



**1st INTERNATIONAL SCIENTIFIC
AND PROFESSIONAL CONFERENCE
“FEDOR ROCCO”**

CROATIAN PROSPECTS IN THE EUROPEAN UNION

Book of Abstracts

Zagreb, December 6, 2013

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CONFERENCE "FEDOR ROCCO"

The conference is initiated with intent to make it a long-lasting tradition. It is named after dr.sc. Fedor Rocco, professor emeritus (1924. – 2011.), a long-term professor at University of Zagreb, Faculty of Economics and Business, and one of the founders of marketing theory and practice in Croatia who actively participated in founding The Zagreb School of Business and was its first active dean from 2006. to 2008.

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Keynote

Speakers

Dušan Radonjič, PhD
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Go to how far your eye can see, when you arrive, you will see even further
(with best wishes to Croatian marketers in the EU)

Abstract

Croatia's accession to the European Union primarily means the recognition of its current developmental achievements, as well as a confirmation of its important role in the united Europe. Its role is, therefore, multidimensional. In this context, Croatia is especially important in the economic sense. Croatia is expected to use its economic potential to become more successful, within its borders, as well as within the EU. What could be the role of marketing, its concept, system, process, its integrative function and its strategic orientation? Are Croatian companies at the required level of marketing implementation? Many cases from Slovenian experience did not confirm the positive assessment of implementing marketing, primarily on a strategic level. Marketers in Croatian enterprises should be aware that economic success and results of their companies within the EU market will basically depend on the quality of their marketing services. And not just marketers, but also the top managerial structures, which, according to the Slovenian experience, still do not understand the true role of marketing in the functioning of the company as the whole organizational system.



Dušan Radonjič (Slovenia) is full professor at the Marketing Department, Faculty of Economics and Business, as well as at the Faculty of Tourism, University of Maribor. He earned his PhD at the Faculty of Economics in Zagreb. He has been elected Dean of FEB Maribor several times. In the 80's he studied at several American universities as a grantee of the U.S. government. He also launched an MBA program with his project team, the first of its kind in Slovenia. Dr. Radonjič has been elected Vice-Chancellor of the University of Maribor in 1996 and the same year he became a full member of the Association of European Academy of Sciences and Arts. In 2007 he was elected President of the European Council for Business Education (ECBE). He is a visiting professor at several European and American universities. He is the author or co-author of more than 500 scientific papers and books from the fields of sales promotion, marketing information system, marketing research as well as strategic marketing and management.

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Technoethics and the Challenge of Governing Science and Technology within the European Union

Abstract

Technoethics is an interdisciplinary research domain that focuses on ethical (and social) aspects of society and the human condition interwoven within socio-technical systems. Science and technology within the evolving European Union (EU) is a complex socio-technical system with major governance challenges to overcome. In particular, European governments and the EU are struggling to deal with the conflicting values and priorities connected to the ethical governance of science and technology. How can the EU promote the ethical governance of science and technology amidst conflicting desires to promote innovation while addressing the need to accommodate a wide range of public interests and ethical concerns about human rights, environmental issues, and health? This keynote discusses ‘technoethics’ and ‘technoethical inquiry’ (TI) in an effort to reflect on opportunities and challenges revolving around the ethical governance of science and technology.



Rocci Luppicini is an associate professor in the Department of Communication at the University of Ottawa (Canada). He is a social scientist and philosopher of technology who helped nurture in the interdisciplinary research fields of Technoethics and Technoself Studies (TSS). Dr. Luppicini acts also as the Editor-in-Chief for the International Journal of Technoethics, which focuses on the media in the new digital environment, the needs for a new interpretation of information and communication technologies (technoculture) and the impact of the digital technology on human life and society. He has published over 25 peer reviewed articles and has authored and edited more than 10 books including, the Handbook of Research on Technoethics: Volume I &II (IGI, 2008,2009), Technoethics and the Evolving Knowledge Society: Ethical Issues in Technological Design, Research, Development, and Innovation (2010), Cases on Digital Technologies in Higher Education: Issues and Challenges (IGI, 2010) etc.

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"Slow Tech: Promoting the idea of good, clean and fair."

Abstract

Today, speed of decision-making, action and technology are at the fore of many international messages. Marketing this message appears to be widespread. Yet, promotion, awareness-raising, capacity-building and shared collaboration are equally important. It is perhaps a contrary approach – Slow Tech – that can help to resurrect societal innovation. An enhanced focus is needed on, for example, European well-being, health and facing demographic changes; the appropriate environmental sustainability of the Union; and the rebirth of economic growth and employment. Hence, Slow Tech as a notion deserves wider European, and international, attention. This keynote reflection highlights a number of the challenges posed by today's technologies. In advocating a Slow Tech approach, it attempts to respond to three essential questions: Is today's approach to ICT fair? Is it desirable? And, ultimately, is it sustainable?



Diane Whitehouse has degrees in European Studies, political science and in information systems. She did preparatory PhD work at the London Business School and researched and taught at university level, in organisational theory and behaviour. Diane established a UK-based business consultancy in 2007 which concentrates on ePublic services policy and consultancy. Diane has eight years in applied practical experience of high-level European policy development at the European Commission (Brussels). In her earlier career, Diane worked in the domains of action research, civic and human rights and academia at the London School of Economics and

Political Science. As a scientist, her work has focused on the social, organisational, and ethical aspects of information and communications technologies (ICT). Diane is currently Chair of the International Federation for Information Processing's working group 9.2 on social accountability and computing and is co-Vice Chair of its technical committee on ICT and Society.

MARKETING

***Socially Responsible
Business Conduct
in Croatia***

SOCIALLY RESPONSIBLE BUSINESS – A DOMINANT FORM OF DOING BUSINESS IN THE FUTURE

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Abstract

In the business world, and increasingly in the business operations of Croatian companies, socially responsible behavior and exchange of values between the organization and the community, has become the main factor and the creator of business success. Global economy indicates, on a daily basis, the importance of changing the actual way of doing business, as well as a different approach to the society as a whole. Corporate social responsibility is a bridge between the business world and the community. The community cannot do without the business world nor can the business world do without the community. This interdependence and awareness of indivisibility have changed the way of considering business operations, transferring the focus from profits, the company's size and inward-looking perspective to sustainability, cooperation and joint actions that benefit all participants. These facts are the main reasons for choosing the issue of corporate social responsibility as the dominant form of business in the future. In today's business environment, which is subjected to constant changes and increasing competition, the companies that are only promoting their products and services while not paying attention to social welfare and behaving irresponsibly towards the community, are losing the market to competitors in the end. Therefore, the first part of the paper includes and explains the concept and importance of corporate social responsibility for the business and the community, and presents challenges and benefits that this form of business brings about. The second part focuses particularly on the importance of corporate social responsibility for Croatian companies at the time when Croatia enters the EU market. Additionally, the current position of socially responsible companies in the Republic of Croatia is analyzed. Ultimately, the objective is to answer whose interest corporate social responsibility is really in and whether the concept of social responsibility is a trick to deceive

consumers and communities. At the very end, there is the conclusion of the authors and the list of literature used.

Keywords: corporate social responsibility, global market, interests, competitiveness, community.

*Competitiveness of Croatian Products
and Services on the European market*

THE ROLE OF CLUSTERS IN INCREASING THE LEVEL OF COMPETITIVENESS AMONG CROATIAN PRODUCTS AND SERVICES IN THE EUROPEAN MARKET

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Abstract

The aim of this paper is to explore how to increase the competitiveness of the Croatian economy, and thereby to increase the placement of Croatian products and services in the European market. Croatian companies from July 1st 2013 are operating within the European single market. Competitiveness has long been the main topic for the creators of the socio-economic policy. Therefore, the key question of this article is: How to achieve increased competitiveness? Hypotheses that will achieve these goals are:

(H1) linkage between public, private and scientific research sector can have a significant impact on increasing the competitiveness of Croatian products and services in the European market;

(H2) quality cluster management can provide an effective preparation of projects aimed at increasing the number of Croatian products and services in the European market.

The study will use primary and secondary research and methods of description, analysis and synthesis. Surveys will be determined, in the case of business clusters, which are the main factors of competitiveness. Governance model clusters that can increase the competitiveness of Croatian products and services in the European market will be proposed based on this analysis.

Keywords: competitiveness, clusters, project management.

CREATING A NEW COMPETITIVE PRODUCT FOR THE EUROPEAN MARKET ARONIA WITH ADDITON OF STEVIA

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Abstract

While trying to make more wealth and profit, people often neglect the dimensions of health and healthy food. Today's lifestyle more often leads to obesity and diabetes. New research and production of new healthy foods is necessary in order to draw attention to maintaining human health.

