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Faculty of Economics & Business

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Table of content

CAN CORONA PANDEMIC INFLUENCE CORPORATE GOVERNANCE? NON-FINANCIAL REPORTING AS AN INDICATOR OF CORPORATE VALUES	1
Jernej BELAK	
Andreja PRIMEC	
ROMANIAN NATURAL GAS MARKET – THE DIVERSIFICATION OF THE SUPPLY SOURCES THROUGH IMPORTS FROM COUNTRIES FROM THE EUROPEAN ECONOMIC AREA.....	2
Andrei-Relu CIUCA	
GREENFIELD VS. M&A – WHO WINS IN TERMS OF LOCAL ECONOMIC GROWTH?	3
Dražen DERADO	
Darko HORVATIN	
DISCLOSURES IN THE NOTES REGARDING THE IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT BY AUSTRIAN LISTED COMPANIES.....	5
Gudrun FRITZ-SCHMIED	
Carina PAULITSCH	
Tanja Maria SCHUSCHNIG	
HOW DOES CHINA’S BELT ROAD INITIATIVE CHANGE EXPORT FLOWS FROM EASTERN TO WESTERN EU COUNTRIES? EVIDENCE FROM A GRAVITY MODEL. 7	
Martina GOTTWALD-BELINIC	
Robert SONORA	
COMOVEMENTS, TRENDS, AND NONSTATIONARITY OF COMMODITY PRICES ...	8
Md Towhidul ISLAM	
Junso LEE	
Saban NAZLIOGLU	
Paul BOUSQUET	
SAFETY AND SECURITY IN A TOURISM DESTINATION: PREVENTION OF CRIME AND THE SELF-PROTECTIVE BEHAVIOUR IN COUNTY OF ZADAR (CROATIA).....	9
Božena KRCE MIOČIĆ	
Tomislav KLARIN	
Ivana MARIĆ	
KNOWLEDGE HIDING AND EXCLUSION-INCLUSION OF MINORITY MEMBERS AT THE WORKPLACE	10
Marika MIMINOSHVILI	
THE EFFECTS OF BUDGET TRANSPARENCY ON BUDGETARY BALANCE AND EXPENDITURES OF CROATIAN LOCAL GOVERNMENTS.....	12
Katarina OTT	
Branko STANIĆ	

Simona PRIJAKOVIĆ	
SYSTEM'S PERSPECTIVE OF THE CENTRE OF GOVERNMENT	13
Elīna PETROVSKA	
Gundars BĒRZIŅŠ	
CAN POLITICAL ECONOMY OF INSTITUTIONAL INTEGRATION EXPLAIN THE FAILURE TO CREATE A COMMON EUROPEAN IMMIGRATION AND ASYLUM POLICY?.....	15
Primož PEVCIN	
Bruno NIKOLIĆ	
THE STUDY OF INTANGIBLE CAPITAL IN ECONOMIC LITERATURE: A BIBLIOMETRIC APPROACH	16
Tjaša REDEK	
Uroš GODNOV	
Eva ERJAVEC	
DYNAMIC ASYMMETRIC CONNECTEDNESS AND INTEGRATION OF CRUDE OIL AND NATURAL GAS INTERNATIONAL TRADE NETWORK	18
Masoud SHIRAZI	
Jurica ŠIMURINA	
ECONOMIC SECURITY: THE MAIN FACTORS AT INDIVIDUAL LEVEL.....	19
Janis SUPE	
INNOVATIVE METHOD IN APPLYING FOR EUROPEAN UNION GRANTS.....	20
Zsuzsanna SZELES	
EFFECTIVENESS OF SOCIAL MEDIA USE FOR ACADEMIC PURPOSES. A COMPARATIVE RESEARCH BASED ON CULTURE AND GENDER.....	21
Maja ŠERIC	
INNOVATION IN UNIVERSITY CLASSROOMS. THE RELATIONSHIP BETWEEN TECHNOLOGY ADVANCEMENTS, TEACHER EXPERTISE AND STUDENT MOTIVATION	22
Maja ŠERIC	

CAN CORONA PANDEMIC INFLUENCE CORPORATE GOVERNANCE? NON-FINANCIAL REPORTING AS AN INDICATOR OF CORPORATE VALUES

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Abstract

The exact consequences of corona virus pandemic will not be recognized for a long time, but it is already known that they will stimulate and influence changes in corporate governance as well. More than ever, the need for corporate social responsibility will be highlighted. Therefore this article addresses the case of regulatory intervention in the field of corporate social responsibility in European Union, introduced by Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards to the disclosure of non-financial and diversity information by certain large companies. Disclosure of non-financial information is essential for the transition towards a sustainable global economy that links long-term profitability to social justice and environmental protection. In this respect, disclosure of non-financial information helps to measure, monitor and manage the performance of companies and their impact on society (point 3 of the Introduction to Directive 2014/95 / EU). Disclosure of non-financial information is important for the economic operators themselves, as well as for the shareholders and other interested parties (investors, suppliers, etc.). By disclosing their non-financial information, companies can better manage non-financial risks and opportunities, thereby helping to improve their non-financial performance. Non-financial information is also an important source of information for prospective and future investors as well as to civil society in assessing the effects and risks associated with an entity's operations. Slovenia implemented the directive with the amendment of the Companies Act (ZGD-1J), which entered into force on 15.4. 2017. As a result, the obligation to disclose non-financial information was first introduced by Slovenian companies in 2018 when they published a business report for the previous year. In the case study, we analyze the non-financial reporting of the chosen Slovenian corporations and determine its compliance with legislative changes and current social conditions.

