

# International Journal of Euro-Mediterranean Studies

## *Table of Contents*

### 3 SCIENTIFIC ARTICLE

In the Search for New Experiences – The Way to Creative  
Tourism Development  
*Zrinka Zadel, Elena Rudan*

### 21 SCIENTIFIC ARTICLE

Budget Deficit Volatility, Institutional Quality and  
Macroeconomic Performance  
*Asmaa Ezzat, Rana Hosni*

### 41 SCIENTIFIC ARTICLE

Tourist Route – A Trail of Authors and Poets of the County of  
Zagreb  
*Romana Lekić*

### 67 SCIENTIFIC ARTICLE

Decision Making Theories in Medicine Reimbursement  
*Almin Adžović, Danica Purg, Tina Vukasović*

### 93 SCIENTIFIC ARTICLE

Conceptualization of the Digitalization: Opportunities and  
Challenges for the Organizations in the Euro-Mediterranean  
Area  
*Tilen Gorenšek, Andrej Kohont*

117 Abstracts

121 Résumés

127 Povzetki

131 ملخصات





# IN THE SEARCH FOR NEW EXPERIENCES – THE WAY TO CREATIVE TOURISM DEVELOPMENT

ZRINKA ZADEL, ELENA RUDAN

*Faculty of Tourism and Hospitality Management, Croatia*

| 3 |

Over the last decade, new forms of cultural tourism are being increasingly mentioned as innovative development models of this specific form of tourism. One of these forms is creative tourism which tourism destinations use to innovate their tourism offer. In the Republic of Croatia, this trend is particularly present in summer holiday destinations that aim to reduce their high seasonality with new creative programmes and projects. By introducing a creative offering, tourism destinations can increase their competitiveness in the tourism market and become distinctive by their specific programmes. The paper explores the development in Croatia of both cultural tourism and creative tourism, as an enhancement to a destination's cultural offering. It analyses the current state of creative tourism and looks at the motivations for tourist arrivals to Croatia, with special reference to cultural attractions and events as a travel motivation. The paper also examines the creative offerings of individual destinations as well as target tourist segments, for the purpose of helping to create an innovative cultural offering.

*Key words:* creative tourism, Croatia, cultural tourism, destination management



## INTRODUCTION

| 4 |

In recent decades, cultural tourism has increasingly gained an important presence in international tourism trends. It has become one of the most important forms of special-interest tourism. The reason for this surely lies in the diverse changes to the lives of modern people, which have brought about changes in travel interests and motivations. First among these changes are various sources of information, the most important being the Internet, which provide potential travellers with insight into the tourism offering the likes of which tourists up to the 1990s could not even have imagined. Another change is the increased educational level of world travellers and their desire to know new things and their constant search for new experiences. Most tourist trips involve some cultural segment, whether it is listening to the songs of local singers while on vacation or at a beach or attending a concert, exhibition or other cultural attraction that requires travelling to a distant venue. Modern tourists have access to information and are constantly looking for new experiences in culture; regardless of whether the cultural and art motivation is incidental or intentional, it is a part of every travel. Each tourist destination offers its own specific cultural and historical heritage and its cultural assets, created within its territory, and seeks to design its own cultural tourism product, making it as attractive, interesting and, most importantly, as competitive as possible on the tourism market.

## THEORETICAL DETERMINANTS OF CULTURAL TOURISM

Cultural tourism is a specific form of tourism that is, in all its complexity, determined by various cultural attractions, resources and events. A variety of authors (Pančić Kombol 2006; Vrtiprah 2006; Tomljenović 2007; Jelinčić 2008; 2010; Rudan 2010; Rudan and Stipanović 2014; McKercher and Du Cros 2002; Steneicke 2007) have contributed to the term's definition as well as its distinctiveness and identification in both the scientific and tourism literature and in everyday business activities. This form of tourism is foremost determined by a stay in a

destination motivated by culture and art. Dragičević Šešić and Stojković (2013, 139) see such travels as providing opportunities for getting to know other worlds and cultures as well as opportunities for evaluating one's own culture and personality traits in contact with the different and the unknown. Because the potential for merging the tourism experience with the art experience is huge and limitless, the combination of culture/art and tourism is a source for the design of a variety of cultural tourism attractions. The same authors go on to claim that a great responsibility lies with the cultural sector as well, in particular with public institutions, in designing programmes and offerings to meet special tourist interests and the specific demands of tourists as groups and as individuals. While tourists are motivated by culture and art to different degrees, it can be said that culture and art motivation, whether primary or incidental, is nothing new; it has existed since the beginning of tourism travel. In the past, tourism travel was motivated by Ancient Greece, the desire to see Europe, attend concerts, exhibitions, etc. Today there is an entire array of new motivations (acquiring new knowledge, becoming actively involved in elements of a destination's offering) driving travellers to take trips motivated by culture.

Over the past 15 years or so, overall tourism development in Croatia has focused considerably on boosting various forms of special-interest tourism, cultural tourism in particular, as evidenced by documents providing guidelines at both the national level and the micro destination level. In 2003 the Croatian Ministry of Tourism adopted the *Cultural Tourism Development Strategy*, the first document in Croatia to define this specific form of tourism as special-interest tourism with people travelling outside their usual place of residence motivated entirely or partially by their interest in the history, art, heritage or lifestyle of a locality, region, group or institution. The Ministry of Tourism initiated the development of the strategy with the aim of identifying strategic measures to provide incentive to the private and the public sector to achieve the following objectives: to include the cultural sector in the tourism product of destinations as a way of prolonging the tourist season; to increase secondary spending; to drive greater spending and extend the stay



of guests in a destination; to develop a critical mass of cultural products and attractions; and to use the knowledge and talents of cultural workers in tourism interpretation, promotion and presentation. The 2013 *Strategy of Tourism Development by 2020* brought new elements and directions and identified the major barriers to continued growth as being in the commercialisation system (primarily, in its integration into world-scale systems) and in the destination management system, which should enable cultural facilities/services to be properly integrated in positioning and delivering the overall experience at the destination level. According to the 2013 document, cultural tourism products of particular relevance for Croatia are city tourism, heritage tourism, event tourism, creative tourism and spiritual tourism.

Adopted in 2015 by the Ministry of Tourism, the *Action Plan for Cultural Tourism* identifies five major programme areas for the further development of cultural tourism. These are: *infrastructure for cultural tourism* (aimed at ensuring high-quality infrastructure for the presentation and interpretation of tangible and intangible cultural heritage, and the integration of the products of creative and cultural industries which would provide visitors with opportunities for well-designed, interactive and informal learning about the significance of cultural goods and would enable destinations to identify their unique and authentic features and communicate them to visitors), *the development of cultural tourism products* (aimed at creating a diversified cultural tourism offering to ensure the temporal and geographic dispersion of tourism demand and more-balanced regional development, and improve the quality and, in turn, the competitiveness of the cultural tourism offering. The measures in this programme area refer to the formation of more-complex products and the integration of offerings through cultural theme routes and itineraries at national and regional levels and their networking with European cultural routes, the rejuvenation of destinations using festivals and events, the fostering of the development of complementary products to enrich the experience, and the boosting of small and medium-sized enterprises), *cultural tourism marketing* (aimed at strengthening the image of Croatia in the international market as a country rich in cultural tourism products of

diverse elements and features that contribute to making experiences authentic, and raising awareness in the country concerning the value and potential of cultural and historical heritage for overall economic development), *partnerships for the development of cultural tourism* (aimed at coordinating the creative and innovative management of the process of cultural tourism development through formal and informal partnership networks and stable sources of funding), and *education for cultural tourism*. In recent years, Croatia has made great efforts to improve its cultural tourism offering, in particular in guiding the activities of destination managers, local government and self-government, and all other stakeholders in the value chain in tourism. All links in the value chain of cultural tourism are equally vital, because only through integrated action is it possible to accomplish the strategic commitments adopted in the documentation basis and create a competitive cultural tourism product (through the synergy of culture and tourism).

Contemporary cultural tourism has a variety of subsets (classified in different ways by different authors) such as city tourism, heritage tourism, food tourism, art tourism and creative tourism. Creative tourism has emerged from the development of tourists' motivations to acquire specific knowledge and skills during their travels and from the desire of tourist destinations to create a specific form of cultural tourism in order to become, and remain, competitive in the discerning tourism market.