The making of a new competitive product for the European market would include the processing of aronia with the addition of stevia as a sugar substitute. Today's consumers, with little knowledge, use unhealthy and synthetic food products, i.e. artificial sweeteners or even white sugar. These new products would be created for consumers who eat healthy foods and pay attention to their health, especially those who are diagnosed with diabetes. At the time when many people want to lower their calorie intake, a lot of consumers, even those who do not suffer from diabetes, unknowingly decide to use products containing sweeteners, mostly due to their poor knowledge and because the term 'light' leads them to do so. For many years now, stevia has been used as a natural sweetener in many countries around the world. Stevia is a natural sweetener, which, unlike sugar, is calorie-free and does not cause dental caries. Not only does it prevent tooth plaque, but there are also no records of harmful side effects characteristic of artificial sweeteners.

It is necessary to educate the whole population about the need to substitute the artificial sweeteners with natural ones, as well as about the advantages of processing natural sweeteners from stevia leaves. Aronia as the foundation for production, with the addition of stevia, would make a combination for the production of the first healthy products on the Croatian market as well as many other markets. The true value of aronia has been noticed due to the growing awareness of healthy eating. Because of its great antioxidant capacity, aronia is considered an irreplaceable health food. It is often called 'the fruit of the future' or 'super fruit' because of its unique characteristics and superiority over other fruits.

The combination of healthy fruits and natural sweeteners is perfect for the creation of a new competing product on the European market. It can serve as a basis for making a Croatian brand product.

Keywords: stevia, aronia, competitiveness, innovative product

CLUSTERS AS AN INSTRUMENT OF REGIONAL AND ECONOMIC DEVELOPMENT OF CROATIA

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Abstract

Strong competition of foreign companies and numerous changes in business result in an increasing need for acceptance of new organisational and business forms, such as clusters. Low competitiveness is a fundamental problem and an obstacle to Croatian economic development. In this paper, we briefly described the expectations and potential benefits of clusterisation for companies and regions by defining the concept of cluster and its role in the economy, such as initiating innovation, examples of cluster politics and initiatives for cluster development in the European Union. Factors of regional development were presented through the Croatian Regional Competitiveness Index study and definition of cluster models that enable better business results. Economic clusters form increases the competitive level of companies, allowing them to enter larger markets, access funds and cheaper loans.

Keywords: “clusters, competitiveness, economic development, innovation, productivity, regional development.”

Design
of
Croatian Products
on
EU market

RECOGNITION OF CROATIAN PRODUCTS AND THE INFLUENCE OF COLOURS

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Abstract

Today, in the abundance of products offered at the market, it is no longer enough to achieve quality but it is also necessary to establish an emotional relationship with consumers. In this sense, both products and additional services need to communicate with consumers in such a way as to evoke positive emotions and establish a long-term relationship of trust. This is to be built through an individualized approach to product design and its brand recognition which represent the total value of goods and services. Colour, as one of the instruments of product and package design which establishes the first contact with the potential buyer, plays a significant role, because by using colour it is easy to visualize and communicate certain emotions to the consumers. This paper deals with the problem of recognition of Croatian products at the market. After a theoretical introduction, it will contribute to discussion about the image and recognition of Croatian products, analyzing results of research of selected Croatian brands as seen by foreign tourists. To conclude, competitiveness of Croatian brands in the European market, which opened with Croatia's accession to the EU, should be based on their better recognition.

Keywords: Croatian products, recognition, design, colour, emotions

*Protecting Authentic
Croatian Products*

IDENTITY OF TRADITIONAL DRNIŠ DRY-CURED HAM FROM THE ASPECT OF CONSUMER REACTION

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Abstract

Due to its geographical and climatic variety, as well as different historical influences, Croatia has numerous food and non-food products. Dry-cured ham from Drniš is one of the products that stands out in terms of quality and tradition and has all the attributes necessary to become an interesting Croatian product. With Croatia's joining the EU, the prerequisites for the development of strategy on how to grow from a regional product into a part of national treasure, have been created. At the European market, the Drniš dry-cured ham is becoming a prominent tourist product purchased at a tourist destination and as such is an important export factor that promotes Croatian tourist products. For the purpose of research, the psychological background of consumption of Drniš dry-cured ham and consumer needs will be researched as well as the attitudes towards typical Croatian traditional products.

Data show the value of the Drniš dry-cured ham which needs to be protected as a speciality of the Croatian indigenous production and adequate marketing strategies need to be developed with the aim of its positioning.

Keywords: traditional food product, Drniš dry-cured ham, market potential, consumer behaviour

*Marketing Strategies
and Trends
in the
European Market*

THE IMPACT OF FUNCTIONAL FOOD TREND ON CONSUMER BEHAVIOUR IN CROATIA

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Abstract

Global trend indicates a growing development of functional foods concept which is related to food products enriched with additives that make it functional.

Functional food is a trend that originated in Japan, where it first appeared in the 1980s.

Nowadays, consumers are better informed about health aspects of proper nutrition and readily accept changes in eating habits, which is why it is also easier and quicker for them to accept new products with such characteristics. Both scientists and consumers are beginning to realize the close link between health and nutrition, so product innovation in the food industry may result in distinct market growth and success.

The potential for functional foods development in Croatia is great, and is expected to increase with Croatia's accession to the European Union.

The main objective of this paper is to analyze consumer buying habits and factors that influence consumer awareness of functional foods concept and thus prove there is a functional foods trend in the Republic of Croatia.

Keywords: functional food, consumers, trend

**INTEGRATED QUALITY MANAGEMENT SYSTEM FOR OIL
AND OIL DERIVED PRODUCTS IN THE EUROPEAN UNION
IN RELATION TO NON MEMBER COUNTRIES**

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Oil and oil derived products are one of the most important energy sources. The European Union has a very small share of the world's oil reserves (0,7%), being, on the other hand, the fifth refiner in the world. High oil import dependence, volatile oil and gas prices, climate changes and growing market demand threaten to endanger economic, social and environmental objectives set by the European Union. Thus, the concepts of total quality, total quality management and environmental protection are becoming very prominent.

A comparison has been made between the European Union and countries outside the EU regarding knowledge and application of quality management (ISO 9001:2000), environmental management system (ISO 14001:2000), and with regard to occupational health and safety management system (OHSAS specification). The information and knowledge has been gained through a survey conducted in oil companies in the European union and in non-member states. The results show that differences between the systems do exist but are not statistically relevant.

Keywords: oil, European Union, quality management system

**MARKETING COMMUNICATION AS A FUNCTION OF BRANDING CLUSTER
DMO – DESTINATION MANAGEMENT ORGANIZATIONS
(RECEPTIVE TOURIST DESTINATIONS)**

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Abstract

In the era of globalization and fastidious demand outbound market , economic and entrepreneurial entities must seek new and innovative approach. Classic Shows are no longer "in" but we need to find new " marketing tools ". The IMC - Integrated Marketing Communications, shows the best synthesis features of one DMO - Destination Management Organization, that is horizontally and vertically networked through cluster organization. This allows easy definition of identity, creating of image and branding and DMO in terms of increased market value. In this case, we used a 4-D Branding (functional social, mental and spiritual dimensions) and Brand code networking. The aim is to add to the tourist product those "invisible values" that are contained in the name, logo, slogan, and remind us of distinctive receptive destination and product that the consumer is willing to pay more for: value for money.

Keywords: IMC , DMO , Cluster (Cluster) organization, identity, image, branding

THE ROLE AND INFLUENCE OF SOCIAL NETWORKS IN ACHIEVING MARKETING CAMPAIGN GOALS

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Abstract

In line with the development of new technology, the Internet marketing and promotion are faced with new demands, and even if the techniques and tools of traditional marketing and promotion are still used, they will be incomplete if they are not upgraded to new technologies and tools, which, among others, include online social networks. Marketing communications through social networks is a method of Internet marketing through which, by applying a multidisciplinary marketing campaign, we approach users of online social networks and convey the desired message that usually calls to action, and only rarely just informs about something. That is the reason why social networks are becoming the platform for successful and productive business processes. Social networks as a marketing tool precise selected market niches. They are the only ones that can precisely show the success of advertising message. Also, social networks are favorable, easily accessible and widespread. The benefits of planned advertising through social networks are huge. Advertising through them offers more features, as well as a quick overview of the results of specific campaigns. Certain aspects of such advertising are completely free. Such media, supported with online technologies offer direct access to many statistics, and there is practically no alternative medium that could, with the same speed and precision, determine target population, monitor campaign success and enable feedback. That's why social networks are becoming the platform for a successful and productive business processes. This paper will show the strongest growing social networks, which one of them should be used in different bussines fields and how the entity could have the greatest benefit by proper use of social networks. The benefits of planned advertising through social networks and the rules of marketing communication on them are presented along with some examples of the most successful marketing campaigns. The aim of this paper is to provide insight into and concise information about the potential of marketing through social networks, particularly the Facebook platform, as the largest social network in the world.