Keywords: Non-financial reporting, Corporate Social Responsibility, Corporate Governance, EU legislation, management

JEL classification: K20, G30, G34.

ROMANIAN NATURAL GAS MARKET – THE DIVERSIFICATION OF THE SUPPLY SOURCES THROUGH IMPORTS FROM COUNTRIES FROM THE EUROPEAN ECONOMIC AREA

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Abstract

In this paper, the author emphasizes some facets of the economic impact of the cross-border trade of natural gas carried out through the interconnection points of the Romanian natural gas transmission system with those of neighboring countries from the European Economic Area. The main hypothesis the author is testing during this research takes into consideration the importance of the investments done for the increase of the technical capacities of the interconnection points are generating benefits for the country's gas supply security.

Analysis of the technical interconnection capacities of the national gas grid, as well as the use degree of these capacities were carried out for the reference period of this research (i.e. 2015-2018). The bidirectional gas flows with Hungary, Bulgaria, Ukraine and the Republic of Moldova are being analyzed so that the study can gain quantitative input and generate the required premises for an extended research.

The research also includes an analysis of the main factors influencing the natural gas imports made by Romania during the reference period, as well as some explanations linked to the most relevant changes in the price structure for the imported volumes of gas, without referring to the price influences generated by certain geopolitical considerations.

From a regulatory point of view, this study material covers certain aspects of the "Business rules at the interconnection point" agreements, which regulate the means of doing business in a certain interconnection point, as well as certain EU regulations which were transposed into the national legal framework in the reference period, both with the view of enhancing the energy trade between the EU countries and generate the premises of further creating the fundamentals towards a single internal European energy market.

The conclusions reached by the author focus mainly on the advantages generated to the national economy and to the national energy supply security by the investment programs in the interconnection of the national natural gas transmission system.

The study also draws attention about the regulatory framework needed to be implemented and to technical, economic and regulatory measures that require attention in order to ensure access to energy resources (natural gas in this case) at competitive prices to national final consumers, while integrating the Romanian natural gas market in the more sustainable and competitive European energy market.

Keywords: Romanian natural gas transmission system, gas regulatory framework, competitive advantages, energy trade flows, European Economic Area.

JEL classification: O13, P18, P28, Q43.

GREENFIELD VS. M&A – WHO WINS IN TERMS OF LOCAL ECONOMIC GROWTH?

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Abstract

Foreign direct investment (FDI) increases local economy's capital stock while incorporating transfer of valuable technology and know-how, which further add to local economic growth. As such, FDI can be realized through two main modes of entry, i.e. greenfield investment and mergers and acquisition (M&A), a differentiation largely neglected in empirical literature so far. While greenfield investment usually reflects investor's expectations over a longer period of time, M&A usually generate efficient company restructuring aimed at swift market repositioning. This distinction results in different performance at company level as well as in different macroeconomic effects of the FDI recipient country. Therefore, the purpose of the research is to investigate FDI-growth nexus, while differentiating between greenfield investment and M&A.

Theoretically, this research is based on the endogenous growth theories, which offer a more straightforward explanation of the role of technology in economic growth. They allow an implicit assumption that foreign capital incorporates new knowledge and technology, which either directly, or indirectly spill over in the FDI host economy, thus creating an important stimulus for economic growth. Therefore, transfer of knowledge and positive technological spill overs of FDI in an endogenous model can be seen as a compensation to effects of diminishing returns to capital, as postulated in neoclassical growth theory, thus guaranteeing a long-term contribution to economic growth. Endogenous growth models formalize the relation between creation and accumulation of new knowledge incorporated in technological innovation and the mechanism of economic growth. Hence, they can explain different dynamics of economic growth of different economies.

Empirical studies dealing with the impact of FDI on local economic growth have not yet reached a unanimous conclusion as to the significance and intensity of this impact. On one hand, certain research boasts positive effects, while others prove neutral, or even negative effects. Alongside some usual methodological issues, e.g. those referring to the sample composition, or variable selection, the great majority of research does not take into account the fact that greenfield investment and M&A probably result in different effects on local economy, also in terms of economic growth. This aspect, together with local economy characteristics (e.g. technology), which determine its absorption capacity, serves as the basis of this research.

Analytical model includes 28 EU member countries observed over a 25-year period (1990-2014). All EU member states are ranked according to their estimated innovation potential as innovation leaders, strong innovators, moderate innovators or modest innovators (according to the European Innovation Scoreboard). This ranking enables easier grasping of their

technological differences, ultimately resembled in their innovation activities. Panel data analysis with fixed effects includes both target variables – closely related to the main factors of economic growth – labor, capital and technology, and control variables as additional explanation of economic growth in individual countries.

