics,
Pavlinska 2, 42 000 Varaždin, Croatia
vkovska@foi.unizg.hr*

Viktorija BARLOVIĆ

*University of Zagreb, Faculty of Organization and Informatics,
Pavlinska 2, 42 000 Varaždin, Croatia
vbarlovic20@student.foi.hr*

Abstract

The emergence of digital nomads has significant effects on the world of work, tourism, and the economy, and in recent years, it has become a topic of increasing interest worldwide. Although digital nomadism offers numerous advantages, such as freedom to travel and work from any location, it also involves challenges, such as navigating different time zones and cultures. Since digital nomads are most commonly employed in innovative industries, working remotely from any location in the world using digital technology, the objective of this study is to explore the awareness of young people in the Republic of Croatia about the concept of digital nomads and digital nomadism. The article was developed using scientific and professional literature in the field, together with primary data collected through an online survey questionnaire. In addition to general scientific methods, particularly in the empirical section, descriptive statistical methods are employed. The results of the research reveal that young people in the Republic of Croatia are not sufficiently familiar with the concept of digital nomads. Although most of the respondents would not engage in digital nomadism, they highlight flexible working hours and the experience of different cultures as the main advantages of this lifestyle and work approach. Furthermore, the majority of respondents anticipate that the concept and lifestyle of digital nomads will become increasingly popular in the future. The trend of increasing adoption of this working style suggests that active investments in innovations and the promotion of digital nomad business will be of great importance to the economy and tourism of the country. This is supported by the results of this research, where most of the respondents anticipate the contribution of digital nomadism to the development of tourism and the entire economy of the Republic of Croatia. In future research, it is suggested to expand the sample and focus on a long-term analysis of the experiences of digital nomads to better understand how their lifestyle evolves over time. Furthermore, investigating the direct impact of digital nomads on local communities, including social and economic aspects, would be valuable. These research directions can help policy makers, employers, and digital nomads themselves better understand this phenomenon and realize its full potential.

Keywords: digital nomads, digital nomadism, young, Republic of Croatia

JEL classification: F16, F22, J60, J80

CASHLESS SOCIETY - IS IT FEASIBLE? ANALYSIS OF PAYMENT TRENDS

Maja MIHELJA ŽAJA
*University of Zagreb, Faculty of Economics and Business,
Trg J. F. Kennedy 6, Zagreb, Croatia*
mmiheljaz@net.efzg.hr

Branka TUŠKAN SJAUŠ
*University of Zagreb, Faculty of Economics and Business,
Trg J. F. Kennedy 6, Zagreb, Croatia*
btuskan@net.efzg.hr

Abstract

The recent COVID-19 crisis significantly changed the behaviour of society in many fields, including the field of payment habits. Although this crisis highlighted the importance of digital transformation and non-cash payments, the trends toward a cashless society have been remarkable for a long time. But is a cashless society possible and feasible? This paper aims to present research results on trends and the main determinants of cashless payment transactions worldwide. The paper's main idea is to point out the main impact factors which lead to a higher share of non-cash transactions towards a cashless society. For that purpose, in the paper's empirical research part, different cash and non-cash payment transaction indicators (determinants), financial inclusion trends, and other chosen socio-economic trends are analysed in the last decade, up to 2022, through 5 World Regions. For that purpose, the comparative analysis and descriptive statistics methodology are applied. The study's results indicate that despite some cashless payment indicators' significant and continuous growth trend, cash is still prevalent in transactions. This is especially true in less developed countries, where the financial exclusion indicator is high, and cash payments remain relatively common. Despite advancements in digitalisation, digital transformation, and technological innovation in payments and payment systems, payment behaviour in these countries differs from that in developed countries. Due to higher levels of financial exclusion and other unfavourable socio-economic indicators, consumers' behaviour, customs, and payment habits significantly differ in less developed countries, which is potentially an important factor in the slower trend toward a cashless society. The results emphasised the importance and growing trend of non-cash payment transactions but also pointed to detected problems towards a cashless society in the form of insufficient financial inclusion and degree of economic development. The analysis results may be a valuable source of information used to understand better the importance and role of offer and acceptance of innovation, digitalisation, and digital transformation solutions in the field of payments.