Keywords: marketing, social networks, marketing communications, advertising.

Croatian Tourist Offer

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Opportunities and Threats

TOURISM PERSPECTIVES: OSIJEK-BARANJA COUNTY

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Abstract

Croatia, as the 28th member-state of the European Union, opens up numerous opportunities for the development of tourism both in all of Croatia and in Slavonia and Baranja in particular. Croatia is no longer on the periphery of the EU, so we have the opportunity to fully exploit our potential in tourism. Tourism is recognized worldwide as one of the most profitable and most important industries, and as such it should be recognized in the Osijek-Baranja county. Tourism in Croatia should be considered as profitable business and a driver of economic growth that brings multiple benefits, such as GDP growth, employment growth and development of infrastructure. The Osijek-Baranja county doesn't have tourism based on advantages like the sea or mountains and therefore should develop tourism by emphasizing the specificities which distinguish this region from other destinations. This war-ravaged county is still going through a long period of transition and restructuring of tourism. The Osijek-Baranja county has many natural, historical, cultural and gastronomical potentials that could enhance the current tourism offer by following modern trends and technology. The county has not completed urbanization, which is one of the key factors for expanding its tourist resources without major restrictions. It must be based on a year-round tourist business through additional tourist facilities such as sports or cultural events. Carefully designed development strategies and defining of key development principles of tourism in Osijek-Baranja county will create preconditions for long-term vision of a sustainable and competitive tourism development. Successful synergy of traditional and modern tourism will give tourist offer a whole new dimension. Directing the development of the investment process and the effective withdrawal of EU funds would certainly enrich the tourist offer of the Osijek-Baranja county and highlight it as a recognizable tourist destination within the European Union. EU funds are both a great opportunity and a challenge, because the creation and preparation of projects in a strong European competitive environment is an extremely challenging task, particularly for counties that do not have sufficient capacity to prepare projects. Funds and foreign investments are imposed as a source of financing requiring large investments in quality and diversity that will ensure the satisfaction of tourists.

Keywords: tourism, Osijek- Baranja county, development strategy, European Union , funds

E-marketing

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Opportunities and Usage

AN ANALYSIS OF SOCIAL MEDIA MARKETING IN THE CROATIAN HOTEL INDUSTRY

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Abstract

The fundamental goal of this research was to establish how social networks sites (*Facebook, Twitter Instagram* etc.) are being used for customer service by hotels in the Republic of Croatia. This new medium allows for speedy customer response and is nearly ubiquitous in today's world. The research establishes differentiations in the use of social networks on the basis of the type, size and category of hotel, as well as the geographic criteria within the Republic of Croatia.

A questionnaire was sent via e-mail to hotels throughout the Republic of Croatia enquiring as to how each of them employed social networks in the promotion of the services they offered and in the enhancement of the competitiveness of Croatian tourism in the European marketplace. Additionally, a stratified random sample of 200 hotels in the Republic of Croatia was analyzed to determine the quality of their social network profiles as well as the strength of their social media presence.

The results established that 70% of hotels in the Republic of Croatia use at least one Internet social network as an Internet marketing channel. Further differentiations were observed based on geographic criteria, type, size and category of hotel. Given the current global trend in the behaviour of potential customers, hotels in the Republic of Croatia have room to expand their use of the marketing potential offered by the new Internet based-media.

Keywords: Social media and social networks, customer relations, hotel, Croatia, Facebook, Twitter, YouTube

THE DEVELOPMENT OF CROATIAN MARKETING TERMINOLOGY

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Abstract

The marketing theory in Croatia started developing at the end of the 1950s leading to the foundation of the Marketing Department at the Faculty of Economics in Zagreb in 1965. The Croatian marketing terminology developed along with the theory, and a number of articles written by marketing theorists in professional journals confirm their interest in the topic. An important role in creation of the Croatian marketing terminology was certainly played by professor emeritus Fedor Rocco who authored numerous articles, textbooks and several dictionaries. His most important contribution is undoubtedly the *Marketing dictionary* published in 1993 and co-edited by Stjepan Bratko, Goroslav Keller, Dragomir Mađerić, Josip Sudar and Josip Previšić. Almost twenty years later, in 2011, the Faculty of Economics and Business published new and comprehensive *Marketing Lexicon* edited by Jozo Previšić.

This paper presents the terminological work and articles written by the Croatian marketing theorists, as well as the results of the analysis of the terminology used in university-level marketing textbooks from 1974 onwards in an attempt to determine the share of the foreign element in the Croatian marketing terminology. Many small languages, as is Croatian, are threatened by the English language, and the only way for a small language to survive is to be functional in all styles, including professional and scientific. The language and the language for specific purposes are a part of the national identity and nurturing of domestic terminology directly contributes to its preservation. This is especially important now, when the Croatian language has become the 24th official language of the European Union, and our country a member of the European common market.

Keywords: marketing, terminology, marketing dictionaries, corpus analysis

E-MARKETING: HIDDEN FRAUDPAYMENTADS BY NUMBER OF ACCESS

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Abstract

Internet service providers usually offer to the individuals and companies space for advertising applying the "pay-per-click" method i.e. by the payment according to number of access to the their commercial or other Internet contents. As the volume of advertising grows, the number of abuses also goes up. The owner of the website on which the advertisement was published, charges the advertiser according to the number of visitors that accessed his commercial or the number of clicks on a link or banner which gain access to the advertiser's contents, thus becoming familiar with the products and services of advertisers that are not listed in the advertisement. The essence of fraud known as "click fraud" consists in completely arbitrary generation and charging of access to commercials. This type of fraud may hamper the work of a large number of companies whose commercial activities and business are conducted over the Internet. It also represents a serious threat to the modern e-marketing and may lead to direct loss to the seller in the form of payment of advertising services which has not been performed and indirect potential threat to advertisers who have a misconception about the number of people who are directly acquainted with the content of advertisements or content of the advertisers' site. The system for the prevention, detection and prosecution of this fraud is still not sufficiently efficient. This paper provides an overview of the modalities of execution of the "click fraud", methods and techniques for fraud detection, regulations for sanctioning of the fraud and effectiveness of the fraud prevention.

Keywords: e-marketing, click fraud, computer fraud, pay-per-click fraud, high-tech crime.

***Marketing Cities:
Foundations
of Their Competitiveness***

PROPOSAL FOR THE DEVELOPMENT OF IDENTITY RESEARCH MODEL FOR THE PURPOSE OF BUILDING CITY, REGION AND COUNTRY BRAND

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Abstract

Identity plays the key role in the process of building a place brand. It is therefore necessarily classified among the most important constructs that should be studied in place branding. Place is defined as a more or less clearly distinguished geographical area or location, which explains why the term *place* as used herein refers to countries, regions and cities. Place identity cannot be equalled to place brand identity, although the two are interrelated and intertwined. The identity of a particular place encompasses all assets, expectations, cultural heritage, natural properties and everything else that is instrumental in making a city, a region or a country recognisable, unique and different from competitors, both positively and negatively. Each place has its own identity, regardless of whether the process of developing its own brand has been launched or not. The creation of place identity is rooted in a plethora of interactions of a large number of both urban and non-urban factors (shopping possibilities, art exhibitions, concerts, religious edifices, parks, financial centres, traffic infrastructure, etc.) and in the identification of each citizen with his or her place. For the most part, this particular identification is subsequently recognised as a shared opinion, the identification of a group or the majority of citizens with their respective place (city, region, country). Place brand identity and the existing place identity normally differ prior to developing a place brand, i.e. the brand of a city, a region or a country. In reality, a place brand is an addition and an improvement to the existing identity or its orientation towards the desired future recognisable new identity which is recognised and defined based upon the new expectations of target groups, past research and the new and modified urban marketing policy of a particular place. Seeing that the definition of place identity figures as a fundamental requirement of place branding process, the present paper is aimed at acquiring knowledge about the function of identity in the place branding process in the context of cities, regions and countries. Building on previous research, this paper encompasses theoretical knowledge and various place brand research results, in addition to presenting and analysing scientific methods of place identity research. Its objective is finding and defining the key dimensions of place identity and underlining its importance in the place branding process. Furthermore, the authors have created and proposed a model of researching place identity rooted in previously defined key dimensions and

discussed its various aspects geared towards producing a scholarly approach to the research of identity of countries, regions and cities.