Results of the empirical analysis prove that there are differences between greenfield investment and M&A in terms of their impact on local economic growth. M&A have an overall positive impact on local economic growth, while greenfield-investments realize positive effect only with countries at medium level of innovation capacity (strong innovators and moderate innovators). When technology level of each individual country is specifically taken into account the results prove that stronger impact on local economic growth is realized through M&A, while interaction of technology and greenfield investment proves to have stronger growth effect only with modest innovators. This further confirms that technologically more advanced countries, with better absorption capacities, attract relatively more M&A investment which bring more state-of-the art technology, including management and organization know-how, and hence contribute more to local economic growth. Technologically less developed countries attract more greenfield investments (mostly into labor-intensive and technologically less advanced sectors). This proves that investment in research and development and human capital are key preconditions for stronger contribution of FDI to long term and sustainable economic growth.

Keywords: FDI, greenfield investment, M&A, economic growth, innovation

JEL classification: F43, F21, C33

DISCLOSURES IN THE NOTES REGARDING THE IMPAIRMENT OF INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT BY AUSTRIAN LISTED COMPANIES

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Abstract

The notes represent an important part of the annual financial statements. In recent years, the disclosures have grown in scope, but suffer from a low information level. This problem was addressed by the IASB in 2012, who published the Disclosure Initiative dealing with the materiality of the given information amongst others. The research objective of our study is to analyse the disclosures regarding the impairment of IA and PPE with special regard to their scope and their content and to consider changes over time. The investigation of the impairment is interesting because the standard IAS 36 is regularly in the focus of the exams by ESMA. Moreover, the performance of the impairment test is tied to numerous discretions, from identifying an asset that may be impaired to measuring the recoverable amount. For this reason, the disclosures gain high importance because they provide information to potential investors about the parameters used. Therefore, we evaluate the scope of disclosures regarding the impairment by counting words under consideration of the extent to which the disclosures represent legal text or contain company-specific information. Besides the word analysis, we conduct a content analysis with the focus on the accounting discretions when IAS 36 is applied. The hand-collected data for the empirical analysis is taken from 36 consolidated financial statements of companies that were listed on the prime market (equity market) of the Vienna Stock Exchange in 2016 and 2018 each. We had to remove 9 companies because of missing data. Word analysis shows that the information concerning the impairment according to IAS 36 is given in several sections contained in the financial statement. Overall the investigated companies use about 1,000 words to describe the impairment of IA and PPE (2018: 999 words, 2016: 1022 words) on average. In the section “Accounting and Valuation Methods” companies present general information on the impairment and do not distinguish between disclosures regarding the impairment of IA and PPE. From a quantitative perspective, the investigated companies use about 273/307 words (2018/2016) reproducing legal texts and 71/83 (2018/2016) words publishing company specific information. Further information on the impairment is presented in the section on

item-specific explanations for IA and PPE. The item-specific explanations of IA comprise 34/25 (2018/2016) words of legal-specific and 533/512 (2018/2016) words of company-specific information. The scope of the item-specific explanations of PPE is smaller; using 5/4 (2018/2016) legal-specific and 83/91 (2018/2016) company-specific words in the mean. The content-related analysis of the company-specific information shows that 14/20 (2018/2016) out of 27 companies apply an impairment test because an indication of impairment exists. The main triggering event when conducting an impairment test is misjudgement in 2016 and decommissioning in 2018. The study shows that most companies use the value in use when measuring impairment. The estimation of the value in use is tied to several elements: Austrian companies use a forecast period of 4.57/4.62 (2018/2016) years, a growth rate of 1.47%/1.40% (2018/2016) and a discount rate (WACC before taxes) of 10.11%/10.18% (2018/2016) in the mean. The study reveals that disclosures regarding IAS 36 are more extensive in comparison to the disclosures concerning IAS 38 and IAS 16 as one of our previous studies shows. This huge scope of disclosures regarding the impairment exists, though the impairment has a small relation to its book value. Further splitting of word number reveals that disclosures in the section “Accounting and Valuation Methods” contain legal-specific information to a large extent while item-specific disclosures are more company-specific. A clear potential for redimensioning can be found when referring to the reproduction of legal text (2018: 312 out of 999 words, 2016: 336 out of 1022). As the data show there are no differences in time perspective. Companies should consider more closely the materiality of their disclosures, especially under the new aspect of obscuring as part of the changes specified in *Definition of Material (Amendments to IAS 1 and IAS 8)*.

Keywords: disclosures in the notes; impairment; intangible assets (IA); property, plant & equipment (PPE); Austrian companies

JEL classification: M41 Accounting

HOW DOES CHINA'S BELT ROAD INITIATIVE CHANGE EXPORT FLOWS FROM EASTERN TO WESTERN EU COUNTRIES? EVIDENCE FROM A GRAVITY MODEL