## CREATIVE TOURISM AS A NEW FORM OF TOURISM

Creative tourism emerged as a subject of interest of practitioners and scholars some 15 years ago when Richards and Raymond (2000, 18) defined it as 'tourism which offers visitors the opportunity to develop their creative potential through active participation in courses and learning experiences which are characteristic of the holiday destination where they are undertaken'. Cuccia and Rizzo (2015, 180) claim that in parallel to the enlargement of the concept of culture which has been witnessed in industrialized countries in recent decades, it is widely agreed that cultural heritage tourism demand is not confined



to “sites and monuments” but has a wider scope, ranging from cultural events, architecture and design to creative activities and intangible heritage, just to mention some of the most significant items outlining the growing integration of tourism and creativity, leading to “creative tourism”. As a result of cultural tourism development the perceived role of a destination’s cultural offering is changing. Tourists are transformed into active participants in the process of their cultural or artistic advancement in a destination; they cease to be mere observers, becoming instead a part of a destination’s creative activities. As Rudan (2012, 721) points out, in creative tourism development it is essential that destination managers, business managers, local self-governments and non-profit organisations (particularly those in the fields of culture, art and the conservation of native values such as tradition and folklore) possess personal creativity. Stipanović, Rudan and Zadel (2017) argue that tourism of the twenty-first century is growing into an experience industry based on creativity as a key line of development in diversifying a destination from its competitors and satisfying the increasingly discerning needs of tourists. A creative offering, based on cultural preconditions and the creativity and innovativeness of destination managers, small entrepreneurs and all stakeholders involved in the tourism offering, can evolve into a key tourism product and destination brand.

Creative development is a segment of the entire cultural tourism offering which, given its potential for rapid implementation with low costs for the resource base, is capable of delivering good results in a short time for the cultural and creative industries, small entrepreneurs, and tradespeople, while also enhancing the overall competitiveness of a destination. By introducing a creative offering, tourist destinations can add new value to their competitive ability in the tourism market and build their “creative identity”. In the development of the tangible and intangible cultural heritage, Mišković (2013, 136) highlights the following indicators signalling the existence of a market focused on cultural attractions and events: growing hobby-based interest in history, cultural heritage and history/art publications; growing tourism industry; tourism product diversification; growing



interest in authentic agricultural/food products; and changes in the perception of quality. These indicators are the basis for developing creative tourism. Richards (2011, 1245) observes that creativity may well play an important part in mainstream tourism experiences by adding to the atmosphere of places, forming part of the “buzz” apparently so important to attracting the creative class. In view of this complexity perhaps creative tourism is not a coherent “niche” at all, but rather a series of creative practices linking production, consumption and place.

| 9 |

Richards (2002) states that because creativity is a process it is sustainable. While physical cultural resources such as museums and monuments can deteriorate over time, creative resources are continuously renewable (for example, various types of cultural and art festivals). He goes on to say that creativity is mobile, meaning that while cultural consumption depends upon the concentration of cultural resources, creativity can be distinctly mobile (for example, artistic performances can be staged anywhere, without the need for new, additional infrastructure). The construction of new infrastructure in culture (for example, a museum or art gallery) requires a certain amount of funding, and while such infrastructure is not needed in creative tourism, it can be used in designing a creative offering (various courses, workshops, etc.).

Creative tourism drives the economic development of a community. It is the outcome of the assets (resource base) that a destination possesses, particularly in recent years with the development of the cultural and creative industries (film, publishing, design, fashion, etc.). Cultural and creative industries stimulate and enable the development of creative tourism in the international tourism market. Statistics concerning the cultural and creative industries have been poorly kept in Croatia. Mapping of Creative and Cultural Industries in Croatia, the first important study in Croatia dealing with the cultural and creative industries, was conducted by the Institute of Economics of Zagreb in 2015. The study identified 12 sectors within the creative and cultural industries. These are museums; libraries and heritage; art; music and the performing arts; design; film; photography; trades (artistic crafts); architecture; computer software, games



and new media; electronic media; publishing; and advertising and market communication. In Croatia the cultural and creative industries account for 2.3% of the overall GDP and 3% of the country's workforce. In 2014, a total of 42,212 people were employed in the cultural and creative industries, mostly in publishing, advertising and market communication, electronic media, museums, etc. In any case, the level of development of the cultural and creative industries is such that it provides opportunities for developing all forms of cultural tourism (ranging from forms focused on the cultural and historical heritage to those focused on modern art) as well as creative tourism.

## CREATIVE TOURISTS AND NEW EXPERIENCES

Creative tourists seek new experiences and are keen to acquire new knowledge to enrich their daily routines. The reason behind "creative trips" can be explained by the desire for self-actualisation through creative work. Urošević (2012, 69) argues that the new, postmodern tourist is integrated into creative tourism, a new generation of tourism, which involves an authentic experience and engagement in the real cultural life of the community in a destination. Creative tourism is based on the expression of an individual's creative potential and the self-creation of the tourist experience, and it involves greater educational, emotional, social and participative interaction with a place, its culture of life and its residents. Vuleković (2009, 26) points out that today's *Homo turisticus* is a traveller with particular interests, primarily motivated by a desire to learn new things and have real and authentic experiences. For creative tourists, culture is the primary element of travelling to a destination and their need for new experiences is the basis on which the destination's offering is geared toward the new creative tourist. The question is who are creative tourists? Long and Morpeth (2016, 18) suggest that a focus on creative tourist practice requires attention to the capacity of individuals (travelling and experiencing the world as tourists) to act independently and autonomously through their possession and desire to acquire, develop and deploy reflexive knowledge about creative (artistic) expressions and practice.

Richards and Wilson (2006, 1220) argue that one of the keys to developing creative experiences is to allow the participants to develop their own narratives and draw upon their own imaginative potential, rather than providing ready-made storylines for them. They believe it is therefore increasingly important to provide tourists with the raw materials from which to construct their own narratives.

According to UNESCO (2006), creative tourism involves more interaction, in which visitors have an educational, emotional, social, and participative interaction with the place, its living culture, and the people who live there. They feel like a citizen. Creative tourism is capable of giving a new dimension to a destination's stagnant cultural offering, which can satisfy the need of modern travellers to engage in creative work during their stay in a destination and participate in various workshops, educational programmes and other creative activities (in art, heritage, nature, special features of the destination), thus enabling them to experience the true atmosphere of the area in which they are staying (Rudan 2012).

Creative tourism can be developed within a variety of forms, creative activities and programmes, such as cooking workshops; art colonies; traditional crafts lessons; singing, dancing and music classes; Glagolitic alphabet classes; traditional fishing classes; toy-making workshops; photography classes and photography workshops. The creative offering in destinations can be focused on a variety of age groups, ranging from the youngest to the oldest tourists. When the creative offering is differentiated to include children (Glagolitic alphabet classes, folklore classes, music courses, etc.), young people (dry stone wall building workshops, art workshops, art colonies, photography workshops, singing and dancing classes, etc.) and adults (food and wine workshops, trades and traditional crafts workshops, art colonies, poetry colonies, design workshops, dancing schools, photo and video workshops, various hobbies, etc.), it can indeed be highly diverse. The diversity of the creative offering is also affected by the creativity of managers (of destinations, enterprises or craft trades), the space in which creativity is produced and the end service – the creative product.

## DEVELOPMENT OF CREATIVE TOURISM IN CROATIA

Many Croatian tourist destinations are seeking to develop cultural tourism, a trend that is particularly present in summer leisure destinations which are looking to diminish their marked seasonality through new creative programmes and projects. In recent years, towns possessing the resource base needed for the creation of new products have also become increasingly active in this respect. While some destinations have been very successful in developing cultural tourism (especially destinations with a rich cultural and historical heritage), others have not fared so well (due to a lack of cultural resources and creative managers). Only in a small number of destinations in Croatia is creative activity recognised and developed as a potential supplementary tourism-product offering, but even there it has not been organised into a joint offering. To develop, creative tourism needs a creative environment. Such an environment will be capable of designing a creative cultural product through the engagement of all destination stakeholders, destination managers in particular. The integrated action of all destination stakeholders (businesses, associations, artists, local self-government, tourist boards, etc.) is needed to ensure success as well as continuity in building a creative destination geared to the new demands and travel motivations of tourists.

According to the TOMAS 2017 (2018) survey of the Institute for Tourism, “rest and recreation – passive recreation” (54.9%) was the dominating motivation for travelling to Croatia (Table 1). The motivations, which include potential motivations for cultural tourism and creative tourism as its subset, show a steady upward trend in the observed period 2001 – 2017. In 2001, “cultural attractions and events” was a travel motivation for only 7.50% of tourists arriving in Croatia but in 2017 this share grew to 12.30%. “New experiences”, another motivation significant for this form of tourism, also saw a steady increase from 20.20% in 2001 to 31.10% in 2017.