Keywords: identity, place identity, place branding, city marketing, country marketing, region marketing

Cultural and Natural Heritage
in Designing
Marketing Identity

STRATEGIES ON INTERPRETATION OF HISTORIC HOUSES IN FUCTION OF LOCAL DEVELOPMENT

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Abstract

Historic houses are an important and distinctive element of the European architectural heritage. They convey the historical, social, cultural and artistic values of local communities and play a significant role in the development of cultural tourism. European Union countries have developed different models for their reconstruction, rehabilitation and integration into the contemporary life. Croatia has a large number of historic residences from various periods. They could be ranked from simple urban houses to monumental palaces, villas and castles. Most of them are in a very poor condition, they are used for inadequate purposes and their economic and tourism-related potentials have not yet been fully understood and exploited.

The aim of this work is to analyze the successful examples of restoration and reuse of historic houses in the European Union and to classify major strategies of their interpretation, presentations and marketing in order to offer a framework for the development of creative cultural tourism projects. Furthermore, the paper analyzes the state and prospects of historic houses in Croatia and opportunities for applying the European models to them. The paper also outlines the main problems and obstacles to the inclusion of historic houses into the tourist offer, as well as suggestions for further research.

Keywords: historic houses, architectural heritage, interpretation of heritage, cultural tourism, economics of heritage, cultural heritage management, local development

COMMUNICATION

Media Regulations
in the EU

MEDIA REGULATIONS IN THE EU

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Abstract

The media have long abandoned their primary role as transferor of events. New media in the information age become creators of events as well. Media shape human reality to the extent that the last anchor is the normative safety of the public. Standardization of the media is a necessity of any state with a rule of law. This paper will focus on the legal regulation of electronic media in the public area of the European Union, the experience and practice which Croatia has had in the last decade, and the experience and practice of normative regulation of public media services in some EU member-states as well. The aim of this study was to compare the state of normative harmonization of legislation in the field of public media of the Croatian legislation, with some of the developed countries of the European Union, to understand the specificities of relationship among some countries, and to realize the possibilities of new developments and needs in the area of legal regulation of the media in Europe. This study will show whether the same rules of regulation of the media, especially public televisions, could be applied in all countries of the European Union. Matching needs and trends of public televisions should be noted and recognized. How will the media laws respond to the fast development of new media? How to manage the media? In general, have we gone too far with normative regulations while a much smaller scale than the existing normative media law package is needed?

Keywords: media, information age, normative, public media service, public television, new media, new media law platform

Aspects
of
Political Communication
in the EU

RANKING THE REPUBLIC OF CROATIA WITHIN THE EUROPEAN UNION REGARDING THE EMPLOYMENT OF THE INTERNET BY GOVERNMENTAL INSTITUTIONS IN PUBLIC RELATIONS

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Abstract

In the past decade the concept of Web 2.0 and modern Information and Communication Technologies (ICTs) have significantly influenced the development of political communication. While political parties have been quick to adapt, the governmental institutions have been slower in accepting the new media of communication.

The fundamental goal of this research was to establish to what degree the institutions of the European Union and the governmental institutions of other European states employ Internet-based social media in communicating with citizens. A differentiation is made between social networks and other more conventional tools of Internet-based political marketing. This allows a metric by which the Republic of Croatia, as the newest entrant to the EU, can be ranked in relation to the other EU member states.

The research analysed the level of internet technology use by governmental institutions within the EU: all EU member-states, all micro-states within the EU region, all candidate and potential candidate EU states. Four Internet-based communication media were examined: web pages and e-mail representing the conventional tools, social networks (*Facebook, Twitter* etc.) and content-sharing web sites (*YouTube*) representing the new tools.

The results indicate that the governmental institutions of the Republic of Croatia, regarding the Internet-based communication, ranks highly and could serve as an example to other EU member-states.

Keywords: Social media and Social networks, political marketing, Croatia, EU, Facebook, Twitter, YouTube

THE IMPORTANCE OF POLITICAL COMMUNICATION OF THE REPUBLIC OF CROATIA AS A MEMBER OF THE EUROPEAN UNION

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Abstract

As humans are social beings who tend to communicate with other people in order to establish a business, family, political, and similar relationships, it is very important to learn how to communicate properly. The field of political communication is more important than ever because it determines the perception and activities of political actors (as well as citizens). Lobbyists and public relations professionals are one of the most important actors of such communication. In fact, lobbying is one of the most powerful communication skills that can be learned, not only to be used at work, but also in all areas of life. There is no successful lobbying without communication. It is a legitimate and legal business that is expected from interested parties. Professional lobbying contributes to the quality and applicability of legal solutions and other decisions of state institutions. The Republic of Croatia, as well as other EU member-states, hired their lobbyists aiming at networking and establishing contacts with EU officials. In this way, it may reach new knowledge and new forms of thinking from the member states of the European Union. Croatia's accession to the Union has imposed the need to harmonize the Croatian lobbying practice with good European standards in this area. Therefore, the aim of this paper is to analyze the lobbying opportunities for Croatian actors and the implemented processes of harmonization. Scientific methods that will be used for the purpose of this paper are the method of analysis, the historical method, method of generalization, method of description, etc. The results should show whether the interested parties have succeeded in promoting the Croatian accession to the European Union.

Keywords: communication, political communication, lobbying, Republic of Croatia, European Union

Adjusting
Media Content Ethics
with the EU

ETHICAL MEDIA CONTENT ADJUSTMENT WITH EU REGULATIONS- FOLLOWING LOCAL ELECTIONS OF 2013. IN LIČKO-SENJSKA COUNTY

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Abstract

Mass media in Croatian media space are generally determined according to profitability and are based on the definition of mass media as industrial and commercial organisation that does not produce and distribute information but goods. In that situation, hidden advertising appears in terms of income decrease (especially during political campaigns). That kind of situation is in direct contradiction with the freedom of the media as the crucial pre-condition for achieving the ethical principle. Using the example of the analysis of media content published in electronic and printed media during the campaign of 2013 – local elections in Lika-Senj county, this work will show the complexity of ethical doubts that journalists encounter in open societies in which there is a high degree of the freedom of the media. It points out the proportion and examples of ethical standards violation and destabilisation of the border between good and bad taste by disregarding privacy, increasing information damage by unfair briefing, and publisher or interest groups pressure which results in presenting incomplete, subjective, biased or incorrect information to the public. The aim of this work is to (by methods of incomplete induction, deduction, description, analysis and sample method) indicate lack of balance of media content with European Union regulatives, the lack of critical public opinion in the media reporting and insufficient adopted freedom and responsibilities in media content creation.

Key words: ethics, media content, hidden advertising, elections

*Communication Media Transformations
in the 21st century*

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*The Era of Total Communication
and Networking*

TRANSFORMATION OF COMMUNICATIONS MEDIA IN THE 21ST CENTURY

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Abstract

The paper discusses the convergence of media technology that enables the transformation of communication media. This refers to information and communication technology, which allows obtaining specific information on the "spot", which is a key factor of convergence. Transformation of communication media in the 21st century changed the relationship between existing technologies, and this is still an active process which brings psychological, social, and possibly physical changes of the human species. This paper will discuss not only the media content of the 21st century, but also the cultural matrix within which the media operates. The discussion will try to find an answer to following questions: Can it be said that the human race manages technology? What could be the end result of the transformation of communication media? Who bears the responsibility for the actions of media tools? The transition from analogue to digital technology made it possible to see the change in the thinking of human species and the human species itself, which is evolving from passive users into active, free, demanding global users who communicate freely and want a two-way communication and content that can be edited. This is the process that is changing our world. In a world where we have pre-industrial societies that are being passive, industrial which are becoming more active, and the information societies possessing information and thus the knowledge and power, the transformation of communication media may have brought along many changes, some of which are described in this paper.

Keywords: convergence, communication technology, transformation, media, human species, process, change

CAN THE COMMUNITY RADIO OFFER A STEP AWAY FROM THE MASS MEDIA CIRCULUS?