Keywords: payment, digitalisation, cashless society, financial exclusion

JEL classification: G20, G29, E42, F65, D39, C19, O00, O16, O31

THE IMPACT OF COVID-19 PANDEMIC-DRIVEN CHANGES ON PURCHASING HABITS – STUDY ON UNIVERSITY STUDENTS

Lorena PIKL

*University of Zagreb, Faculty of Organization and Informatics,
Pavlinska 2, 42000 Varaždin, Croatia
lpikl@foi.unizg.hr*

Petra ŠTEFIĆ

*Economic and Trade School Čakovec, Vladimira Nazora 36,
40000 Čakovec, Croatia
petra.stefic@skole.hr*

Lea TRESKA

*Vindija d.d., Međimurska 6, 42000 Varaždin, Croatia
lea.treska@vindija.hr*

Iva GREGUREC

*University of Zagreb, Faculty of Organization and Informatics,
Pavlinska 2, 42000 Varaždin, Croatia
igregure@foi.unizg.hr.*

Abstract

E-commerce is increasingly developed, and the number of people who purchase online is growing every day, both in the whole world, as well as in Croatia. Numerous companies are implementing web shops, that is, the possibility for customers to purchase their products online, which means that customers have a wide range of online stores from which they can choose the one that suits them best. The COVID-19 pandemic has led to numerous changes in all spheres of human life, leaving health, economic, social, psychological, and numerous other consequences behind. The pandemic therefore had a great impact on the way of shopping as it was necessary to adapt to an extremely unpredictable business environment. This paper aims to investigate how the COVID-19 pandemic affected the purchasing habits of students in the online environment. The quantitative research was conducted among undergraduate and graduate students of the University of Zagreb, Faculty of Organization and Informatics to determine their purchasing habits in an online environment before and during the COVID-19 pandemic. The questionnaire as an instrument of collecting primary data was distributed to students via e-mail, so a non-probabilistic, convenience sample was used. A total of 175 students answered all the questions and a statistical analysis was performed on their answers. In the research, the significance of demographic and internet usage characteristics towards online purchasing before and during the COVID-19 pandemic was investigated. Considering the subject of the research and the knowledge of previous research in this area, the expected scientific contribution of the research is reflected in gaining new knowledge about purchasing habits in the online environment of students due to the situation caused by the COVID-19 pandemic. In this research, new guidelines are set where the use of the internet is considered through the influence of the purchasing habits of students. Likewise, unlike other questionnaires, a new parameter, such as region, was introduced into the demographic characteristics. According to the results of the research, there is no significant difference between the online purchasing habits of students before and during the COVID-19 pandemic

based on demographic and internet usage characteristics. This paper and conducted research can be useful both to scientists that research this area, as well as to marketers and retailers to find out if consumers have changed their purchasing habits due to the COVID-19 pandemic, to reshape and simplify their online business.

Keywords: online purchasing habits, demographic characteristics, internet usage characteristics, COVID-19 pandemic

JEL classification: M31, M37, O33

Part V

OTHER TOPICS

INTERNAL MARKETING IN CROATIAN POLITICAL PARTIES: EXAMINING PRACTICES AND MEMBER SATISFACTION

Ante BEKAVAC

*Hydrographic Institute of the Republic of Croatia (HHI),
Zrinsko Frankopanska 161, Split, Croatia
ante.bekavac@hhi.hr*

Erik RUŽIĆ

*Juraj Dobrila University of Pula, Faculty of Economics and Tourism
"Dr. Mijo Mirković", Preradovićeve 1/1, 52100 Pula, Croatia
erik.ruzic@unipu.hr*

Dragan BENAŽIĆ

*Juraj Dobrila University of Pula, Faculty of Economics and Tourism
"Dr. Mijo Mirković", Preradovićeve 1/1, 52100 Pula, Croatia
dbenazic@unipu.hr*