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Abstract

Since China has initiated cooperation in 2012 with 16 Central and Eastern European States (CEES) countries including eleven EU Member States; Bulgaria, Croatia, Czech, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia and five Western Balkan countries comprise of Albania, Bosnia and Herzegovina, Macedonia, Montenegro and Serbia, the role of Chinese investment in the region have been intensifying. Is the Chinese strategic agenda for “Belt and Road Initiative” (BRI) predominately an economic one, driven by the rational to leverage market access to the EU? We investigate the economic relationship of BRI investments followed by the Chinese FDI on the bilateral export of CEES countries with other EU member countries. We estimate the impact of BRI and FDI investment on export using a log-linear gravity model and distinguish export elasticity on BRI and FDI investments between 16 CEES countries and rest of EU countries. We find that BRI investment diverts exports at this early stage whereas Chinese FDI inflows have a positive impact on export flows from CEES countries to the Western EU countries. The results confirm our hypothesis that Chinese FDI in CEES countries have stronger positive impact on countries export to EU compared to other EU countries. Further, we find that the impact of ongoing BRI infrastructure projects on linking countries’ transportation infrastructure has rather indirect influence on countries trade flows within EU market. The BRI policy rather endeavours to align regional governance and economic development policies. To that end, the overarching research question is whether or not Chinese infrastructure investment in the CEES is sustainable and will it provide economic and financial stability to the region, or is it mainly used for bridging towards the access to highly competitive EU market.

Keywords: Belt and Road Initiative (BRI), China, EU, FDI, Geostrategy, Geo-economic

JEL classification: F15, F36, F53, F68

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COMOVEMENTS, TRENDS, AND NONSTATIONARITY OF COMMODITY PRICES

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Abstract

The influential paper of Pindyck and Rotemberg (1990) notes that there exist excessive comovements of international commodity prices. They call it a puzzling phenomenon since a broad set of commodities would be mostly unrelated. More papers report evidence of commonalities among commodity prices. On a related issue, Wang and Tomek (2007) argue that commodity prices should be stationary and convergent series since price theory indicate stable equilibria in commodity markets. But, they, along with other papers, find empirical evidence of non-stationarity in commodity prices. This paper notes that these two issues of comovements and the non-stationarity of commodity prices are closely related, and we examine them in a unified framework. First, we examine the degree and nature of the comovements of commodity prices. We start with the principal components analysis (PCA), which has been used frequently in the literature. Then, we proceed with dynamic factor models (DFM) with time-varying parameters and stochastic volatility. We find evidence of comovements in commodity prices, but we observe that the commonality effects are not excessive. Thus, the puzzling phenomenon of the excessive comovement hypothesis (ECH) is not as evident. We find that comovements are stationary around nonlinear trends. Second, we examine the non-stationarity of commodity prices while accounting for comovements. We wish to note that no previous paper has accounted for comovements of commodity prices in examining the non-stationarity property, despite abundant evidence of comovements. Our results, which took into account the effects of comovements, show that most of the commodity prices are non-stationary even after controlling for possible structural changes. Overall, our results shed new light on the nature of the commonalities and non-stationarity of commodity prices.

Keywords: Comovements; Commodity Prices, Nonstationarity, Dynamic Factor Models

JEL classification: F35

SAFETY AND SECURITY IN A TOURISM DESTINATION: PREVENTION OF CRIME AND THE SELF-PROTECTIVE BEHAVIOUR IN COUNTY OF ZADAR (CROATIA)

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Abstract

Considering the constant political instability, wars and emigrant crises, but also the ever-increasing terrorist attacks worldwide and rise of crime due to the poor socio-economic situation in many countries, safety in tourism has become one of the main motives in choosing a tourism destination. At the same time the destination management organizations emphasize security in promoting their destination, witnessing how security in the destination is very important matter. Security in the destination is not only an issue for destinations located in war-torn areas or insecure zones, on the contrary, other relatively safe and developed destinations increasingly become the site of various unrests and conflicts. Various programs aimed to ensure the security are being pursued in these destinations, while the prevention of crime and the self-protective behaviour of all stakeholders, especially of the local population make a significant segment of security in the destination. Self-protective behaviour implies a responsible and conscientious behaviour of an individual that reduces the chance of criminal acts, thereby such behaviour contributes to the prevention of crime. In this context, this paper examines the self-protective behaviour of owners of private accommodation and tourists in the Zadar County as a tourist destination. The aim of the research was to determine the way in which observed groups of stakeholders are behaving self-protective. The survey was conducted twice (in 2017/2018 and 2019/2020) to identify possible behavioural changes with respect to measures which have been implemented in raising the level of self-protective behaviour. A semi-structured questionnaire was used for this purpose. The results show certain differences in behaviour between the observed groups of stakeholders, but also some improvements in the level of self-protective behaviour. Based on the results obtained, recommendations have been defined in the form of measures that need to be implemented in order to improve self-protective behaviour and to prevent crime and ensure security in the tourism destination.

Keywords: safety and security in a tourism destination, self-protective behaviour, Croatia

JEL classification: Z32, L83

KNOWLEDGE HIDING AND EXCLUSION-INCLUSION OF MINORITY MEMBERS AT THE WORKPLACE

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Abstract

The increased mobility of people has resulted in an increasingly culturally diverse workforce. Organizations try to become more international and multicultural ensuring that all employees, despite the race, ethnicity, and religion, are given fair and equal treatment. However, these ideal treatments are sometimes disconnected from reality. The diversity literature emphasizes that diversity sometimes leads to negative circumstances, including communication problems, task conflict, disengagement, and knowledge transfer difficulties. The culturally and nationally diverse workforce may struggle with expressing different ideas. Thus, climate for knowledge hiding should be higher in the diverse workforce, due to differences in demographic characteristics. Furthermore, research shows that employees that have ever experienced exclusion are more tangible to behave passively, demotivated and disengaged, show lower performance and productivity. That being the case, being treated as outsider can increase uncooperative behavior among minority and majority colleagues, consequently, decrease knowledge sharing. Therefore, minority employees' will most likely engage in knowledge hiding behavior. Due to such severe exclusion and discrimination, ethnic minorities or migrants usually intend to "pass" as member of dominant group. That implies conformity to majority group norms and concealment of certain characteristics to appear more similar to majority group and enhance in-group's acceptance and inclusion. In this sense, striving to inclusion into the team may intensify migrant employees' knowledge hiding behavior.