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Abstract

This paper will show the purpose of the information society which uses networking to both activate and uniform the man, making him a vehicle of its boundless appetite. Freedom to use information in cyberspace is more realistic than in the real world, but it also comes with a bigger potential for manipulation and control. One of the opportunities the information society has for fighting against the control of centers of political and economic power is the community radio. Community radio may have a major role in the development of a two-way communication as a tool for maintaining a local identity and culture and allowing the discussion of local issues neglected in centralized and commercial media. Since Croatia became a member of the European Union, it will no longer be able to ignore the regulations and tendencies to hear the voice in our radio airwaves which clearly states what a civil society thinks about politics, community, and the specific interests of individuals and organizations. Transmission of audio and video signals through digital means increases the opportunity of making the community radio not only the voice, but also the image of the local communities.

Keywords: community radio, information age, new media.

Information Technology
and
Journalism in the EU

INFORMATION AND COMMUNICATION TECHNOLOGY AS A SOURCE OF STRESS IN THE 21st CENTURY

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Abstract

In the 21st century, stress has become an unavoidable fact of modern work and life. In the last ten years there has been a greater use of information and communication technologies, to the growth of service activities, team work, flexibility work, computer literacy, and a change of age and educational structure. No need to bypass the security of employment which is not as it was 20 and 30 years ago. Information and communication technology is one of the steady technologies of today. It finds use in every branch of the economy, all areas of science, and is the basis for the successful operation of all social, economic and governmental structures. We can say that the information and communication technology has entered into all areas of our society. Information technology with its capability of collecting, storing, transporting, processing and simple use of all kinds of information improved all sectors of economy and public activities to the extent that today's society is free to call itself the information society. Researchers believe that information and communication technology has brought a new source of stress into our lives. The remainder of this paper will present the results of research carried out in the Republic of Croatia, and answer the following questions: Does the information and communication technology impact on the occurrence of stress? Is

information and communication technology a new source of stress? How do employees cope with everyday stress in the workplace and what is causing stress in information and communication technology?

Keywords: information and communication technologies, source of stress, 21st century

CORRUPTION IN INVESTIGATIVE JOURNALISM

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Abstract

Investigative journalism is characterized by analytical overview of the topic, by participation of a large number of people, and its questioning of the relationship between the victim and the perpetrator, as well as by presenting some moral lessons. Its main function is detecting hidden agendas. The methodology of work of investigative journalists is generally unknown, but we certainly know that there is a multitude of complex processes that make up the spiral of journalistic research. Tabloidization and commercialization have caused that today every discovery is proclaimed sensational or exclusive. The role and importance of investigative journalism on the Croatian media scene today is largely marginalized, because media owners do not show too much interest in investing into the development of this journalistic genre. On the other hand, the Croatian media, especially journalists and researchers in recent years have opened the long suppressed issues of corruption in the Croatian society, especially in its political sphere. At the same time, the economic crisis has had a negative effect on the business of media, and pressures of various interest groups have made some news reporters participants of corruptive actions. The lack of guidelines for reporting on corruption and the absence of the codex in the media leave a grey area of the journalistic profession.

In order to gain insight into the perception of corruption in the media, especially in investigative journalism, and to explore the experience of investigative journalists with corruption, a qualitative research was conducted on a sample of six participants, award-winning investigative journalists from different media. The study was designed as a pilot project of a larger study on the issue of corruption in the media, with a special focus on investigative journalism. Data was collected using in-depth interviews. Survey results indicated the specificity of investigative journalism, and the methodology of investigative reporters. It was found that the majority of respondents met with ethical controversies in their work, such as the protection of identity, reputation and honor of individuals, as well as with the dilemma concerning the publishing of the story. Respondents confirmed the great influence of politics on the media that manifests in the form of interventions in media announcements, personnel issues and with participation in the media ownership structure. The study also showed that the investigative journalists perceive a spread of corruption in the media the same as corruption in the society. However, the majority of respondents put forward experience with corruption on the basis of testimony from hearsay, rather than from their own practice. In the end, they offered suggestions for solving corruption in the media,

which refers to the strengthening of media regulations and compliance with the basic standards of profession.

Keywords: corruption in the media, investigative journalism, investigative journalists, ethical controversies, politics, media regulation

Image of Croatia
in the EU

REASONS OF CROATIAN IDENTITY INSUFFICIENCY AND ITS CONSEQUENCES TO IMAGE

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Abstract:

Depending on speakers' professional orientation, concepts of a destination's image could be very differently interpreted. Whether the persons are from the sphere of economy, marketing, tourism, communications or political theory, they all share the opinion that the basic concept of a destination's image is the sum of communication and identity. By analyzing mass communications in a certain period of time, it was very clear that Croatia's identity communication was focused mostly on sport stars or tourism destinations, while artists, scientists and literates, as well as intangible heritage were largely neglected. This significant area is showing a lack of communication. The main reason for this failure, according to media analysis, lies mostly in low familiarity and weak general education that is not communicating properly the facts that make up an identity.

If we refer to a Marketing dictionary (1993); identity is personality, character, individuality; a set of characteristics that differentiate a person or a thing (The American Heritage Dictionary of the English Language, New York, 1972.)“. The same dictionary says that there is a causal link between image and identity: identity affects the formation of the image, but the person or organization without the image does not have his or her identity. The primary interest of the research is the current situation analysis using descriptive methods (survey) on young experts from the three professions (economics, tourism and communications studies) that are associated with communicating Croatia's identity and image; and recognizing and categorizing deficiencies of that communication. Likewise, the authors will try to determine the connectivity between image and identity with certain benefits that it brings, as well as the willingness of young professionals to get involved in improving communication in order to create Croatia's best possible image and identity.

Keywords: identity, image, communication, Croatia.

THE ROLE OF CROATIAN BROADCASTS WITH NATIONAL LICENSE IN PROMOTING THE CROATIAN NATIONAL IDENTITY

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Abstract

A country without identity cannot exist or maintain its status, and a national identity alone is not sufficient for its existence. Many equate ethnicity and nation, and they do not know that the nation is created in an existing ethnic identity. The notion of ethnic identity has changed over centuries, which requires a compilation of theories of ethnicity. Understanding the complexity of the Croatian national identity requires a definition of the term "identity" and the ways of its development. It is important to describe the meaning of national identity and name and to explain the concepts, which are often referred to, and are related to the topic of national identity. Within the central theme, it is necessary to apply the concept of "national identity" to the Croatian case. One must pay attention to the centuries-old history, the loss of the elements of statehood at certain points and the struggle for independence and the final identification. Croats have built their national identity a long time ago and on this foundation they created a state and voluntarily entered into complex states with other countries, keeping the surviving elements of statehood. As a result, the Croatian identity was suppressed. It is necessary to look at the nineties of the 20th century, when the Republic of Croatia experienced a "rebirth" of national identity, which now comes into question, just before joining the European Union. By establishing the independent Croatian state, which should protect the national and cultural values, we again place the national values into question. It is also necessary to discuss the negative perception of the aspirations towards a national identity which is rather prevalent today and make an insight into the current struggle for the survival of the Croatian national

identity, which is especially pronounced before the Croatian accession to the European Union. A big role within the whole process is carried by the media as agents and promoters of national identity issues, but also the factors of strengthening European identity in the new member states. The ultimate goal of this paper is to present a distinct difference between an ethnic and a national identity, and general awareness of the historicity of the Croatian case, as well as warn of the Croatian national identity crisis and emphasize the importance of fighting for the Croatian national identity. The study was conducted on a sample of 90 prime time news on Croatian Television, Nova TV and RTL Television by the content analysis method in November 2012, with a goal to attempt to determine how much time the journalistic contributions paid to the issues of Croatian national identity, and in which contexts and how the Croatian national identity is mentioned and connected, as well as to explore how to report on it and analyze the guest appearances within shows which feature the Croatian national identity or some of its elements.

Key words: ethnic identity, national identity, the Republic of Croatia, the media, national televisions, the European Union, European identity

*Opportunities for Strategic Corporate
Communications in Profiling Croatian Companies
on the European Market*

CORPORATE COMMUNICATION AS AN EXTENDED MANAGEMENT FUNCTION

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Abstract

Contemporary paradigm understands corporate communications as a total central company's communication management with numerous stakeholders, in order to achieve the best possible reputation. In its integrated model it includes management communication, marketing communication and organizational communication (van Riel i Fombrun, 2007). In this model, organizational communication covers corporate communications, government relations, investor relations and internal communication. Management communication is based on achieving cooperation and support of the internal public, marketing communication includes „standard“ marketing communication activities with advertising as the dominant manifestation, while communicating of organizational vision is important for winning the support of the external audience. For that reason, corporate communication as management function coordinates all internal and external communication activities with stakeholders on which it depends (Cornelissen, 2008). Although in the theory of management corporate communication is not included within the five key functions, it could be an additional function taking into consideration that communication activity is a part of managerial job and thus a part of all management tasks.