Abstract

In order to grow, develop and progress, both profit and non-profit organizations need people. More specifically, they need satisfied and motivated employees and/or members. The concept of Internal Marketing (IM) first appeared in the early 1970s, with the aim to understand employee needs, to provide activities to fulfill their needs and, by doing so, to positively impact employee satisfaction and motivation. Although the concept showed potential to provide positive outcomes in all types of organizations, it has mostly been researched and implemented in for-profit organizations. Research focused on IM practices in political parties is scarce, almost non-existent. Therefore, the purpose of this paper is to determine the level of IM implementation in political parties in Croatia and the level of satisfaction of their members. Moreover, the research aims to identify gender, age and education-based differences in perception of internal marketing communication (IMC), a key aspect of internal marketing, and to determine whether there are different segments of party members with regard to their perception of internal marketing. Descriptive statistics, t-test and analysis of variance were used to interpret the results, as well as a cluster analysis. The research results show that the use of internal marketing was moderate (average rating 3.08), while the level of member satisfaction was higher (average rating 3.73). No differences were found in party members' perception of certain aspects of IMC with regard to the gender, age and level of education of respondents. However, with regard to the perception of internal marketing communication, three segments of political party members were identified (dissatisfied, moderately satisfied and satisfied). The findings will contribute to the body of knowledge with new insights on different aspects and use of internal marketing, internal marketing communication and member satisfaction in the specific field of non-profit organizations, namely political parties. Potential positive effects of internal marketing are important, and not only for the "market" results of political parties. They can also result in potential positive effects for the society as a whole.

Keywords: internal marketing, political parties, satisfaction

JEL Classification: M30, M31

THE IMPACT OF INFLATION ON FINANCIAL SECTOR PERFORMANCE: EVIDENCE FROM OECD COUNTRIES

Argjira BILALLI

*Faculty of Business and Economics, South East European University,
Ilindenska n.335, 1200 Tetovo, North Macedonia
ab31379@seeu.edu.mk*

Murat SADIKU

*Faculty of Business and Economics, South East European University,
Ilindenska n.335, 1200 Tetovo, North Macedonia
m.sadiku@seeu.edu.mk*

Abstract

This research paper aims to investigate the impact of inflation on financial sector performance in OECD countries. The issue was selected in light of the fundamental function of the financial sector and its effects on long-term economic growth. It is worth noting that a stable macroeconomic environment is considered an essential precondition for healthy financial sector development. The impact of inflation on the financial sector is measured through the effect that macroeconomic determinants of financial performance, such as inflation, GDP growth, general government final consumption expenditure, trade, and the lending interest rate, have on credit to the private sector as a share of GDP and a broad definition of money as a ratio of GDP, that were used to proxy financial sector development. The data are provided from the World Bank Database, which covers the years 2002 through 2021 for 38 OECD countries. The study approach uses a variety of panel regression models, including OLS, OLS Robust, Fixed effects, Random effects, and Generalized method of moments (GMM). The models are generated using STATA software as a data proceeding tool. Additionally, for this set of counties and time periods, findings indicate domestic credit to the private sector and broad money negatively correlate with inflation.

Keywords: Inflation; financial sector; domestic credit to the private sector; broad money; panel data; OECD Countries

JEL Classification: E31, G2, G1

THE ECONOMIC ROLE OF EUROPEAN SOCIAL FUND IN REPUBLIC OF CROATIA

Ivica CAR

*Ministry of Labour, Pension System, Family and Social Policy,
Ulica grada Vukovara 78, Zagreb, Croatia
icar1@net.efzg.hr*