Within this study I analyze whether or not minority employees have ever experienced exclusion by the Slovenian co-worker and/or superiors at the workplace, whether or not they ever had difficulties in the communication with majority members. Lastly, if exclusionary experiences and desire to be included in the organization lead to minority employees' decision to hide knowledge from the majority members at the workplace.

Qualitative in-depth analysis has shown that knowledge hiding is utilized by minority members in order to avoid workplace exclusion and to be more included and accepted at the workplace. Experiences of exclusion, rejection, mistreatment and depreciation at the workplace do make minority employees to engage in knowledge hiding behavior in relation to their colleagues. Findings have demonstrated that social rejection, consequently, barriers in communication, relationship and cooperation could affect their willingness to contribute to the project, to collaborate an idea with the co-worker or simply, to provide any explanations or help when it was required from them. Furthermore, findings have identified that minority members do engage in knowledge hiding behavior in order to maintain better relationship with majority, to keep good image of self, to be perceived better and more positively, to avoid controversy and incoordination in relation to majority at the workplace.

Study provides findings regarding the interplay of knowledge hiding and workplace exclusion- inclusion in the context of migrant employees. Research demonstrates that lack of sense of belongingness to the dominant majority culture colleagues has triggered minority members' engagement in knowledge hiding behavior. Therefore, knowledge hiding was emphasized to be a consequence of experienced workplace exclusion. Furthermore, desire to

belong and be accepted member of the dominant culture could fuel minority members' knowledge hiding behavior. Consequently, knowledge hiding was found to be used as a strategy by minority members for being more included at the workplace. Organizations, managers and HR management have to take into consideration and pay more attention on how to foster and ensure equal acceptance and treatment of all nationality co-workers. This issue might be problematic since knowledge hiding climate among colleagues, across departments and within organizations will facilitate low organizational outcomes, including decreased creativity, innovativeness and competitiveness of the organizations.

Keywords: knowledge hiding, workplace exclusion, social categorization, migrants, self-presentation strategies, workplace inclusion.

JEL classifications: J61, J71, M53, M14, M12.

THE EFFECTS OF BUDGET TRANSPARENCY ON BUDGETARY BALANCE AND EXPENDITURES OF CROATIAN LOCAL GOVERNMENTS

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Abstract

As part of the further democratization of the political and budgetary process, there is a growing research focus on the causes and consequences of budgetary / fiscal transparency. Although research initially focused mainly on central governments, there is an increasing number of papers focusing specifically on lower levels of government. This paper investigates the impact of budget transparency on the level of all 556 Croatian local governments' expenditures and budgetary balances over the period 2014-2019. Budget transparency is measured annually for 128 cities and 428 municipalities as an online availability of five key budget documents – budget proposal, enacted budget, citizen budget, mid - year and year - end reports. The first goal of the paper is to explore the effects of budget transparency on the level of executed local government budget expenditures. Local government's level of expenditure is expressed in per capita terms. The second goal of the paper is to see how does budget transparency affects the budget balance of local governments. The budgetary imbalance is measured as the share of the local government's surplus / deficit in total revenues. To establish the searched for impact, the panel data analysis with several control variables (such as political competition, residents' income per capita and re-election of incumbents) is used. The results are expected to contribute to the public choice theory, especially the fiscal illusion theory, where transparency can serve as a solution to the illusion of perceived amounts of budgetary expenditures. In this sense, the results are expected to detect how fiscal transparency affects local expenditures, that is, whether it affects incumbents' fiscal conservatism or liberalism. Also, consistent with theoretical underpinnings and empirical research to date, it is hypothesized that greater budgetary transparency will contribute to a more balanced budget.

Keywords: budget transparency, local governments, expenditures, budget balance, Croatia

JEL classification: H70, H72, H79, P16

SYSTEM'S PERSPECTIVE OF THE CENTRE OF GOVERNMENT

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Abstract

The issue of effective coordination of operational processes is becoming increasingly important for government centre organizations as the central government apparatus providing support to the Council of Ministers or the Head of Government. Although the centre of government is an open and at the same time complex system, it can be assessed using several theories, for example – systems theory, contingency theory etc.

In this particular study, the authors analysed the development of systems theory by selecting 60 scientific publications relevant to the topic, as well as analysed the correlation of this theory (i.e. yielded relevant articles) with the annual meetings of the government centres of the OECD member countries. The study was conducted with a special focus on the coordination of governance (as a government centre) processes and its elements, as well as additional semantic analysis of the literature was made. The materials analysed in the study include the period from 2011 to 2019. At the beginning of the study, the authors assumed that the specific focus of the study would reveal not only the trends in the development of systems theory in terms of governance, but will also be able to identify possible gaps with respect to those dimensions that are missing or seemingly insufficient in government centre practice.