Starting from theoretical approaches to the corporate communication role for the company, the authors of this paper research corporate management practice in Croatian and foreign companies in Croatia operating on EU markets and analyze the implementation of the corporate communication model as an extended management function. The authors are using qualitative research method of depth interviews with experts for public relations and corporate communications who are communication department managers responsible for nurturing the company's identity, image and reputation as the construction elements of trust. Based on research results, the authors will provide an overview of possible communication challenges in terms of stronger image and reputation positioning of Croatian companies on the single EU market.

Keywords: corporate communication, management, public relations, image, reputation.

ECONOMICS AND POLITICS

(interdisciplinary topics)

EU funds

-

*Drivers of Development
in the European Economy*

PROMOTION OF IMPROVING ENERGY EFFICIENCY THROUGH EU PROJECTS

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Abstract

To promote continuous improvement of energy efficiency and promote the introduction of renewable energy sources in the region of Pomurje (Slovenia), with a focus on increasing the total local energy self-sufficiency in the region, is the basic mission of the Local Energy Agency for Pomurje. To achieve these objectives, a series of initiatives through EU funds with similar content, representing an engine for development of the European and national economy. From the beginning (2006) onwards, the EU met with the projects of partners from Slovenia and Europe from all sectors:

- **NIMSEC** - the purpose of project NIMSEC (*Novel and integrated model for sustainable community energy*) is to improve energy efficiency at the local level and increasing total energy consumption from renewable sources;
- **COVE** - project (*The road of renewable energy sources*) connected twenty location of 'good practices' uses of renewable energy and energy efficiency;
- **MOVE** - the intention of the project (*Move Towards Energy Sustainability*) is a cross border area of Austria and Slovenia analyses the potential of energy efficiency and renewable energy resources (training programs for the professional and the general public, measures to promote the use of renewable energy sources - RES) ;
- **ENERGO OPTIMUM** – the common tool for energy-efficient cross-border region; purpose CEEA (Cross-Border Energy efficient Area) , which is based on the concept of energy-efficient cross-border region (Slovenia - Hungary) through pilot approaches to address the situation, such as the analysis of energy efficiency in industry, etc.;
- **T - JAM** - *Projection geothermal estimating the thermal groundwater bodies and the preparation of the joint aquifer management plan in the Mura - Zala basin*, cross-border project Slovenia-Hungary in the frame of OP 2007 - 2013. The main topic of project is taking advantage of the potential of geothermal energy.
- **SCORE** - *Sustainable construction in rural areas and fragile areas of energy efficiency activities conducted in the framework of the MED Programme*; task of the project is to promote sustainable evidence of construction techniques and the creation of innovative tools for energy efficient buildings, which can be transferred to other countries;
- **SEAP PLUS** - *Adding to SEAP – more participants, more content across Europe*; to create a network for the promotion of initiatives Covenant of Mayors in 11 European countries.

Through the work, we want to show how the Slovenian experience can help Croatia in the use of EU funds for the promotion of sustainable energy and the expansion of the project materials and communication campaign aimed at raising awareness of citizens on the subject of energy efficiency and efficient use of renewable energy.

Keywords: energy efficiency, EU funds, promotion

*Challenges of Croatian Public Sector
after the Accession to the EU*

**PUBLIC ADMINISTRATION IN THE CONTEXT OF ENTERING THE EU:
ORGANIZATIONAL CHALLENGES AND POLITICAL PERSPECTIVE OF LOCAL
AND REGIONAL GOVERNMENT**

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Abstract

Croatian system of local self-government is characterised by numerous units with weak economic potential and low fiscal capacity in which methodical measurement of efficiency and quality is absent; those units rarely fulfill basic function for which they are formed. In those circumstances with Croatia joining the European union appliance of European local selfgovernance charter becomes the basis for democratic ideal of management by which the autonomy of local self-government (rarely present in croatian self-government system) defines itself as basic institution of democratic governing system. Additional problem creates the fact that self-government units provide low level of investment: 55% less than EU average, i.e. in average just 21% its own budget, until even 1% of them shows such financial dependence on current help from the state budget that without it they could not cover even costs of their employees. In that context this work (by methods of analyses and syntheses and statistical method) will examine the political-legal status that the self governing units should have in order to be sustainable in the context of joining the European union, i.e. what is the perspective of their development and try to give an answer to the question how high is political sustainability in the frames of European local selfgovernance charter that stipulates great amount of autonomy of local units in local business governing as well as collection and distribution of their own funds.

Keywords: organisation, local self government, European union, charter

EXPECT THE UNEXPECTED: TRANSPARENCY OF THE PUBLIC SECTOR AND THE NEW RIGHT TO ACCESS INFORMATION ACT

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Abstract

One of the biggest challenges the public sector of the Republic of Croatia will have to meet upon entering the European Union is the challenge of the realisation of transparency as one of the key values within the EU. The main normative means for successful solving of this problem is the Right to Access Information Act (RAIA) that refers to the Directive No 2003/98/EC of the European Parliament and of the Council of 17th November 2003 on the re-use of public sector information as well as on the Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30th May 2001 regarding public access to European Parliament, Council and Commission documents.

On the 6th of June this year, a 90-day deadline the legislator left to the bodies of the public sector to ensure all the necessary conditions for the implementation of the RAIA (as well as the implementation of the above cited EU regulations) expired. The question is: are public sector organisations ready for and capable of transparent activity according to this regulation and European norms. The answer will be sought in the analysis of published information, i.e. in the analysis of the practice of few chosen organisations of the public sector. Moreover, the organisations that illustrate different segments of the public sector such as agencies, public institutions, i.e., public commercial societies, will be chosen.

RAIA presents a relatively high standard of transparency in the functioning of organisations of the public sector where the following figure as main organisational-functional obligations of public government bodies (including public sector organisations): a) public information publishing, b) implementation of advising with interested public as well as c) defining information officer. According to the mentioned obligations, i.e. the current degree of their actualisation, it is possible to notice the differences within organisations – as well as segments - of the public sector. However, it is necessary to point out to significant disadvantages of the RAIA norms that anticipate the mentioned obligations of public government bodies.

The result of the analysis will, on the one hand, show the so-called informative barriers contained in the appropriate norms of the RAIA and, on the other, show how these norms reflect in the practice of public sector organisations. Therefore, the expected results of the analysis will show that good intentions that guided the legislator when creating RAIA are not realised in the text of the law, that it is possible to imagine a better legal text, and moreover, a higher degree of transparency of the public sector in the Republic of Croatia. This will

produce a few recommendations for the improvement of the legislation and of adequate practice.

Keywords: transparency, Right to Access Information Act, public sector, European Union

FUNDAMENTS OF PENSION SYSTEM'S LONGTERM OPTIMIZATION IN CROATIA

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Abstract

Croatia, as well as other developed countries, awaits unfavorable demographics movements. It is hard to be optimistic in view of future parameters in the pension system, other social-functioning systems, economic growth and prosperity. The goals of social politics, in relation to pension system, should be a crucial factor in maintaining social stability, based on long-term sustainability, and not the short-term solutions such as current plenteous pension payments and use of state budget funds in lack of better measures. Considering the demographic changes and changes in the macroeconomic variables such as structured unemployment due to uncoordinated labour market supply and demand, that is, the closing of the old and the expansion of new business markets, and the still questionable economic development strategy of Croatia, cyclical changes of economic recession and recovery, pension system, as one of the pillars of social stability, is at a disadvantageous position disregarding the pension reforms that occurred ten years ago. The above-mentioned is enough to research the future characteristics of Croatia's pension system in the 21st century, especially the issue of sustainability (optimal point) in the next few decades. This article examines and presents thoughts on previous and recent analyses of the pension system in Croatia, after which the authors identify the main conclusions and present strongholds towards future optimization of the pension system in Croatia. The main points considering optimization come from the analyzed and projected effects of different case scenarios, in particular the changes and/or reforms in the Croatian pension system. All the significant intellectual contributions on the pension system are analyzed from the period of pension reforms in Croatia from 2002 to 2011, along with some recent but significant analyses. This study also identifies fundamental problems in the Croatian pension system and presents a new

perspective considering the direction of potential future changes with having the increase in the level of sustainability and monetary pension levels as primary goals.