Table 1: *Motivations for tourist arrivals in Croatia*

<b>Motivations</b>	<b>2001</b>	<b>2004</b>	<b>2007</b>	<b>2010</b>	<b>2014</b>	<b>2017</b>
Rest and recreation – passive recreation	91.10%	66.70%	61.60%	75.10%	75%	54.90%
Fun	36.10%	42.50%	43.30%	44.10%	43%	24.20%
Seeing nature	32.50%	24.40%	26.10%	20.90%	20%	26.20%
<b>New experiences</b>	<b>20.20%</b>	<b>24.60%</b>	<b>25.50%</b>	<b>25.30%</b>	<b>30%</b>	<b>31.10%</b>
<b>Cultural attractions and events</b>	<b>7.50%</b>	<b>6.00%</b>	<b>9.80%</b>	<b>7.10%</b>	<b>7.00%</b>	<b>12.30%</b>
Sport and recreation	7.10%	8.80%	10.20%	8.30%	6.80%	19.80%
Visiting friends and family	6.20%	6.00%	8.30%	8.60%	6.10%	9.80%
Health reasons	4.20%	5.10%	5.00%	4.70%	5.00%	6.90%
Diving	3.10%	3.00%	6.30%	3.60%	3.20%	6.10%
Business	1.10%	1.30%	1.20%	0.80%	0.90%	2.50%
Shopping	0.60%	1.50%	2.50%	2.30%	1.10%	3.20%
Gastronomy	-	19.40%	19.60%	21.90%	26.00%	29.00%
Religion	-	0.20%	0.70%	0.30%	0.20%	1.00%
Other motivations	1.60%	2.10%	0.90%	3.20%	0.50%	0.60%

*\* multiple responses allowed*

*Source: Processed by the authors after Attitudes and Expenditure of Tourists in Croatia (TOMAS 2001, TOMAS 2004, TOMAS 2007, TOMAS 2010, TOMAS 2014 and TOMAS 2017).*

When considering motivations by county, as surveyed in TOMAS 2017 (Table 2), it can be concluded that there are considerable differences in motivations for travelling to individual counties. Those counties possessing considerable cultural resources have been able to develop a strong cultural tourism offering. Although the TOMAS survey did not explore travel motivations linked to

the creative offering (desire to attend workshops, courses, etc.), the motivation “visiting cultural attractions and events” and the percentages per county are an important indicator of the development of the creative offering.

Table 2: *Motivations for visiting the destination, by county (multiple responses)(%)*

<b>Motivations</b>	<b>Total</b>	<b>County of Istria</b>	<b>County of Primorje-Gorski Kotar</b>	<b>County of Lika-Senj</b>	<b>County of Zadar</b>	<b>County of Šibenik-Knin</b>	<b>County of Split-Dalmatia</b>	<b>County of Dubrovnik-Neretva</b>
Passive rest and relaxation	54.9	38.8	50.8	78.1	70.2	60.00	62.5	69.2
Visiting cultural attractions and events	12.3	13.0	7.8	7.1	16.8	11.2	12.9	15.0

*Source: Processed by the authors, after Attitudes and Expenditure of Tourists in Croatia (TOMAS 2017).*

According to the TOMAS survey, respondents are the least satisfied with the so-called bad weather programme. Out of 34 elements of the offering (which affect the opportunity of developing a creative offering), diversity of cultural events (59.6%) is one of the five elements that received the lowest scores. This fact indicates there is untapped potential for tourist destinations to develop new creative offerings. The elements of the offering with the highest score are scenic and natural beauty (84.6%), friendliness of staff in the accommodation facility (83.4%), personal safety (82.6%), suitability for a family holiday (80.7%) and atmosphere, mood (80.4%). While 76% of respondents expressed satisfaction with their overall vacation, 61.4% were less satisfied with the presentation of cultural heritage. These indicators suggest that additional improvements are essential in cultural tourism, particularly in creative tourism. To ensure a well-designed



cultural as well as creative offering, it is necessary to make innovations, add new elements and gear the existing offering to the needs of modern tourists. Destination management plays a vital role in this respect. The lack of interest in both the cultural and creative sector and the tourism sector for joint and synergistic action has been identified as a major problem situation in Croatian tourism. Little research has been conducted concerning the motivations of creative tourists and the development of a creative offering, indicating the need for more studies in that direction. A recent study of the creative offering by Stipanović, Rudan and Zadel (2017) focuses on the small entrepreneurs of Krk Island, the largest island in Croatia. The study concluded that the creative offering is based on the individual initiatives of entrepreneurs, associations and artists and that, despite the island's rich resource base, there is not enough joint action in developing an integrated creative offering in the destination.

Croatia lacks a common and distinctive Internet platform that would unite the creative offerings of Croatian destinations, compelling tourists motivated by a creative offering to find different ways to learn more about it. Namely, in Croatian tourism there are individual examples of creative tourist destinations or, rather, creative programmes (for example, international art colonies and open-air activities such as at Mandrač in Opatija and Mošćenički Pinel in Mošćenice; workshops about dry stone wall heritage and construction organised by the Dragodid Association; folklore workshops; Glagolitic classes; sculpture colonies; etc.), with the initiative always being launched from within the local community (by associations, small entrepreneurs, craftspeople, tourist boards, artists, etc.). The County of Primorje-Gorski Kotar is among the lowest-rated counties with regard to cultural events and attractions as a tourist motivation and has no internationally distinctive cultural resources. It could, however, gain a competitive advantage based on the development of a creative offering in all its micro destinations but only through the integrated actions of all stakeholders, thus making it distinctive as a destination of creative tourism (all the more so knowing that Rijeka, the county capital will be a European Capital of Culture in 2020). Destination managers



need to be aware that creative programmes depend not only on the creativity of local communities but also on the support of all stakeholders (foremost, destination management) in the value chain of tourism demand.

## THE FUTURE OF CREATIVE TOURISM IN CROATIA

| 16 |

A focus on authentic values combined with the innovative elements of the cultural and creative industries (fashion, design, advertising, film, etc.) is the key to developing the creative tourism in Croatia. The cultural and creative industries drive the development of new cultural attractions but are also a vital element in the innovation of the destination's existing cultural product. It is crucial to design a well thought-out creative offering based on the authentic values of each tourist destination and on the involvement of both the cultural sector and the tourism sector. A diverse offering based on creative and artistic endeavours (with special emphasis on the entrepreneurial initiatives of residents, a major link in this type of offering) will not only help to multiply the satisfaction of tourists and motivate them to spend more but will also make Croatia a distinctive destination of creative tourism. Through the development of creative tourism, destination managers can focus on resolving the problem situations of Croatian tourism. For example, the creative offering could be a vital element in reducing the seasonality of Croatian destinations (resulting from the predominant focus of Croatian tourism on summer leisure tourism) as well as in expanding the offering to include geographical areas that were previously not included in the tourism offering (in particular, the rural regions of Croatia with a rich resource base for developing a creative tourism offering). The support given to the creative initiatives of residents by the authorities opens up opportunities for small entrepreneurs and tradespeople. The creative offering could make use of existing infrastructure (museums, castles, theatres, etc.) to organise workshops, classes, courses and other similar activities.

According to Rudan (2012, 722), tourism can only be as creative as the tourism managers involved in developing a creative





offering and only to the extent to which creative activities are possible in a given destination. The creativity of destination managers will drive the creativity of tourist destinations. Such development, however, must be based on the needs of tourists for this type of tourism product. A strong and complete value chain in creative tourism can result in gaining a competitive advantage and creating an innovative tourism product. In designing a creative tourism product, care should be taken to ensure the quality of life of the local community is not disrupted (sustainability of the creative offering). Otherwise, such development will have a negative impact, resulting in the failure of the tourism product, the dissatisfaction of the local community and, ultimately, the dissatisfaction of tourists. The local community can be either the driver of or a constraint to developing creative tourism and other cultural tourism products of a destination, in particular heritage-based products. Destination managers must be capable of recognising the potential and the resource base (human resources, in the first place) a destination possesses as a platform for developing creative tourism. The efforts of individuals and organisations in the local community, focused on developing creative tourism, need to be joined, through synergistic action, with the efforts of organisations in the tourism sector working towards the same goal.

## CONCLUSION

Previous cultural tourism development in Croatia has centred on cultural and historical heritage as a cultural attraction and on cultural events. Destinations as well as organisations in the tourism sector typically developed a static cultural offering (involving, for example, visits to museums, historical town cores, exhibitions, concerts, etc.). By focusing heavily on conventional cultural tourism, destinations failed to make innovations to the offering that would target tourists looking for new knowledge and new experiences.