Study results indicated that coordination issues have been one of the main topics of discussion in the OECD's highest-level policy in recent years. It was also possible to conclude that, similarly to systems theory, in order to achieve results, the government centre focuses on the coordination of the operational process and related control issues. However, there are particular moments that show that there are obstacles in practice that hinder the efficient operation of the system. Assessing the different dimensions of the operation of government centres, we obtained evidence that, despite the fact that in practice the centre of government is the cornerstone of horizontal coordination, a gap - cooperation element - is formed in the system. From the perspective of the centre of government and systems theory, the presence of an element of cooperation in large complex systems follows. Considering that cooperation element has not developed so successfully in practical terms, it can prevent the government centre from fully interacting with other important elements of its system, such as integrity, resources and responsibility. Thus, from the point of view of the authors, it would be necessary to study in detail the elements of cooperation of government centres that create specific elements of cooperation for the concept of government centres. Such additional studies will not only contribute to the development of systems theory, but will also contribute to the development of joint systems specifically for managing the control of centre of government as a whole.

Keywords: centre of government, systems theory, public administration

JEL classification: H83, H11, M00

CAN POLITICAL ECONOMY OF INSTITUTIONAL INTEGRATION EXPLAIN THE FAILURE TO CREATE A COMMON EUROPEAN IMMIGRATION AND ASYLUM POLICY?

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Abstract

Common European immigration and asylum policy became completely “supra-nationalised” since the Lisbon Treaty entered into force, although “substantive” asylum policy still remains firmly in member states hands. The migration crisis of 2015 and 2016 has put the pressure on the implementation of this policy, since it revealed the inability of the EU and member states to effectively govern massive inflow of migrants. This paper questions on the main reasons leading to the failure of complete integration of immigration and asylum policy, and why supra-nationalisation of “substantive” asylum policy-making is not preferred by member states. The empirical part of the paper uses the framework of political economy of institutional integration, where the trade-off between economies of scale and heterogeneity costs is investigated. Specifically, it is of relevance to investigate the level of homogeneity or heterogeneity in preferences over this policy, the potential existence of scale economies when delivering this policy, and the rival and non-rival nature of this policy from the perspective of public goods theory. The results suggest that common asylum and migration policy faces heterogeneous preferences among member states, and there is a lack of evidence on the existence of scale economies. These findings explain the failure of common immigration and asylum policy, since the area of irregular migrations exhibits pressures for policy-making at the lower levels of governance, as we are dealing with a club good. It should be acknowledged that migration is not a uniform category, as some areas of migration exhibit characteristics of a club good or even a private good; and these areas of migration require and exhibit more effective policy-making at the lower levels of governance. Furthermore, these factors also explain the regional or national approaches taken by (some) member states concerning the immigration and asylum policy, particularly during and after the 2015/16 mass (irregular) inflow of migrants. This supports the incentives for regional and national policy-making efforts in this domain, particularly the ones, which do not serve as the main destination countries for migrants.

Keywords: European institutional integration, migrations, immigration and asylum policy, migration crisis, club goods

JEL classification: D71, F22, F53, H41

THE STUDY OF INTANGIBLE CAPITAL IN ECONOMIC LITERATURE: A BIBLIOMETRIC APPROACH

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Abstract

The importance of intangible capital in the literature has been first recognized directly in 1908, when Veblen (1908), when he clearly distinguished between tangible and intangible capital and defined intangible capital as follows “*Intangible assets are immaterial items of wealth, immaterial facts owned, valued, and capitalized on an appraisalment of the gain to be derived from their possession.*” Both contribute to the creation of wealth and productivity growth. The analysis of intangible capital and its contribution to growth and productivity gained momentum in late 1990s and early 2000s with the work of Lev and Nakamura (2001; 1999) and in particular with the seminal work of Corrado et al. (2006) that prosed a now already established definition of intangible capital as a sum of (1) computerized information, (2) innovative property and (3) economic competencies. This paper provides a systematic literature review of the development of the field of intangible capital by relying on bibliometric methods, combined with a standard descriptive approach to literature review to add depth. The paper relies on studying almost 1000 works listed in Scopus in the field of economics. Methodologically, bibliometric methods are used, focusing primarily on identifying timeline, key authors and author cooperation, most important papers, topics and most cited papers. Those, more relevant papers are also more extensively placed in the context of the field development.

The results highlight that by March 2020, close to 1000 papers on intangibles have been recorded in Scopus in the field of economics, econometrics and finance, most being published in *The Review of Income and Wealth*, which in total published 25 papers on intangibles. Their first paper was “The treatment of intangible resources as capital” by Kendrick (1972), while in 2020 already published a paper from the field of intangibles with focus on depreciation of R&D capital (Li and Hall 2020). Although the research has accelerated by the works of Nakamura and Lev, the most productive author was Jonathan Haskel, who in total published with co-authors 13 papers. Haskel was also part of the Corrado team which published the most influential works, including the now prevailing definition of intangibles and the study of the impact on economic growth (Carol Corrado, Haskel, and Jona Lasinio 2014; Carol Corrado, Hulten, and Sichel 2005, 2006b). Topic analysis reveals that the biggest

focus is on the empirical research of productivity in various countries, but the field also studies developmental issues (such as knowledge spill-overs, role of foreign markets, international linkages and knowledge spill-overs), specific intangibles analysis (e.g. human capital), methodological problems and policy aspects. A financial focus is also present, linking intangible capital to firm value, optimal capital structure and managerial aspects. Paper provides further details about the field development.