Abstract

European social fund is main instrument for supporting human resources, encouraging employees to get better jobs and ensuring better job opportunities for all EU citizens since 1950s. Its focus has shifted throughout years, but the main goal remained the same and that is to invest in human capital through local, regional and national employment projects. According to their social challenges, every Member State has the opportunity to adjust priorities to be financed as long as they are contributing EU strategies. This paper provides an overview on ESF measures including financial allocations for every member state in EU as a base for comparison to measures that are chosen by Croatia. The paper explains the reasons for addressing specific goals and adopting them in Operational Programme Efficient Human Resources 2014-2020. Also, it provides an overview of new Programme Efficient Human Resources 2021-2027 specific goals that are recognized as important factor in new seven-year perspective. Furthermore, this paper provides brief comparative overview of ESF and ESF+ taking in consideration changes and challenges that Croatia faced in its first 10 years of EU membership. Croatia started to implement ESF funds in the time of global financial crisis that lasted longer than in most EU Member states. Also, in following years, emigration trend continued which, in combination with economic stabilisation after COVID crisis, resulted in shortage of labour force, especially, in low skilled jobs. The conclusion of this paper is that for the implementation of the ESF program, partnership with civil society organizations was of key importance for achieving the goals planned in the Operational Programme. Civil society organizations can achieve wider coverage of some target groups that would not be reached otherwise. Therefore, they are particularly efficient in providing social services and implementing activities for the social inclusion of vulnerable groups that government institutions lack in capacities.

Keywords: European union, European social fund, labour market measures, unemployment, lifelong learning

JEL classification: E24, J24, P35

EVALUATION OF PUBLIC-PRIVATE PARTNERSHIPS (PPPS) IN THE REPUBLIC OF NORTH MACEDONIA

Elizabeta CEBOVA HAMMOND

*Faculty of Economics, Ss. Cyril and Methodius University in Skopje (UKIM),
Goce Delcev 9 B, North Macedonia
celizabeta@yahoo.com*

Abstract

The emergence of Public-private partnerships (PPPs) has been discussed extensively as a crucial “tool” for implementing the new global 2030 Sustainable Development Agenda, which focuses on poverty, climate, environmental degradation, prosperity, peace and justice. Achieving these goals requires the concerted efforts of governments, the business sector, society, and individual citizens. Visionary leadership within public and private organizations brought many PPPs to fruition, combining the generous funding provided by a number of foundations and public sector organizations together with private ones. The most successful examples are the Global Health Partnerships (GHPs) that made significant contributions to global health and can be taken as a great example replicable to other sectors, yet many have confronted common challenges that need to be systematically understood. In order to assess those factors, partnerships have to be evaluated. Evaluation serves to assess two critical factors: improvement and accountability. Firstly, evaluation helps to assess how well the partnerships are working and identifies whether improvements are needed. It also helps to demonstrate internal and external accountability for the use of resources. Both improvement and accountability are important factors for change processes and strategic decision-making. To understand the success of PPP in North Macedonia, this paper emphasizes the importance of evaluation for these partnerships to be transparent and accountable in order for their work to be effective and influential. A detailed approach, focused on transparency and accountability can lead to new methods for developing partnerships, improve their work, their final results and achieve the goals of sustainable development. This paper reviews the PPP evaluation framework which will be applied and tested in the next phase of our research. Due to lack of existing and published evaluation reports of the PPPs in North Macedonia, a survey will be conducted to gather the expected data. The results of the additional research will be presented in the next paper.

Keywords: Public-private partnerships, evaluation, efficiency, transparency, SDGs

JEL classification: F64, H50, I00, Q5

ANALYSIS OF HIDDEN DETERMINANTS OF PRODUCTIVITY: JOB SATISFACTION IN THE CROATIAN LABOR MARKET RELATIVE TO THE EU

Mia DESPOTOVIĆ

*University of Zagreb, Faculty of Economics and Business,
Trg J. F. Kennedy 6, 10000 Zagreb, Croatia
mia.despotovic@gmail.com*

Tomislav GLOBAN

*University of Zagreb, Faculty of Economics and Business,
Trg J. F. Kennedy 6, 10000 Zagreb, Croatia
tgloban@efzg.hr*