Croatia is a country with a rich resource base for developing creative tourism, a specific form of cultural tourism. Unfortunately, both the cultural sector and the cultural and



creative industries are inadequately involved in the development of a creative tourism offering. Even when collaborating with destination managers they fail to recognise the potential lines of development of this type of offering. There is also little joint involvement of destination managers, small entrepreneurs, craftspeople, independent artists and associations in the value chain of the cultural tourism offerings of destinations. The synergistic action of the cultural sector and the tourism sector is crucial if positive results are to be obtained. A creative offering can only be developed through the active participation of all stakeholders launching such initiatives and by focusing on markets showing an interest for this type of offering. Joint efforts and continuous improvements to the value chain of creative tourism are essential to ensure the desired development and results of the creative offering.

Future research should focus on tourists, staying in Croatian destinations, who are primarily motivated by a creative offering. By analysing the current situation of creative tourism (in particular, disadvantages), it could drive consideration of potential new lines of creative tourism development in Croatia.

#### ACKNOWLEDGEMENTS

This article has been financially supported by the University of Rijeka, for the project ZP UNIRI 1/17.

## REFERENCES

- Cuccia, T. and Rizzo, I. 2015. Seasonal Tourism Flows in UNESCO Sites: The Case of Sicily. In *Contemporary Issues in Cultural Tourism Heritage Tourism*, edited by J. Kaminiski, A. Benson, and D. Arnold. Oxon: Routledge.
- Čorak, S., Marušić, Z. and Sever, I.. 2015. *TOMAS ljetu 2014. Stavovi i potrošnja turista u Hrvatskoj*. Zagreb: Institut za turizam.
- Dragičević Šešić, M. and Stojković, B. 2013. *Kultura: menadžment, animacija, marketing*. Zagreb: Kulturno-informativni centar.
- Dragodid. 2018. O suhozidnoj baštini vještini gradnje. Accessed on 10 September 2018, <http://www.dragodid.org/>.
- Institut za turizam. 2018. *TOMAS 2017: Stavovi i potrošnja turista u Hrvatskoj*. Zagreb: Institut za turizam.
- Jelinčić, D. A. 2008. *Abeceda kulturnog turizma*. Zagreb: Meandarmedia and Meandar.
- Jelinčić, D. A. 2010. *Kultura u izlogu: kratak vodič za upravljanje kulturnim dobrima*. Zagreb: Meandarmedia and Meandar.
- Long, P. and Morpeth, N. D. 2016. *Tourism and Creative Industries: Theories, Policies and Practice: Introduction*. Oxon: Routledge.
- McKercher, B. and Du Cros, H. 2002. *Cultural Tourism: The Partnership Between Tourism and Cultural Heritage Management*. New York: The Haworth Hospitality Press.
- Ministarstvo turizma. 2003. *Strategija razvoja kulturnog turizma: od turizma i kulture do kulturnog turizma*. Zagreb: Vlada Republike Hrvatske, Ministarstvo turizma.
- Ministarstvo turizma. 2013. *Strategija razvoja turizma Republike Hrvatske do 2020*. Accessed on 15 August 2018, <http://www.mint.hr/UserDocsImages/130426-Strategija-turizam-2020.pdf>.
- Mišković, D. 2013. *Istraživanja u kulturi*. Zagreb: Naklada Jesenski i Turk.
- Pančić Kombol, T. 2006. 'Kulturno naslijeđe i turizam'. *Radovi Zavoda za znanstveni rad HAZU*, 16/17 (2): 211–226.
- Rašić Bakarić, I., Bačić, K. and Božić, L. 2015. *Mapiranje kreativnih i kulturnih industrija u Republici Hrvatskoj*. Zagreb: Ekonomski institut.
- Richards, G. 2002. 'Od kulturnog do kreativnog turizma: Europske perspektive.' *Turizam*, 50 (3): 228–236.
- Richards, G. 2011. 'Creativity and Tourism: The State of The Art.' *Annals of Tourism Research*, 38 (4):1225–1253.

- Richards, G., and Wilson, J. 2006. 'Developing Creativity in Tourist Experiences: A Solution to the Serial Reproduction of Culture?' *Tourism Management*, 27 (3): 1209–1223.
- Rijeka. 2010. *Rijeka 2020: European Capital of Culture*. Accessed on 10 September 2018, <http://rijeka2020.eu/en/>.
- Rudan, E. 2010. The Possibilities for the Development of a Destinations' Cultural Tourism. In *Management in the Function of Increasing the Tourism Consumption*, edited by F. Radišić. Opatija: Faculty of Tourism and Hospitality Management.
- Rudan, E. 2012. 'Razvojne perspektive kreativnoga turizma Hrvatske.' *Ekonomika misao i praksa* 15 (2): 713–730.
- Steinecke, A. 2007. *Kulturtourismus: Marktstrukturen, Fallstudien, Perspektiven*. Munchen and Wien: Oldenburg.
- Stipanović, C., Rudan, E. and Zadel, Z. 2017. 'The Challenges of Small Enterprises in Generating Destination Creative Offer'. *Tourism in Southern and Eastern Europe*, 4 (2): 579–590.
- Stipanović, C. and Rudan, E. 2014. Development Concept and Strategy for Creative Tourism of the Kvarner Destination. In *Tourism and Hospitality Industry 2014 Trends in Tourism and Hospitality Management*, edited by J. Perić. Opatija: Fakultet za menadžment u turizmu i ugostiteljstvu.
- Tomljenović, R. 2006. Kulturni turizam. In *Hrvatski turizam: plavo, bijelo, zeleno*, edited by S. Čorak, and V. Mikačić. Zagreb: Institut za turizam.
- Tomljenović, R. and Boranić Živoder, S. 2015. *Akcijski plan razvoja kulturnog turizma*. Zagreb: Ministarstvo turizma. Accessed on 1 September 2018, [http://www.mint.hr/UserDocsImages/arhiva/001\\_160128-AP\\_kulturni.pdf](http://www.mint.hr/UserDocsImages/arhiva/001_160128-AP_kulturni.pdf).
- UNESCO. 2006. *Towards Sustainable Strategies for Creative Tourism, Creative Cities Network*. Accessed on 13 September 2018, <http://unesdoc.unesco.org/images/0015/001598/159811e.pdf>.
- Urošević, N. 2012. 'Cultural Identity and Cultural Tourism – Between the Local and the Global (a Case Study of Pula, Croatia)'. *Singidunum Journal*, 9 (1): 67–76.
- Vrtiprah, V. 2006. 'Kulturni resursi kao činitelj turističke ponude u 21. stoljeću.' *Ekonomika misao i praksa*, 15 (2): 279–296.
- Vuleković, T. N. 2009. *Kultura i turizam*. Cetinje: OBOD.

# BUDGET DEFICIT VOLATILITY, INSTITUTIONAL QUALITY AND MACROECONOMIC PERFORMANCE

ASMAA EZZAT<sup>1</sup>

*Faculty of Economics and Political Science, Cairo University, Egypt*

| 21 |

RANA HOSNI<sup>2</sup>

*Faculty of Economics and Political Science, Cairo University, Egypt*

This paper aims to investigate the relationship between budget deficit volatility and economic growth in a cross section of countries during the period between 2003 and 2012. In addition, it tests whether institutional quality has any role in the deficit volatility-economic growth relationship. This is done using a fixed-effects model, where budget deficit volatility and a measure for institutional quality, as well as their interaction term are incorporated as explanatory variables in a growth equation. Our preliminary results show that although budget deficit volatility hinders economic growth and better institutional quality enhances it, there is no evidence of the contingency effect of institutional quality on the relationship between government budget deficit volatility and economic growth.

*Key words:* Budget deficit, volatility, growth, institutional quality, fixed effects

- 
- 1 Assistant Professor, Faculty of Economics and Political Science, e-mail: [asmaaezzat@feps.edu.eg](mailto:asmaaezzat@feps.edu.eg).
  - 2 Assistant Professor, Faculty of Economics and Political Science, e-mail: [rana.hosni@feps.edu.eg](mailto:rana.hosni@feps.edu.eg).



## INTRODUCTION

22 | Fiscal prudence is one of the essential pillars for the economic progress of an economy. The majority of countries have witnessed high and persistent levels of budget deficits over the past three decades. Despite the importance of such issue, the existing literature lacks sufficient work about the volatility of the government budget deficit. Most of the research work focuses on the level of budget deficit and its relation to government revenues, government expenditures and economic performance (Agnello and Sousa 2013). Rodrik (2005) emphasizes that both fiscal solvency and well-established property rights are considered to be important prerequisites for achieving rapid economic growth along with price stability and market oriented incentives. The verification of such prerequisites entails two views; the first assumes that rapid economic growth will be materialized once these prerequisites are achieved and the second requires proactive government policies to be implemented.