There are several contributions of this paper to the literature. First, it is the first such comprehensive bibliometric study of the intangible capital literature in economics and as such complements the approach taken by very few other authors. It sheds light on the one hand primarily on the most notable authors and papers and their importance in the field, but also on the other hand highlights the diversity in the literature. A systematic summary of the past literature also is a key step in advancing the literature, therefore, such a paper is extremely important also from the perspective of field development.

Keywords: intangible capital, bibliometric analysis, literature review

JEL classification: E2, O3, O4

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DYNAMIC ASYMMETRIC CONNECTEDNESS AND INTEGRATION OF CRUDE OIL AND NATURAL GAS INTERNATIONAL TRADE NETWORK

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Abstract

Because of the important status of energy trade for sustainable development and economic stability in the face of deteriorating energy security and based on OPEC country groupings during 1980–2018, we use the dynamic network connectedness measure of Diebold and Yilmaz (2014, 2015) to compare the asymmetries in information spillover and information interdependence in crude oil and natural gas international trade network, which emerge due to negative and positive shocks. We find that there exists a time varying asymmetric spillover effect in crude oil and natural gas international trade flow networks. Moreover, connectedness via crude oil is largely stronger than via natural gas, indicating more degree of integration in crude oil international trade network. Further analyses reveal the higher explanatory power for positive movements rather than negative ones in crude oil and natural gas trade flow through the networks. Also by comparing the spillovers from two directions, the analysis provides proportionally stronger information spillover index as the forecast horizon of the networks increases. The analysis of the network connectedness of crude oil and natural gas trade network suggest that regulators could identify the market's dynamic ranking of systemic risk contributions (risk management) that most threaten system stability.

Keywords: Energy Trade, Asymmetric Information Spillover, Market integration, Risk Management.

JEL Classification: Q370, Q430, C22, G110

ECONOMIC SECURITY: THE MAIN FACTORS AT INDIVIDUAL LEVEL

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Abstract

Economic security is a complex, inter-disciplinary issue which can be measured and analysed at macro (countries), mezzo (companies) and micro (individuals) levels. The issue of economic security is becoming more and more important nowadays due to growing income inequality and well-being problems in the world, especially in the context of Covid-19 pandemics. The concept of economic security at micro level is closely related to the issues of human well-being and life quality. The objective of this research is to analyse the factors which have impact on the economic security of individuals.

During the research the author has carried out a complex scientific literature analysis of economic security at micro level, bringing together and analysing different factors which have impact on the economic security of individuals. The author has divided all factors in two groups: external factors, for example, economic situation in the country, the social policy of the country, availability of the health care system, availability of basic resources etc., and internal factors, for example, education level, wage level, job stability, level of savings, level of debts and others. The author has described and analysed each factor separately as well as the way how each factor can have impact on individual economic security. The author has also offered other possible ways of classification of these factors. The author has concluded that the set of factors influencing economic security is similar for all individuals, but the level of impact of each factor will be different in each case. The set of factors described by the author can be used to measure economic security at micro level.

This research contributes to theoretical and practical research of economic security as there have been very few research specifically about the factors influencing the economic security. Better understanding of the influencing factors of economic security can help to deepen the understanding of the economic security phenomenon, improve the existing methods of measuring the economic security in different countries and also help to create new, more effective methods.

Keywords: economic security, factors of economic security, human well-being, life quality

JEL classification: D63, I31.

INNOVATIVE METHOD IN APPLYING FOR EUROPEAN UNION GRANTS

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Abstract

The European Union (EU) aims to encourage the use of public funds in the private sector for innovation and research activities, and to remove the obstacles that hinder the implementation and deployment of ideas. In 2020, EUR 80 billion is available in the Horizon 2020 program grant for these activities. The research, development, and innovation (R&D&I) processes play a major role in each region, and within that improve the competitiveness of companies. The Union is encouraging Member States to increase gross domestic product (GDP) for 2020 to 3% of research and innovation.

The goal of the companies and EU points in the same direction which is to increase productivity and efficiency. It is important to increase production, revenue, and profit and decrease expenditures, but the highest profit with the smallest investment is most efficient. Nowadays, in a global economy characterized by growing competition, even market leaders struggle to achieve target growth rates through innovation.

The Hungarian Government Regulation (1064/2019. II. 25.) to develop new resource allocation tools in preparation for the 2021-2027 programming period for infrastructure investments supported by the European Union will be implemented directly or through majority state or municipal ownership. It is necessary to apply independent value analysis to the total eligible costs, grant amounts or other aspects of the projects. It can be a guarantee for the European Union that the support was useful for the Hungarian economy and it was used efficiently.

The main research goal is to highlight that value analysis can improve efficiency. Function Analysis System Technique is a powerful, structured tool used to identify and analyse functions with intuitive logic to stimulate creative and innovative thinking. The primary objective is to improve value of functions for a given project, product, or process. Value management significantly helps companies to recognize hidden reserves to increase competitiveness and sustainable growth in performance, efficiency, and profitability. Companies in competitive environments can generate important advantages by using the value methodology to identify breakthrough points in development, management, innovation and knowledge capital.