Abstract

In the literature on the determinants of labor productivity, little attention has been paid to the strength of predictors such as employees' job satisfaction in terms of productivity and engagement, although they say a lot about the achieved productivity gap, as well as the efficiency of the labor market of the observed economy. The mismatch between labor supply and demand, in addition to suboptimal economic development at the macroeconomic level, results in high costs at the personal (microeconomic) level. At the same time, the macroeconomic effect stems from the impossibility of effective engagement of available production resources, the reduction of their value due to a period of non-use and a missed opportunity to strengthen the achieved and still unrealized potential of their productivity. The aim of this paper is to examine the level of employee satisfaction in the Republic of Croatia and compare it with other countries of the European Union. The analysis uses anonymized and cross-sectional micro data of the EU Labor Force Survey for the period from 2009 to 2019, issued by the European Commission. The paper uses the largest set of cross-sectional data on the characteristics of employees and their places of employment within an eleven-year period in the Republic of Croatia, and the recorded search for a new job is introduced as a new indicator of dissatisfaction with the current place of employment. The findings reveal that the quality of work that employees have at their place of employment is the most common reason for generating their job (dis)satisfaction. At the same time, more than half of the number of individuals dissatisfied with their jobs relate to four economic activities. Other reasons for expressed dissatisfaction in the sample of respondents are present to a lesser extent and show a lower level of concentration associated with a specific economic activity. The shares of those dissatisfied with a fixed-term employment contract, as well as those with special working conditions, do not appear to be the dominant factor in expressed dissatisfaction. According to survey data, it is difficult to connect dissatisfaction with the size of the company of employment as well as the role that the employee has in the workplace, and the highest level of education and additional training do not follow the trends of European countries. Nevertheless, macroeconomic trends follow previously observed patterns of expression of satisfaction, so due to the recession and uncertainty arising from the environment, employees express less dissatisfaction, that is, they take actions in the direction of improving satisfaction. There are a large number of factors that have a significant impact on the level of employee satisfaction with the place of employment. These are, in addition to the socio-economic characteristics of the employees themselves, the entire institutional framework of the labor market as well as the trend of economic development and the globalized environment. This fact is the reason why it

is not recommended to generalize job satisfaction trends within one economy, nor to separate the microeconomic aspect of the observed challenge from the macroeconomic characteristics of the environment. Moreover, the presented findings say little about the strength and direction of the influence, as well as the causality of their occurrence. In subsequent research, it is still necessary to investigate this and pay more attention to the significance of the impact and the probability of the occurrence of dissatisfaction, so that the scientific contribution will also support the creation of measures to prevent the occurrence of dissatisfaction.

Keywords: employee satisfaction, labor productivity, human capital, economic growth, work evaluation

JEL classification: E24, J24

THE IMPACT OF THE MACROECONOMIC MOVEMENTS ON THE RESIDENTIAL REAL ESTATE PRICES IN THE EUROPEAN UNION

Ivan GAŠPAR

MDK Građevinar, Dubrovčan 3B, Veliko Trgovišće, Croatia
ivangaspar99@gmail.com

Tamara SLIŠKOVIĆ

University of Zagreb, Faculty of Economics and Business,
Trg J. F. Kennedy 6, Zagreb, Croatia
tamara.sliskovic@efzg.hr

Abstract

The real estate market is an important segment of the economy that can have a significant impact on overall economic activity, financial stability, as well as the quality of life of individuals. Residential real estate prices often experience fluctuations which can be caused by macroeconomic developments. Therefore, understanding the impact that macroeconomic variables have on these changes is of a great importance to various economic subjects. The aim of this paper is to assess the impact of movement in macroeconomic variables on the price of residential real estate in the European Union. Specifically, we observe the effect of GDP growth, inflation, unemployment, interest rates and population, on housing prices. The independent variable in model, the price of residential properties, is expressed by house price index. The sample of countries includes 27 EU member states. The analysis covers the 2008.-2022. period. The observed period is very interesting for analysis due to the numerous disturbances that occurred during that period, especially the global financial crisis and the COVID-19 crisis. The parameters which indicate the mentioned relationships are estimated within the balanced panel model. In order to check the robustness of the results, several variants of the model were evaluated: a pooled regression model, a fixed effects model and a random effects model. The fixed effects (FE) model proved to be the most appropriate for parameter estimation, successfully explaining most of the variability in the house price index. The results of the model estimation show that GDP growth, inflation, interest rate and the unemployment rate are statistically significantly related to the house price index. While the most of results are in line with economic theory, the results related to the effect of the interest rate on house prices are somewhat atypical.