The influence of fiscal policy on macroeconomic performance can be channeled through the effect of budget deficits on both economic growth and the efficiency of resource utilization. Prudent management of the fiscal policy that guarantees low levels of budget deficits and public debt is a key pillar for achieving economic growth and prosperity. Moreover, low levels of budget deficits can help reduce the occurrence of economic crises and future risk of high and inconsistent levels of public debt (Clements, Gupta and Inchauste 2004).

The volatility of the government budget deficit and its economic impact can be thought of from two different sides; one is positive and the other is negative. On the positive side, budget deficit volatility is considered to be an optimal policy response to economic downturns, recessions and sudden economic shocks. It can be a consequence of using fiscal policy as a tool to counteract and smooth the economic fluctuations associated with external shocks. On the negative side, budget deficit volatility may cause an increase in the cost of financing debt, which then leads to financial burdens and loss of competitiveness of domestic firms. Moreover, such deficit volatility can make it hard for economic agents to expect the timing and magnitude of fiscal



policy and hence, causes misallocation of economic resources. In addition, budget deficit volatility can threaten the external sustainability of fiscal policy when it leads to an increase in the debt to GDP ratio or lead to a rise of domestic inflation (Agnello and Sousa 2013).

In tackling the link between the volatility of the government budget deficit and the intermediate effect of institutional quality on economic growth, the theoretical literature affirms that the link encompasses three different components. The first component emphasizes the importance of the institutional framework of the economy, which helps to guarantee the sustainability of good macroeconomic policies and hence, indicates that these policies will be permanent. The second component stresses on the costs of macroeconomic fragility. The latter may lead macroeconomic adjustments fail to counteract any possible adverse shocks. The third component shows that rapid growth targets do not only depend on the success of macroeconomic policies but the microeconomic setting of the economy such as the enforcement of property rights (Montiel and Servén 2006).

Moreover, integrating the effects of institutional quality and good governance in the economic growth process can be explained within the context of their influence on the efficiency of domestic investment. It is argued that with the presence of weak institutional framework of an economy, investors would tend to choose short-term businesses and avoid business innovation. This in turn, imposes high transaction costs that constrain market competition and optimal investment opportunities (Fabro and Aixala 2009).

Based on the relatively high budget deficits facing both developed and developing economies, and its potential adverse effects on both the capital accumulation process and long-term growth paths, the key questions for policymakers are: to what extent do changes in the government budget deficits and their volatilities impact economic growth. Instead of focusing only on the economic aspects related to the level of government budget deficit, the main purpose of our paper is to empirically quantify the impact of government budget deficit volatility on economic performance for a large group of countries. Furthermore, it tries

to investigate if there is any role for institutional factors in determining the direction and/or significance of the relationship. To the best of our knowledge, this paper is the first to investigate the econometric relationship between budget deficit volatility and economic performance for a large group of countries and to incorporate the possible intermediate effects of institutional quality on this relationship.

In addition to the introduction and conclusion, this paper is organized into four main sections. The first section presents a review for theoretical and empirical literature tackling the relation between budget deficit or budget deficit volatility and economic performance on one hand, and the relation between institutional quality and economic growth on the other. The second section presents the data and empirical methodology employed. In the third section, we include some descriptive statistics for the variables of interest in our sample. Finally, the empirical results are discussed in the fourth section.

## LITERATURE REVIEW

Both the theoretical and empirical literature relevant to our paper can be divided into two main strands; first, studies focusing on the effects of budget deficit on economic growth, and second, studies focusing on the effects of institutional quality on economic growth. The literature on the effects of budget deficit volatility on economic performance is rare and lacks the intermediate channel that links and the two economic variables through institutional quality factors.

### *Budget Deficit and Economic Growth Nexus*

A considerable body of literature on the link between fiscal policy and macroeconomic performance confirms that budget deficits can have harmful effects on the growth pattern of an economy through different channels. High levels of budget deficit are expected to lead to high debt to GDP ratio, which threaten the fiscal sustainability of the government and impact future generations negatively. They can also lead to inefficient resource allocation, current deficits and crowding-out effects to the domestic





private sector. Moreover, in the absence of central bank independence, this can produce economic mismanagement to the price stability of the economy (Bangura et al. 2016).

In an attempt to address the political economy of fiscal deficits and volatility of fiscal outcomes, Woo (2006) attributes these fiscal policy outcomes to the presence of social polarization. Social polarization as measured by income inequality leads to growth hindering fiscal policies that manifest themselves in lower levels of capital accumulation, capital stocks and hence, growth collapses. In socially polarized economies, policymakers have their own short-run objectives that contradict the fulfillment of macroeconomic stability outcomes. This occurs because in such economies, policymakers may disagree on the composition of government spending that at the end would lead to a co-ordination failure and government spending levels that exceed what is socially optimal. In addition, shocks pertaining to government revenue levels would lead to more than proportional changes in government spending and in turn, further fiscal volatilities.

Starting with the empirical studies focusing on the link between budget deficit and economic growth, Brauninger (2005) presents an overlapping generations model in which the government fixes the budget deficit to examine the impact of public debt on economic growth. The model shows that both the public debt growth and capital debt growth depend on the deficit ratio. If the deficit ratio is below a critical value, the economy can reach two steady states depending on the debt to capital ratio. However, if the budget deficit exceeds the critical value, the economy cannot reach a steady state and the capital growth declines continuously and capital is driven to the value of zero in finite time. Osinubi, Dauda and Olalera (2010) carry out an empirical estimation for the Nigerian economy using time series econometric techniques for the period (1970–2003) to examine the effect of government budget deficit and other variables on the debt ratio. Specifically, it is found that both the type of the government budget (i.e. surplus or deficit) and the difference between real interest rate on debt and growth rate of GDP are the primary reasons behind the variations of debt ratio in Nigeria.

The study estimates a threshold ratio for the external debt ratio to be 60 percent of GDP, which discriminates between two different effects of debt ratio on economic growth. In particular, while low levels of debt ratio contribute positively to economic growth, high levels of debt ratio above the threshold value have negative effects on growth in Nigeria.

Azhar Khan, Zahir Khan and Zaman (2012) investigates the relationship between fiscal variables and economic growth in Pakistan during the period (1980–2010) using co-integration and Granger causality tests. Specifically, the impacts of government expenditures, government revenues and budget deficit on economic growth are examined. The results indicate that while both government expenditures and government budget deficit have adverse effects on economic growth, tax receipts affect real economic growth positively. Causality tests reveal that there is a unidirectional relationship from government revenues and budget deficit to economic growth and from economic growth to government expenditures for the case of Pakistan. Bui Van and Sudhipongpracha (2015) explore the effects of government budget deficit on economic growth for the Vietnamese economy during the period (1989–2011). The results fail to indicate an existence of a statistical significant relationship between government budget deficit and GDP. Other incorporated variables such as interest rate and FDI appear to affect economic growth significantly in Vietnam.

#### *Institutional Quality and Economic Growth Nexus*

Furthermore, the number of studies uncovering the nexus between institutional quality and economic growth is extensive. Economies that lack democratic institutions and suffer from bureaucracy and judicial corruption are less likely to achieve high levels of economic growth. It is demonstrated that countries with more than one aspect of institutional weaknesses are expected to suffer from economic growth traps (Teles 2007). It is well documented that bad macroeconomic outcomes can be attributed to weak institutions rather than only bad macroeconomic policies. Economies that are characterized as institutionally weak are more prone to economic crises, poor growth



performance and macroeconomic volatility as well. It is thus might be misleading to blame distortionary macroeconomic policies such as overvalued exchange rates and high inflation to be causing macroeconomic instability. These policies can only be the symptoms of existing microeconomic problems (Acemoglu et al. 2003).

As for the other strand focusing on the economic link between institutional quality and economic growth, Butkiewicz and Yanikkaya (2006) test if the maintenance of the rule of law and democratic institutions have a promoting effect on economic growth in a broad sample of 85 developing and 29 developed countries over the period (1970–1990). Using seemingly unrelated regression and/or three stage least squares technique, the results show that the maintenance of the overall rule of law has a significant positive impact on economic growth but fail to find a significant positive effect of the level of democracy on growth. Dividing the sample by income group shows that the rule of law measures have different effects based on the stage of development. Moreover, democracy appears to have statistically significant positive effect, which is specifically notable for developing countries.