Keywords: Value Methodology, EU grants, innovation, value methodology, Function Analysis and Function Cost

JEL classification: M21, O32, M49

EFFECTIVENESS OF SOCIAL MEDIA USE FOR ACADEMIC PURPOSES. A COMPARATIVE RESEARCH BASED ON CULTURE AND GENDER

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Abstract

Findings on the effectiveness of social media use for academic purposes are still inconclusive. While some studies revealed positive implications of social media use in classrooms, others reported its negative effects. This study seeks to understand how university students perceive the effectiveness of using social media for learning by providing an empirical evidence from different universities in Europe. It also attempts to understand if there are significant differences in perceptions of social media effectiveness according to student culture and gender. Effectiveness of social media was measured in terms of the importance of social media in conveying the topic to students, perception of social media as a tool for learning enhancement, and the extent of use of social media for learning, compared to other purposes. The five-point Likert scale was adopted for the item measurement. Data collection took place at three Universities from three countries, namely: Spain, Italy, and Croatia. More than 400 students participated in the research, more specifically: 146 Spanish, 125 Italian, and 157 Croats. Regarding gender, 294 students were women, while 134 were men. When the total sample was considered, findings reveal a rather low levels of students perception of social media effectiveness, as one item reached mean value lower than two points (i.e. the extent of social media use for learning, compared to other purposes), while other two items were lower than three points. For comparative analysis, data were first subject to normality tests. Once the preliminary analysis showed that data did not follow a normal distribution, the non-parametric test were conducted, in particular the Kruskal-Wallis H test for cultural differences and the Mann-Whitney U test for gender differences. The H test suggested that significant differences exist when the three submaples were compared (i.e. students from Spain, Italy, and Croatia). In general, the lowest mean ranks were found between Italian students and the highest between Croats. The strongest difference between the three subsamples emerged for the item that measured the importance of social media in conveying the class topic. Only for this item in particular, the U test further revealed the existence of significant differences between women and men. Compared to male, female students perceived to significantly greater extent that social media played an important role in conveying the class topic. However, despite these cultural and gender differences, overall results show that perception of social media effectiveness for academic purposes among students was still rather poor. Although data are limited to one University per country and therefore cannot represent student population on a national level, findings of this study have important implications for University professors working at higher education institutions.

Keywords: social media effectiveness, learning, university students, culture, gender.

JEL classification: I23, O30.

INNOVATION IN UNIVERSITY CLASSROOMS. THE RELATIONSHIP BETWEEN TECHNOLOGY ADVANCEMENTS, TEACHER EXPERTISE AND STUDENT MOTIVATION

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Abstract

The use of technology advancements has been strongly encouraged in university classrooms. In particular, social media have been confirmed as one of the most significant developments of information and communication technologies. However, the repercussion of social media use as a support tool in education requires further attention. The purpose of this study is to understand the relationship between the teacher use of social media in classroom, student perception of teacher expertise, and student motivation in the context of higher education institutions. To address this research objective, an online survey was conducted with university students. Social media use in classroom was measured through four items, two related with teacher's active use of social media in class and two that measured teacher's encouragement of social media use among students. Teacher expertise was operationalized through three items (i.e. expert, experienced, and knowledgeable). Three facets of student motivation were assessed: motivation to attend class, motivation to listen to the teacher, and motivation to communicate with the teacher. The empirical study was conducted among 282 students from two different Universities located in two Mediterranean countries, i.e. Croatia and Italy. Correlation analysis was performed to understand the relationships between social media use, teacher expertise, and student motivation on both samples. In general, when factor-to-factor correlations were analysed, no significant correlation was found between social media use and teacher expertise on one hand and between social media use and student motivation on the other hand, despite the sample. Put differently, social media use in classroom did not correlate neither with perception of teacher expertise nor with student motivation in neither one of the two studies. Furthermore, when item-to-item correlations were considered, neither one significant correlation was found among Italian students. That means that, according to the results of the study conducted in Italy, there is no any relationship between teacher use of social media in class and student subsequent perception or teacher expertise and motivation to attend class, listen to and communicate with the teacher. Slightly different results were obtained among Croatian students in the case of item-to-item correlations. While no significant correlations were found between the four social media items and the three teacher expertise items, correlations between one social media item (i.e. teacher use of social media in class) and the three motivation items were found to be significant (although mostly at a lower significance level, i.e. 95%). No significant correlations with motivational items were found when teacher's posting content on social media for class and assigning students to read/view content on social media sites were considered. However, the relationship between the fourth social media item (i.e. assigning students to post content on social media sites) and one motivation item (i.e. motivation to communicate with the teacher) was found to be significant at the 99% level. This result suggests the existence of a certain positive relationship between some aspects of social media use in classroom and motivation of Croatian students. However, overall results of this study

suggest that teacher's use of social media in class is not associated with student perception of teacher expertise and student motivation, which questions the need of implementing these novel technological tools in university classrooms.

Keywords: innovation in classroom, teacher expertise, student motivation, Croatia, Italy.

JEL classification: I23, O31, O33.