Keywords: macroeconomic variables, residential real estate, housing prices, European Union

JEL classification: E31, R20, R30

LABOUR MARKET IN BOSNIA AND HERZEGOVINA AND CHALLENGES OF EU ACCESSION PROCESS

Branimir SKOKO,
Faculty of economics, University of Mostar, Matice hrvatske, b.b.
88000 Mostar, Bosnia and Herzegovina
branimir.skoko@ef.sum.ba

Ivan ŠUŠNJAR
University of Zagreb, Faculty of Economics and Business,
Trg J. F. Kennedy 6, Zagreb, Croatia
isusnjar@net.efzg.hr

Abstract

There is general economic consensus that unemployment is one of the biggest social and economic problems of any society, and whose consequences can be seen in lost output, the increase in inequality, fiscal cost, deterioration of human capital etc. Bosnia and Herzegovina (BiH) is a country with complex political and territorial structure, consisted of two entities and one district with high level of federalism. This political and territorial structure significantly determines all social and economic processes, both internal and external. Although, there are disputes in many issues, all BH politically relevant forces have identified the EU integration as priority foreign policy aim that should speed-up much needed reforms and ensure faster economic growth and development of Bosnia and Herzegovina. However, declarative agreement about EU accession is not enough for realization of accession process that is very slow and inefficient. That is confirmed by the fact that more than 15 years have passed since signing the SAA and negotiations are still not opened. Bosnia and Herzegovina faces with one of the largest unemployment rates in Europe and very low activity rate. This in addition to poor demographic conditions and negative migration tendencies creates many challenges for the economy and creators of economic policy. Characteristics of the labour market and its imperfections are additional concerns. The aim of this paperwork is to research the labour market in Bosnia and Herzegovina that is segmented according to the country's political and territorial structure, especially segmentation of the labour market and mobility of labour force within certain lower territorial units and within Bosnia and Herzegovina as a whole. Key problems will be identified by analysing key indicators of the labour market, employment policy and institutions responsible for the labour market in order to create framework that could ensure comprehensive and coherent approach to employment issues. Different support and cooperation programmes implemented by foreign employment agencies are a particularly important topic of the labour market in Bosnia and Herzegovina. This practice becomes more common and it is reasonable to question sustainability of existing economic system in Bosnia and Herzegovina and consequences of further integration process. Having in mind historical component of the influence of the EC countries on the BH labour market since 1960s and development of this relations over time, it is not possible to ignore the effects of those processes. It is especially important to think about trends once Bosnia and Herzegovina enters the EU and accesses the EU single market where free movement of workers is one of the fundamental freedoms. At the same time, Bosnia and Herzegovina should not think about any exemption and delay in application as it was the case during enlargements in 2004 and 2007 because EU desperately needs work force. Bosnia and Herzegovina with population of a slightly more than 3 million cannot be destabilizing factor at the EU labour market. This creates

necessity for active employment policies and strategic approach to aforementioned issues in order to ensure a sufficient stock of human capital for survival and development of national economy. The main direction of active policies and real possibilities for the reforms of labour market as well as research to see whether employment policies are ready to follow changes in the economy structure and coming trends will be investigated by analysing institutional frameworks and expenditures for active policies. In accordance with aforementioned, this paperwork should try to determine whether there is connection between improvement in BH integration process towards the EU and trends of labour force emigration in the Western European countries. In accordance with the results it will be assumed what to expect in future periods with improvement of BH integration process.