In an attempt to investigate whether different economic institutions have different effects on economic growth, Nawaz (2015) employed both static fixed effects and dynamic system GMM on 56 countries between 1981 and 2010. Six different institutional quality indicators from the ICRG database along with the traditional control variables are used for that purpose. In line with other contributions in the literature, the estimation results show that both democratic accountability and investment profile have a larger growth promoting impact on developing countries compared to developed ones. On the other side, government stability, control over corruption, law and order and bureaucratic quality have greater impact on economic growth in developed countries. This implies that different countries at different stages of development should adopt different economic institutions for achieving long-term economic growth. Huang (2016) examines the causal relationship between corruption and economic growth using panel data techniques on an annual

basis for thirteen Asia-Pacific countries during the period (1997–2013). Employing the bootstrap panel Granger causality testing approach, it is evident that out of the thirteen countries, there is no significant unidirectional relationship from corruption to economic growth with the exception of South Korea. Moreover, the empirical evidence does not support the existence of a significant unidirectional relationship from economic growth to corruption except for China. On the other side, Farooq et al. (2013) finds evidence that corruption hinders economic growth for the economy of Pakistan for the period (1987–2009). They apply the autoregressive distributed lag model (ARDL) to investigate existence of a co-integration relationship between corruption, economic growth, trade openness, and financial development. The VECM Granger causality test indicates the feedback impact between corruption and economic growth such that the former is detrimental for the latter.

Kandil (2009) employ cross-country regressions to examine the nexus between institutional quality and economic performance in 16 MENA countries using the corruption perception index and five separate governance indicators presented by Kaufmann et al. (2005). Aspects of macroeconomic performance analyzed include inflation, exports, private credit, private investment, FDI and real GDP. Evidence suggests that five measures of institutional quality affect economic growth positively in the MENA region. However, it is found that both the growth of private credit and private investment are affected negatively by institutional quality. Furthermore, findings do not support that enhancing institutional quality is an essential prerequisite for FDI inflows in the MENA region. Nawaz, Iqbal and Khan (2014) develop a theoretical model in which rent seeking activities decrease when institutional quality improves in an economy, which also leads to a rise in income. The study then performs an empirical model on 35 Asian countries between 1996 and 2012 to check for the validity of the theoretical model by constructing a composite institutional quality index. The index uses the same six indicators used in Nawaz (2015) and is constructed by employing principal component analysis. Using fixed effects and system GMM estimation techniques, it is

evident that institutions have an important role in determining long-term economic growth and that the estimated impact is larger in developed Asia compared to developing Asia.

Combining the dual economic effects of both budget deficit and institutional quality, Cebual (2013) empirically examines the impact of central budget deficit and economic freedom in OECD countries over the period (2003–2008). The study employs panel 2SLS fixed effects techniques and suggests a crowding out effect of the central budget deficit on real per capita growth rate. Accordingly, higher levels of budget deficit to GDP ratio weaken economic growth in the in the OECD countries. On the contrary, economic freedom which is measured by eight indices developed by the Heritage Foundation is found to have a positive significant effect on economic growth in these countries.

In light of the above presented literature, it appears that there exists a gap in the literature tackling the economic performance effects of budget deficit volatility. Most of the research work focuses on the economic effects of budget deficit level. In addition, contingency effects of institutional quality in the deficit volatility-growth link is missed in the literature

## DATA AND METHODOLOGY

The main objective of this paper is to examine the impact of budget deficit volatility on economic growth, and whether institutional quality affects the budget deficit volatility-growth nexus. Towards achieving this objective, a panel regression is estimated for a sample of about 152 countries during the period (2003–2012)<sup>3</sup>, since the modern growth literature has focused mainly on a common specification, which is cross-countries regression. Moreover, studies of the institutional determinants of growth have widely used the same technique. The econometric specification includes the following main determinants of the annual growth rate of real GDP per capita, which are among the

3 The main reason behind choosing this sample is data availability.



most robust determinants of growth that are used in literature: population growth, school enrollment, investment ratio to GDP, inflation and a measure of openness to trade. Depending on the purpose of the empirical analysis, budget deficit volatility and a measure for institutional quality are incorporated as additional explanatory variables. To examine how institutional quality affects the volatility-growth nexus, the growth regression is complemented with an interaction term defined as the product of budget deficit volatility and the measure of institutional quality. Thus, our model has the following specification:

$$Growth_{it} = \beta_0 + \beta_1 volatility_{it} + \beta_2 inst. quality_{it} + \beta_3 volatility_{it} * inst. quality_{it} + \beta_4 X_{it} + \varepsilon_{it}$$

Where:

$Growth_{it}$ : annual growth rate of real per capita GDP for country  $i$  at time  $t$ .

$Volatility_{it}$ : budget deficit volatility measured by the absolute difference between the budget deficit for country  $i$  at time  $t$  and the mean of the budget deficit for country  $i$  during the period (2003- 2012).

$Inst. quality_{it}$ : a measure for institutional quality for country  $i$  at time  $t$ .

$Volatility * inst. quality_{it}$ : an interaction term between budget deficit volatility and institutional quality for country  $i$  at time  $t$ .

$X_{it}$ : a vector of explanatory variables for country  $i$  at time  $t$ , which includes the well-known and most robust - according to previous literature - determinants of economic growth mentioned above.

$\varepsilon_{it}$ : the error term for country  $i$  at time  $t$ .

$\beta_j$ : the parameters to be estimated.

The above equation is estimated using fixed effects, which according to the results of Hausman test, appears to give more consistent estimators than the random effects.

As for the data sources, the data for budget deficit are collected from the IFS database provided by the IMF. Both the primary budget balance variable and net lending/borrowing variable provided by the IMF-IFS are used. In addition, we rely on

the World Bank governance indicators to measure institutional quality. These indicators range from  $-2.5$  to  $+2.5$ , with higher values reflecting better governance. For economic data, they are collected from the World Development indicators database of the World Bank and UN statistics. Data sources and definitions are listed in Table 1 in the appendix, and summary statistics of variables used in the model are presented in Table 2 in the appendix.

## RESULTS AND ANALYSIS

Table 3 displays three empirical models designed to test our hypothesis using different variables of institutional quality. The primary budget balance is mainly used to calculate budget deficit volatility. In column (1), the model specification relies on political stability and absence of violence to account for institutional quality, and in columns (2) and (3), voice and accountability and control of corruption variables are used, respectively<sup>4</sup>. The results of the three models show that budget deficit volatility is significantly related to growth. The negative coefficient for budget deficit volatility indicates that, as the level of volatility increases by one unit, countries tend to experience lower levels of growth by about 0.1 percentage points. This result indicates that more budget deficit volatility hampers economic growth in our sample. Furthermore, all the results show that better institutional quality is associated with more economic growth, since the coefficients of the three variables of institutional quality are positive and statistically significant at the 5 percent significance level. This result goes in line with literature that supports the argument that institutions are important determinants of economic growth. Moreover, the interaction term between budget deficit volatility and institutional quality shows no significant effect on economic growth, in all of the three models. This im-

4 We also included the other variables of World Bank Governance Indicators (rule of law, government effectiveness, and regulatory quality), yet they turned to be insignificant. These results were not included for brevity.



plies that the impact of budget deficit volatility on growth does not depend on the level of institutional quality and hence, in our sample, contingency effects are absent. As for the coefficients of other control variables, most of them are significant and have the expected signs. While investment and trade openness variables are positive and significant determinants to economic growth, population growth is negatively affecting it. Both schooling and inflation show statistically insignificant impact on economic growth in our sample.

As a robustness check, the previous three models of table 3 were re-estimated, relying on the net lending/borrowing variable to calculate the budget deficit volatility. The results of these models are presented in table 4 in the appendix. The table shows that results remain the same as in table 3. Budget deficit volatility is significantly and negatively linked to growth rate of real GDP per capita, but the magnitude of the effect is weaker. In addition, institutional quality has a positive significant impact on growth. The interaction term in all models is statistically insignificant. The results of the other control variables remain the same as in table 3, as the coefficients of the control variables have the same sign, significance and even magnitude.

## CONCLUSION

This empirical paper tries to investigate the impact of budget deficit volatility on economic growth and whether institutional quality has a role in this relationship. To this end, a fixed effects panel data model is estimated for 152 countries during the period (2003-2012). Budget deficit volatility and institutional quality are included as explanatory variables in a growth equation, as well as an interaction term between volatility and institutional quality variables to examine whether the impact of budget deficit volatility on growth depends on the level of institutional quality.