Keywords: Croatia; pension system; pension insurance; reforms of pension system; demographic changes;

Effects
of
Financial Globalization

THE EFFECT OF GLOBALISATION ON FINANCIAL MARKETS

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Abstract

Money is always associated with national economies and countries. Unlike money, the finances have always been prone to leaving the framework of national economies. The process of globalization only facilitates the described process. This situation and the level of development have led to the disappearance of national and international regulations, which prescribe what can and cannot be done in international financial operations. In today's terms this means that finance put other parts of the economy in a completely subservient position. Today, money has a dual role - goods and services, which are considered wealth, depend on it. The real and financial balance and the impact of globalization remain unclear. The answer to this dilemma is ambiguous. Namely, financial experts believe that the impact is positive. However, if viewed from the position of a neutral observer, the answer cannot be a positive, one, especially if you take into account the fact that other parts of the economic system are in a subordinate position with regard to finances. Namely, for finances to become drivers of the power in global economy, it is necessary to further develop the international financial institutions (the necessary reforms, the IMF and the World Bank in terms of their effectiveness). Furthermore, it is a system of social values and education system I set up to create the necessary balance between the speculative spirit and the spirit of entrepreneurship.

Keywords : Money, finance, globalization

EFFECTS OF GOBALIZATIONS ON POVERTY AND GAP BETWEEN RICH AND THE POOR

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Abstract

Necessary and indivertible process of globalization undoubtedly has numerous positive effects, but for most of the developing countries globalization as a consequence didn't have positive economic effects. The most important disadvantage and the most frequent argument for the sceptics and critics of globalization and its consequences is the increasing gap in the allocation of income between the poor and the rich. That is the most frequent criticism of the IMF, whose role should be helping governments to challenge globalization, economic development, to achieve macroeconomic stability and to reduce poverty.

Globalization today, with time distance from the 'Washington consensus', is considered a deeply contradictory process. While analyzing recent studies in this paper unfairly, but on purpose, the positive effects of globalization process are omitted and the focus is on papers that are dealing with negative aspects in the context of increasing the number of poor and increasing the gap between the poor and the rich.

The first part of the paper is considering some of the set out critics of globalization with a focus on the role of the IMF and its accomplishments and failures. The second part of the paper is a study of the connection between the movement of poverty and income, and distribution of the increased income, where the given results are undoubtedly on the side of

the critics of the globalization process. The results are in some cases compared with KOF index of globalization. The third part of the paper is narrowing study on the selected transitional countries and is examining the correlation between GINI index and KOF index of globalization, with review of given relations in Republic of Croatia.

Comparing the results with those published until now, the paper is concluding often mentioned thesis about problems with globalization structure and its fundament regarding a liberalization of market, if all results in a larger polarization of the world. The main culprit for the negative effects of globalization is found in inadequate institutional mechanisms by a large number of authors. The possible solution for negative effects is proposed in the form of regulation mechanism. The same as many times throughout history, the neoliberal idea has fewer arguments and and there is more poverty.

Keywords: globalization, poverty, IMF

CENTRAL BANKER'S POLITICAL APTITUDE IN CONDUCTING MONETARY POLITICS OF EU'S TRANSITIONAL COUNTRIES

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Abstract

The political environment of the transition countries which are EU member-states is still specific in comparison to its other members. In the light of the change of political environment following the change of the executive authorities, central banks of transition countries might have a time-inconsistency problem in conducting their monetary policies. Although maintaining the monetary stability was established as a primary goal of the conducting of monetary policy by legislative measures, legal limitations did not completely disable the influence of the political views of the central banker or his political preferences to conducting of the monetary policy depending on whether the left- or right-wing parties are in power.

This research is comprised of 11 transition countries, member-states of the EU in the period 2001-2011, when the process of transition, as well as the liberalization of their markets was already significantly advanced. Furthermore, all of the observed countries in the period have highly developed independence of their respective central banks. In this work we have showed that despite the above stated, there are certain differences in conducting the monetary policy if the power is in the hands of a left-wing party, because in this case the central bankers conducted expansive monetary policy to a milder extent, resulting in a slightly higher inflation rate. At the same time, we have showed that in the transition countries with right-wing parties in power, their central banks conducted a slightly milder restrictive monetary policy, which, as a result, had a slightly lower inflation rate.

Keywords: inflation, monetary policy, central bank independence, transition countries, time inconsistency problem

DISTRIBUTION OF GLOBAL FINANCIAL CRISIS – THE RESPONSE FROM THE CROATIAN SOCIETY

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Abstract

This paper seeks to explore the most important implications of monetary-credit expansionism that after the financial liberalization leads to the collapse of the *bubble* – Inefficient allocation of resources – the basic functions of the financial system. The fundamental question that arises in the Croatian society is whether and how to defend itself from the global financial crisis. Consequently, the hypothesis is that the only consistent and consequent application of the national strategy can make the company sustainable. Systemic approach will be analyzed - Croatian society as a whole in terms of strategic failure, the economic structure and the process of convergence, with the aim of synthesizing a specific social system. Based on the findings of the analytical process the results are viewed in terms of the potentials of the Croatian society in the future sustainable development.

Keywords: financial crisis, economics, strategy, convergence, Croatian Society

ECONOMINC ACTIVITIES DURING ECONOMIC CRISIS AND ACCESSION TO THE EU

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Abstract

Economic activity in an economy or a country rarely occurs evenly and without oscillations. The same as a man goes through crisis in life and through transient, difficult situations, so is the economy faced with certain problems and difficulties. The problems that arise in the economy are often a reflection of man's behavior and his desires, and eternal race to realize the greatest possible profit. From the ancient past to the present day there have been many economic crises, but each of them with different characteristics. Every crisis occurs at irregular intervals, has a different intensity, different causes and different consequences. It can be said that every recession or crisis is a different story. The decision of the European Central Bank to buy bonds of countries with debt problems, the establishment of the European Stability Mechanism, a permanent fund to help countries in financial difficulties, which this year became operational, the financial aid to Spanish banks, an agreement on Greece, more measures to remove deficiencies in the organization of the Eurozone, all this increased confidence in the future of the common currency and reduced the risk of collapse. At the end of the year unique mechanism for the supervision of banks in the euro area was agreed on, representing the first step in establishing a banking union.

Keywords: Economy, crisis, eurozone

AN ANALYSIS OF THE EFFECT OF FIRM'S FOREIGN DEBT ON CROATIAN ECONOMY

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Abstract

Globalization, which has contributed to external financial liberalization, had huge impact on the economic development in Croatia. By liberalization of financial flows and removing all barriers, the entry of foreign capital into Croatia was allowed, and Croatian companies could also borrow abroad. Due to liberalization of financial flows in the early 2000s, Croatia encouraged the growth and development of the economy. The boom in the real sector required additional financing but savings in Croatia at that time were too small to finance the required growth. Because of this situation, Croatian companies sought funding abroad. Foreign borrowing could have positive effects if it is used for increasing gross domestic product. This could be achieved by financing the competitive sectors, increasing exports, reducing imports or effectuating similar economic benefits through new revenue. Negative aspects of foreign debt reflected in financing consumption and sectors that do not generate new revenue, but also encourage new borrowing. This paper will analyze, according to the econometric methods, the influence of foreign debt on enterprises and on the economic development. Variable Croatian economy is approximated with variable industrial production. The results of analysis show that foreign debt of companies has negative impact on the growth and development of the economy. The problem has become a huge weight of debt repayment due to currency and currency - induced credit risk, due to the reduction in the credit rating of the country and the financing of those sectors that are not export- oriented. Foreign loans taken by Croatian companies are in foreign currencies, and the revenues that companies obtain are mainly in local currency. According to the currency miss-match, the weight of foreign debt has become one of the main obstacles to further development of the company, as well as the entire Croatian economy.

Keywords: financial liberalization, foreign debt, industrial production

*The Effects of EU Accession
on Economic Movements
in Croatia*

STUDENT ATTITUDES ON LIFELONG LEARNING AS A FACTOR OF COMPETITIVENESS GROWTH

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Abstract

In today's information society knowledge is the chief driving force of entrepreneurship and the main source of success. It is knowledge, as well as other resources, such as natural resources, labour and capital, that leads to increased productivity. The main purpose of today's business is achieving business excellence. Business excellence results in securing a competitive market position and creating a product and service. The main precondition for business growth and development comes from synchronized employee activity, their lifelong learning and all the functions within the company. Learning from other people's experience as well as learning from the best has been incorporated in the concept of social responsibility. The aim of this paper is to research to what extent students perceive the need for lifelong education and to what extent lifelong education impacts competitiveness and contributes to the development of social responsibility. The research will contribute to gaining new insights into lifelong learning and social responsibility as an essential precondition for the entrepreneur's growth.