Keywords: Labor market, Bosnia and Herzegovina, employment policy and sustainability

JEL classification: E24, J21, J08, J82

RESTRICTIVE MONETARY POLICY AND GROWING BANK PROFITS: THE EXAMPLE OF CROATIA AFTER JOINING THE EURO AREA

Viktor VILJEVAC

*University of Zagreb, Faculty of Economics and Business,
Trg J. F. Kennedy 6, Zagreb, Croatia
vviljevac@efzg.hr*

Karlo VUJEVA

*University of Zagreb, Faculty of Economics and Business,
Trg J. F. Kennedy 6, Zagreb, Croatia
kvujeva@efzg.hr*

Abstract

In this paper, we analyze a novel monetary phenomenon using the example of the Croatian economy: the simultaneous growth of bank financing costs and bank profits in conditions of structural excess of liquidity. After entering the euro area, the Croatian National Bank (CNB), as part of the Euro system, participated in aggressive increases of key interest rates on the central bank liquidity. Under conventional monetary conditions, the immediate objective of interest rate hikes is to increase the cost of borrowing for commercial banks, while the ultimate objective is to reduce the inflation rate to the target level. However, after two significant crises - the Great Financial Crisis and the crisis caused by the COVID-19 pandemic - the monetary system of the euro area and Croatia is characterized by the structural excess of liquidity. As a result, increases of key interest rates no longer have a clear interpretation regarding the transmission of monetary policy: commercial banks now generate revenue both from excess liquidity and new lending. The aforementioned has theoretical and practical consequences; the focus of this paper is on the practical consequences for the Croatian economy in the short run. Two main observations that constitute the preconditions of the abovementioned monetary phenomenon can be pointed out. First, even though CNB has only recently become a member of the Euro system, there exists a high level of accumulated excess liquidity in Croatia as a consequence of a de facto fixed exchange rate regime over many years. Second, the Croatian banking system is highly concentrated. Arguably, the consequence is the growth of the banks' net interest income, i.e. the asymmetry of the transmission of the restrictive monetary policy, due to investments and savings being simultaneously demotivated. This makes the transmission of monetary policy suboptimal and bank profits rapidly growing. Hence, interest rate hikes in Croatia can be considered as a hidden subsidy by the public sector to the private sector of largely foreign ownership, which renders a high probability of capital outflow. In the absence of CNB's monetary autonomy, the possibilities of local economic policy intervention are primarily in the fiscal authority's domain.

Keywords: restrictive monetary policy, CNB, euro area, excess liquidity, bank profits

JEL classification: E52, E58, F45, E42, B5

THE RELATIONSHIP BETWEEN SPONSOR RECOGNITION, SPONSOR PREFERENCE AND SPONSOR BRAND PERCEPTION

Tija VRANEŠEVIĆ

*University of Zagreb, Faculty of Economics and Business,
Trg J. F. Kennedy 6, Zagreb, Croatia
tija.vranesevic@gmail.com*

Pavao VRANEŠEVIĆ

*University of Zagreb, Faculty of Economics and Business,
Trg J. F. Kennedy 6, Zagreb, Croatia
pavao.vranesevic@yahoo.com*

Miroslav MANDIĆ

*University of Zagreb, Faculty of Economics and Business,
Trg J. F. Kennedy 6, Zagreb, Croatia
mmandic@efzg.hr*