Our empirical results indicate that budget deficit volatility and institutional quality have significant, but opposite, effects on economic growth. While more budget deficit volatility is harmful for economic growth, better institutional quality





enhances it. However, there is no evidence of the contingency effect of institutional quality on the relationship between government budget deficit volatility and economic growth. Nevertheless, these results should be interpreted with caution, due to some limitations that the model suffers from. First, the time period chosen for analysis is relatively short that does not allow showing much volatility in the government budget deficit. In addition, endogeneity of budget deficit volatility and/or institutional quality could be one possible problem. Finally, dynamic panel data models could result in more concrete results. Avoiding such limitations could be an area for future research work.

Finally, since the empirical results indicate that budget deficit volatility is detrimental to economic growth, governments should work on avoiding the adoption of unsustainable fiscal policies that worsen the fiscal position of the country and increases the volatility and fluctuations of government budget deficit. Furthermore, it is important to implement economic policies that encourage private investment and help in pursuing higher levels of institutional quality to spur economic growth.

## APPENDIX

Table 1: *Variables Definitions*

Variable	Definition	Source
GDP Per Capita Growth	Annual percentage growth rate of GDP per capita based on constant local currency. Aggregates are based on constant 2010 U.S. dollars. GDP per capita is gross domestic product divided by mid-year population.	World Bank Development Indicators (WDI)
Investment	Gross capital formation as a percentage of gross domestic product (GDP)	UN Statistics
Trade Openness	Trade is the sum of exports and imports of goods and services measured as a share of gross domestic product.	World Bank Development Indicators (WDI)
Population Growth	Annual population growth rate for year t is the exponential rate of growth of midyear population from year t-1 to t, expressed as a percentage. Population is based on the de facto definition of population, which counts all residents regardless of legal status or citizenship.	World Bank Development Indicators (WDI)
School Enrolment	Gross enrollment ratio is the ratio of total enrollment, regardless of age, to the population of the age group that officially corresponds to the level of education shown. Primary education provides children with basic reading, writing, and mathematics skills along with an elementary understanding of such subjects as history, geography, natural science, social science, art, and music.	World Bank Development Indicators (WDI)
Inflation Rate	Inflation as measured by the consumer price index reflects the annual percentage change in the cost to the average consumer of acquiring a basket of goods and services that may be fixed or changed at specified intervals, such as yearly. The Laspeyres formula is generally used.	World Bank Development Indicators (WDI)

Net Lending/ Borrowing	Net lending/borrowing equals the net operating balance minus the net acquisition of nonfinancial assets. It is also equal to the net acquisition of financial assets minus the net incurrence of liabilities.	IFS - IMF
Primary Budget Balance	Overall fiscal balance plus net interest expense.	IFS - IMF
Control of Corruption	Control of corruption captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as “capture” of the state by elites and private interests.	World Bank Governance Indicators (WBGI)
Political Stability	Political Stability and Absence of Violence/Terrorism measures perceptions of the likelihood of political instability and/or politically motivated violence, including terrorism.	World Bank Governance Indicators (WBGI)
Voice and Accountability	Voice and accountability captures perceptions of the extent to which a country’s citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media.	World Bank Governance Indicators (WBGI)

Table 2: Summary Statistics

Variable	Observations	Mean	Standard Deviation	Minimum	Maximum
Real GDP per capita growth	1650	2.617909	4.044492	-15.15	18.49
Investment	1643	24.96822	8.553715	4.013206	67.91053
Trade Openness	1574	90.22276	48.03298	0.3088029	439.6567
Population Growth	1659	1.486902	1.703974	-2.63	17.62
School Enrolment	1375	103.5021	13.41318	38.37222	164.8584
Inflation	1567	6.071672	6.61897	-35.84	98.22
Net Lending/ Borrowing	1660	-1.306196	5.949194	-32.129	43
Primary Budget Balance	1658	0.3007907	5.420049	-29.81	40
Budget Deficit Volatility   net lending/ borrowing deficit – mean deficit	1660	2.383126	2.83999	0.0091	38.117
Budget Deficit Volatility   primary deficit – mean deficit	1658	2.349362	2.778705	0.0057	37.9595
Control of Corruption	1655	0.0023807	0.9858796	-1.82	2.56
Political Stability	1657	-0.0264031	0.9362411	-2.81	1.66
Voice and Accountability	1660	0.0166687	0.9536684	-2.29	1.83

Table 3: *Fixed Effects Estimation Results for Growth Equation using Primary Budget Balance variable*

VARIABLES	DEPENDANT VARIABLE Real GDP per Capita Growth		
	(1)	(2)	(3)
<b>Budget Deficit Volatility</b>	-0.101** (0.0413)	-0.0968** (0.0429)	-0.0918** (0.0417)
<b>Institutional Quality:</b>			
<i>Political Stability</i>	1.373*** (0.457)		
<i>Voice and accountability</i>		1.559** (0.730)	
<i>Control of corruption</i>			1.543** (0.642)
<b>Budget Deficit Volatility*Institutional Quality</b>	0.0644 (0.0559)	-0.0391 (0.0474)	-0.0107 (0.0445)
<b>Investment</b>	0.0928*** (0.0224)	0.0966*** (0.0225)	0.0924*** (0.0226)
<b>Trade Openness</b>	0.0226*** (0.00873)	0.0224** (0.00877)	0.0225** (0.00877)
<b>Population Growth</b>	-0.962*** (0.234)	-0.969*** (0.234)	-0.963*** (0.235)
<b>School Enrolment</b>	-0.0189 (0.0187)	-0.0209 (0.0187)	-0.0168 (0.0188)
<b>Inflation</b>	-0.0214 (0.0228)	-0.0277 (0.0228)	-0.0260 (0.0227)
<b>Constant</b>	2.084 (2.053)	2.146 (2.052)	1.812 (2.056)
<i>Observations</i>	<b>1,287</b>	<b>1,287</b>	<b>1,287</b>
<i>R<sup>2</sup></i>	<b>0.056</b>	<b>0.049</b>	<b>0.049</b>
<i>Number of countries</i>	<b>152</b>	<b>152</b>	<b>152</b>
Standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1			

Table 4: Fixed Effects Estimation Results for Growth Equation using Net Lending/Borrowing Variable

VARIABLES	DEPENDANT VARIABLE Real GDP per Capita Growth		
	(1)	(2)	(3)
<b>Budget Deficit Volatility</b>	-0.0840** (0.0409)	-0.0751* (0.0420)	-0.0726* (0.0409)
<b>Institutional Quality:</b>			
<i>Political Stability</i>	1.371*** (0.455)		
<i>Voice and accountability</i>		1.545** (0.727)	
<i>Control of corruption</i>			1.521** (0.640)
<b>Budget Deficit Volatility*Institutional Quality</b>	0.0668 (0.0545)	-0.0292 (0.0467)	-0.0116 (0.0436)
<b>Investment</b>	0.0935*** (0.0224)	0.0974*** (0.0225)	0.0932*** (0.0226)
<b>Trade Openness</b>	0.0226*** (0.00873)	0.0224** (0.00877)	0.0226*** (0.00877)
<b>Population Growth</b>	-0.965*** (0.234)	-0.975*** (0.235)	-0.971*** (0.235)
<b>School Enrolment</b>	-0.0193 (0.0187)	-0.0213 (0.0187)	-0.0171 (0.0187)
<b>Inflation</b>	-0.0221 (0.0227)	-0.0280 (0.0227)	-0.0268 (0.0227)
<b>Constant</b>	2.075 (2.051)	2.128 (2.051)	1.791 (2.055)
<i>Observations</i>	<b>1,289</b>	<b>1,289</b>	<b>1,289</b>
<i>R<sup>2</sup></i>	<b>0.055</b>	<b>0.047</b>	<b>0.048</b>
<i>Number of countries</i>	<b>152</b>	<b>152</b>	<b>152</b>
Standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1			