Keywords: social responsibility, lifelong learning, entrepreneurship, perspectives

*Role of the European Union
in a Globalized World*

THE INFLUENCE OF TERRITORY SHAPE AND BORDERS ON GEOPOLITICAL AND GEOECONOMIC CHARACTERISTICS OF CROATIA

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Abstract

Croatia was often on the border between the largest states and empires, spheres of interest and blocks, making the geographical positions of various Croatian areas considerable connectors. This allowed the influence of different nations and cultures, as well as the consistent exposure of its conquering hardships. The contemporary geopolitical environment was again placed in the position of the boundary between the stable democracies of the European Union and politically unstable democracy of Eastern and Southeastern Europe. By joining the EU, Croatia has joined the group of the developed countries of Europe. The Republic of Croatia, geographically speaking, has the best location in Europe. Its small space as compared to the larger European area may see different landscapes varying from flat plains and the Danube, across the Dinarides mountain areas, and to the Adriatic coast and islands. Croatia has a lot to offer the European Union, however, it is necessary to protect its interests in order to avoid that it becomes a country whose majority of natural resources is held by companies and individuals. Croatia, since the 2008 financial crisis until present time, has been in poor economic standing. The insufficient development of the Croatian market and uncompetitive production may pose a problem in Croatia's joining the European Union because it has become an integral part of the million dollar market. However, these problems can be solved by restructuring Croatian domestic and foreign policy, in order to ensure competitiveness in the EU market. Viewing the Republic of Croatia from the geopolitical point of view, i.e., from the context of its forms, borders, and territories, it is obvious that Croatia is at the crossroads of routes between western and central Europe, eastern and southeastern Europe. Its position gives great opportunities to define new cargo flows between the countries within Eastern and Southeastern Europe. It can be concluded that Croatia has a very advantageous position in Europe, where there is a great potential for it to be an advanced and prosperous country with a successful economy. The underlying issue here is mainly related to the political situation that, in the past 20 years, has left the economy in a bad situation, with declining profitability and effectiveness. The question that arises currently is: will Croatia's economy turn upward after its entrance into the European Union?

Key words: territory, borders, geopolitical position, Republic of Croatia, economic crisis

CHANGES IN GEOPOLITICAL AND ECONOMIC POSITION OF ZAGREB AFTER CROATIA'S ACCESSION TO THE EUROPEAN UNION

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Abstract

This research is aimed at exploring the fundamental characteristics of geopolitical and economic position of Zagreb, as Croatia's capital and one of the EU member-state capitals. Contact-connection position of Zagreb is visible at a first glance, the same as the proximity of the city to the national border. Due to the shape of Croatia's territory and its geographic features, the main European traffic routes that enter Croatia's territory intersect in Zagreb, except Danube's corridor Vc and VII. Zagreb is the capital of Croatia's economy, accounting for over 30 per cent of the nation's GDP. Zagreb and its surroundings' appeal is visible in continuing positive balance of daily and weekly migrants to the city. Zagreb, as the largest labour market, attracts workforce from its surroundings on a daily basis. As a university centre, Zagreb also attracts students from all parts of Croatia, as well as from neighbouring countries, especially Bosnia and Herzegovina. After Croatia's accession to the European Union, the city's position changes towards other union member states and west Balkan countries. Outward position of Croatia towards western Balkan countries is manifested in its borders with Bosnia and Herzegovina, Serbia and Montenegro, making a 1200 km long border. That gives Croatia and Zagreb the opportunity to exercise economic and political influence in Croatia's boundary areas, as well as in neighbouring countries, especially Bosnia and Herzegovina. Zagreb can become the central point of development and cooperation which would, after the initial use of European union's structural funds, spill over to other parts of the country bordering with countries of western Balkans, due to its administrative, economic, and human resources that can initiate this long and demanding process. In this paper, the differences between Zagreb, the surrounding counties and the rest of Croatia are indicated through examination of statistical data such as GDP (total and per citizen), employment, and other factors. Zagreb is also analysed with respect to the way it positions itself in relation to other European Union's capital cities, in order to see where Zagreb stands in relation to other capital cities in the EU through examination of the main economic indicators.

Keywords: Zagreb, Republic of Croatia, European Union, regions, geopolitical position, economic position.

RISKS OF MODERN BUSINESS: ECONOMIC POWER OF THE STATE AND TERRORISM

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Abstract

Modern terrorism is a strategic relationship predominantly between the state and non-state terrorist organizations which is characterized by mutually instrumental rational action. This paper analyzes the relationship between the economic power of the state and nonstate terrorism. In accordance with the classic definition of a realism, power is located within particular social relations and implies the probability that one actor in this relationship will achieve its goal, despite opposition from other actors. The nation-state as the central social organization of the international order has attributes of total power: ideological, political, military and economic. Modern terrorism represents an important intervention in national security, international relations, international security and the overall dimensions of social power. Therefore, it is reasonable to ask whether the escalation of terrorism questions the power of the state? The hypothesis is that terrorism affects the structure of state power and has a relevant impact on its economic power. In reply to this hypothesis, the paper provided a synthesis of the results of case studies and country studies.

Keywords: power, terrorism, sources of power, restructuring of the source of power, economic power.

Croatia
as a Regional Leader
in the Balkans

CROATIA: CHANGES IN GEOPOLITICAL POSITION IN RELATION TO 'WESTERN BALKANS' FROM THE 1990s TO THE ACCESSION TO THE EUROPEAN UNION

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Abstract

This research represents a study of general changes in geopolitical position of Croatia in relation to 'Western Balkans' from when Croatia gained its independence to its accession to the European Union, taking into account the implications of Croatia's membership in the European Union and its effects on relationship between 'Western Balkans' and Croatia. Changes in the geopolitical position and the definition of geopolitical regions can be researched through time, as they represent dynamic categories. Boundaries of geopolitical regions are especially dynamic when those regions are geopolitically unstable with strong external influences and complicated relations between parties. The Balkans represent such a geopolitical region. Countries situated around the changing borders of the Balkans can be 'pulled into' the region or can distance themselves from it. Croatia broke its ties with the geopolitical region of the Balkans by breaking its governmental and legal ties with Yugoslavia. At the same time, it was pushed into a war and into strong 'Balkanisation' processes. After the political relations in the region changed, possibilities for Croatia to influence stabilisation of the 'western Balkans' emerged, as well as a chance to start making prerequisites for joining NATO and the European Union. Croatia ceased to be a part of the 'Western Balkans' by entering into the NATO Alliance and the European Union. However, it is beneficial for Croatia to remain politically and economically present in the region, which is one of the main points of this paper. By entering into the European Union, Croatia is leaving CEFTA, which will generate losses in the short-term. However, in mid and long-term, Croatia, as a country, will connect the Union with CEFTA countries in the 'western Balkans' and profit from it. This development is only possible if Croatia stays present and involved in the region after it enters the Union, which is the main point of this paper. The before-mentioned thesis would continue to positively reflect on the geopolitical position and international reputation of Croatia.

Keywords: geopolitical position, Republic of Croatia, European Union, 'Western Balkans'.

THE ROLE OF CULTURAL REPRESENTATIONS IN THE PROCES OF EUROPEAN INTEGRATION: THE CASE OF CROATIA

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Abstract

The main topic of this paper is the role of cultural representations in the process of Europeanization of South Eastern Europe. I approach to Europeanization as to asymmetrical and patronizing process in which only EU dictates the rules of „the game“, while candidate country does not have any power to influence on the conditions of accession. Since Europeanization, led by strategy of political conditionality, is very demanding, almost coercive and externally led process of domestic changes, my assumption is that domestic political elites in their communication use cultural and civilizational discourse in order to convince their domestic public to accept the process of EU integration. In the case of Croatia, the content of this communication is usually focused on the binary opposition between the civilized West and the backward Balkans. The main purpose of this paper is to show that this discourse has its historical background, i.e. that the ideal of becoming a part of civilized West is deeply rooted in Croatian political and social space. Moreover, this civilizational discourse is a part of a broader process of cultural production which has been going on in Europe since the Enlightenment.

Keywords: Europeanization, Political conditionality, Symbolic geography, Cultural representations, Western Europe, The Balkans

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