Abstract

The purpose of this paper was to research how the reputation and image of sponsors and sports clubs affect both. In other words, the aim was to research to what extent the reputation and image of a sponsor transfer to a sponsored sports club, and vice-versa. The goal of this paper is to research whether sponsorship brings value benefits in terms of the positive impact on the reputation and image of sponsors and the reputation and image of sports clubs. Quantitative research was carried out, with a structured questionnaire as a research instrument. The questionnaire was created and distributed to respondents using the Qualtrics online survey tool. The sample gathered counted 465 respondents and it was obtained with nonprobability convenience sampling. The respondents agree that the improvement of and/or building the reputation is one of the reasons companies (sponsors) are investing in sports sponsorships. The results indicate that companies can positively impact their reputation through sports sponsorship. Moreover, the results also indicate that through sponsorship the reputation of the companies that are sponsors can also transfer or spill over to the sponsored sports club. Sports sponsorship can have a positive impact on the reputation of the companies that are sponsors, and through sponsorship, the image of the sponsored sports club can transfer or spill over to the sponsor company. Improving and/or building their image is one of the significant reasons why sports subjects enter sponsorship deals. The image of the company sponsor can transfer or spill over to the sports club via sponsorship. Sport followers and sports fans have a significantly more positive view of a sports club if it is sponsored by a company or product(s) they love. In addition, consumers have a more positive view of companies and products if they sponsor a sports club or sports events that they follow or love. Sponsorship has a value benefit for both the sponsors and the sports clubs, and one of the ways in which this benefit manifests is through the positive impact on the reputation and image of both the sponsors and the sponsored side. In addition, we wanted to check whether and how much influence Sponsor recognition (SR) and Sponsor preferences have on Sponsor brand perception (SBP). For this purpose, SEM (Structural Equation Model) based on the Smart PLS (Partial Least Square) procedure was applied. The model shows that the latent variables Sponsor recognition (SR) as well as Sponsor brand perception have a statistically significant influence on Sponsor brand perception (SBP) and that they explain 53.9 of its variance ($r^2=0.539$). The application of

IPMA (Importance-Performance Matrix Analyses) showed that both latent variables (SR and SP) have equal performance, but that SR has a significantly greater influence on SBP. When analysing the importance and performance of indicators (items), it can be seen that the item "In most cases I immediately notice sponsors of sports events/teams/athletes" is the least important in the model but its performance (58,806) is the highest in comparison with other indicators in the model. At the same time, the item "If a brand sponsors a sports event/club/athlete I follow, I will have a better opinion of it" has the highest impact but rather low performance. So, if managers aim to enhance Sponsor brand perception (SBP), they should prioritize this indicator more than others. Managers should pay attention to the rest of the significant indicators with a gap between the importance ratio and performance of indicators and construct.

Keywords: sponsor recognition, sponsor preference, sponsor brand perception

JEL classification: M0; M3; M31

INDEX OF AUTHORS

BARLOVIĆ Viktorija
BEKAVAC Ante
BENAZIĆ Dragan
BENDA PROKEINOVA Renata
BENE Katalin
BILALLI Argjira
BOGUNOVIĆ Branko
BUCUR Louisa-Maria
CAR Ivica
CEBOVA HAMMOND Elizabeta
DESPOTOVIĆ Mia
DUJMOVIĆ Mauro
DUNKOVIĆ Dario
FLORIČIĆ Tamara
GAŠPAR Ivan
GLOBAN Tomislav
GOLEM Silvia
GREGUREC Iva
HANÁK Róbert
HAŠČÍK Štefan
HROVATIN Nevenka
IVANIŠEVIĆ HERNAUS Ana
KÁLMÁN Attila
KENCEK Martina
KNEŽEVIĆ Blaženka
KOCÚROVÁ Nina
KOVŠCA Vladimir
KRESA Zdeněk
LACKOVIĆ VINCEK Zrinka
MAKREVSKA Elena
MANDIĆ Miroslav
MIHELJA ŽAJA Maja
PAPOUŠKOVÁ Květa
PAVLINOVIĆ MRŠIĆ Slađana
PETKOVŠEK Veronika
PEVCIN Primož
PIKL Lorena
RUŽIĆ Erik
SADIKU Murat
SKOKO Branimir
SLIŠKOVIĆ Tamara
SOLENIČKI Martina
STAN Brindusa Nicoleta
STOJKOSKI Viktor
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TEVDOVSKI Dragan
TONOVSKA Jasna
TOSHEVSKA-TRPCEVSKA
Katerina
TRESKA Lea
TUŠKAN SJAUŠ Branka
VILJEVAC Viktor
VITASOVIĆ Aljoša
VRANEŠEVIĆ Pavao
VRANEŠEVIĆ Tija
VUJEVA Karlo