## REFERENCES

- Acemoglu, D., Johnson, S., Robinson, J. and Thaicharoend, Y. 2003. 'Institutional Causes, Macroeconomic Symptoms: Volatility, Crises and Growth.' *Journal of Monetary Economics*, 50 (4): 49–123.
- Agnello, L. and Sousa, R. M. 2013. 'Political, Institutional, and Economic Factors Underlying Deficit Volatility.' *Review of International Economics*, 21 (4): 719–732.
- Azhar Khan, M., Zahir Khan, M. and Zaman, K. 2012. 'Measuring the Impact of Fiscal Variables on Economic Growth in Pakistan: New Light on an Old Problem.' *Journal of Economic and Social Research*, 14 (2): 53–82.
- Bangura, A., Tarawalie, A. B., Fofanah, L. and Macarthy, S. 2016. 'Macroeconomic Determinants of Budget Deficit: Evidence from Sierra Leone.' *International Journal of Economic Perspective*, 10 (1): 5–13.
- Bui Van, V. and Sudhipongpracha, T. 2015. 'Exploring Government Budget Deficit and Economic Growth: Evidence from Vietnam's Economic Miracle.' *Asian Affairs: An American Review*, 42 (3): 127–148.
- Butkiewicz, J. L. and Yanikkaya, H. 2006. 'Institutional Quality and Economic Growth: Maintenance of the Rule of Law or Democratic Institutions, or Both?' *Economic Modelling*, 23 (4): 648–661.
- Brauninger, M. 2005. 'The Budget Deficit, Public Debt and Endogenous Growth.' *Journal of Public Economic Theory*, 7 (5): 827–840.
- Cebula, R. 2013. 'Budget Deficits, Economic Freedom, and Economic Growth in OECD Nations: P2SLS Fixed-Effects Estimates, 2003–2008.' *The Journal of Private Enterprise*, 28 (2): 75–96.
- Clements, B., Gupta, S. and Inchauste, G. 2004. Fiscal Policy for Development: An overview. In *Helping Countries Develop: The Role of Fiscal Policy*, edited by S. Gupta, B. Clements and G. Inchauste, Washington, D.C., International Monetary Fund.
- Fabro, G. and Aixala, J. 2009. 'Economic Growth and Institutional Quality: Global and Income Level Analyses.' *Journal of Economic Issues* 18 (4): 997–1023.
- Farooq, A., Shahbaz, M., Arouri, M. and Teulon, F. 2013. 'Does corruption impede economic growth in Pakistan?' *Economic Modelling*, 35 (2): 622–633.
- Huang, C-J. 2016. 'Is Corruption Bad for Economic Growth? Evidence from Asia-Pacific Countries.' *North American Journal of Economics and Finance*, 35 (2): 247–256.

- Kandil, M. 2009. 'Determinants of institutional quality and their impact on economic growth in the MENA region.' *International Journal of Development Issues*, 8 (2): 134–167.
- Kaufmann, D., Kraay, A. and Mastruzzi, M. 2005. *Governance Matters IV: Governance Indicators for 1996-2004*. Washington, DC: World Bank.
- Montiel, P. and Servén, L. 2006. 'Macroeconomic Stability in Developing Countries: How Much Is Enough?' *The World Bank Research Observer*, 21 (2): 151–178.
- 40 | Nawaz, S. 2015. 'Growth effects of institutions: A disaggregated analysis.' *Economic Modelling*, 45 (2): 118–126.
- Nawaz, S., Iqbal, N. and Khan, M. A. 2014. 'The Impact of Institutional Quality on Economic Growth: Panel Evidence.' *The Pakistan Development Review*, 53 (1): 15–31.
- Osinubi, T. S., Dauda, R. O. S. and Olalera, O. E. 2010. 'Budget Deficits, External Debt and Economic Growth in Nigeria.' *The Singapore Economic Review*, 55 (3): 491–521.
- Rodrik, D. 2005. 'Growth Strategies.' In *Handbook of Economic Growth*, edited by P. Aghion and S. Durlauf, 967–1014. Amsterdam: North-Holland.
- Teles, V. K. 2007. 'Institutional Quality and Endogenous Economic Growth.' *Journal of Economic Studies*, 34 (1): 29–41.
- Woo, J. 2006. *The Political Economy of Fiscal Policy: Public Deficits, Volatility, and Growth*. New York: Springer.



# TOURIST ROUTE – A TRAIL OF AUTHORS AND POETS OF THE COUNTY OF ZAGREB

ROMANA LEKIĆ

*Edward Bernays University College, Croatia*

The topic of this paper is the development of literary tourism in the County of Zagreb where it comprehensively and synergistically comprises the themes that unite the presentation and interpretation of the spirit of the place inspired by the life and work of more or less known authors and poets. This will encompass all the significant themes that contribute to understanding the history, culture, civilisation and specific lifestyle in the County. Through interpretation and storytelling, this project will emphasise the richness of the literary and poetic heritage in the County of Zagreb by showing the periods in which famous authors and poets used to work. It will also include some cult and well-known as well as intimate anecdotes from the urban and suburban life at the time. The aim is to connect citizens and the local community with their own history, literature and surroundings in an interesting, informal, motivating and emotionally close way and to point out the tourist potential of localities, which are not hubs of tourist offer.

*Key words:* literary tourism, County of Zagreb, tourist attraction, interpretation, storytelling

| 41 |



## INTRODUCTION

The objective of this article is to comprehensively and synergistically define those topics that shall combine the presentation and interpretation of the spirit of the place that is inspired by the life and work of, more or less known, Croatian literary authors, which means encompassing all of the essential elements important for understanding the history, culture, civilisation and specific way of life. The story of literary authors is a story of journeys through characters, verses, some forgotten times often reminisced upon with nostalgia, and therefore, naturally imposed is the connection with tourism.

Tourism implies cyclical movement that returns us to the place from where we set off – we make a full circle. It is precisely the place from where we set off on the journey that is the same place where we return, changed by one or more experiences (Lekić 2013). It is the sincere desire of this project for new knowledge to be gained, to encourage love towards the nonmaterial heritage, especially towards literature, and to contribute to increasing the number of visitors to the County of Zagreb. It is in the nature of tourism to integrate the natural, cultural and human environment. Besides recognising traditional elements, tourism must promote identity, culture and the interests of the local community – this question should be in the centre of attention of the development of the tourist destination (Lekić 2013). Cultural resources (Kušen 2002) become tourist attractions by planned shaping, while with the process of interpretation, which includes selection and forming, as well as packing, they become a product. This packing is not simply cosmetic furnishing that helps to progress or to simplify, but rather this interpretation is actually the essence or basic content of the product being sold.

In this process, it is precisely prose and poetry that can become the “trademark”, i.e. brand – actually becoming the inspiration and basic attraction for the building of the story of the tourist destination. In the tourist destination, similarly as in an artistic text as a space in the universe through conceptual metaphors (up-down, high-low) and spatial verticals and horizontals, symbols can be projected of the most diverse values.



The description of interpretation of some space can be drawn from the analysis of two spaces: material and symbolic. Material (physical) space represents concrete, actual space, the distribution of spatial objects, buildings (Lekić 2014). In creating tourist destinations as meta-levels, spatial components serve as a depiction of the totality of objects that fill that space. Symbolically looking, a tourist destination expresses through the symbolic space “the importance of space as socially produced and consumed” (Hubbard 2008, 72) and so becomes a unique microcosm of interwoven complex components that are given symbolic meanings. In contemporary tourism, space in the context of a tourist destination often loses the symbols of the mythical space and receive the new symbolism of the historical, i.e. tourist space. Related to the topic of the project, the life and work of the literary author becomes material, a spatial fact.

The spaces in which they lived and worked the topics and characters in their words take on a specific physical, as well as imaginary space in places in the County of Zagreb. All of those spaces become symbols and, in an archetype manner, they connect us to the character and works of the author, and this to the period of time when his or her characters lived. The space and physical places receive and give symbolism, i.e. residents inscribe symbolic meaning to material objects. The tourist as “a place’s reader of space”, the author’s birthplace or space in which the plot of the novel took place, or where the main characters lived as the object, demonstrate that people who left a mark lived here. It is shown that, in this place, formed was identity, therefore, at the same time, we join both the material and symbolic space, which is emphasised in the tourism presentation of heritage. In this manner, the County of Zagreb is being created as a region of literary tourism, returning the symbolism of the mythical space and reviving the “spirit” of the place.

The cultural space does not necessary have to be the space of cultural heritage, i.e. exclusively the birth house or space where the writer, the literary author lived, but rather this could also be a regular place for holding performances, specific artefacts, collections or landscapes. Here, museology is closely connected with tourism and with methods of tourism presentation (Antoš

2010). In the context of festivals inspired by the character and works of the writer or poet, it is possible to take advantage of streets and parks, schools and kindergartens, cafés and restaurants, as well as other buildings and complexes. The connection between the intangible heritage and the cultural space can have its root in the past, as well as in the present. An example of a connection with the past in this project is the narrator (on the audio-guide or a “live” guide-animator), which represents a continuity, i.e. a continuation of the past. Such a place can be considered appropriate to the cultural space for presenting intangible heritage (regardless of its current physical state). In this manner, culture comes alive and can be experienced in the streets and in cafés that organise alternative cultural events; for instance, exhibitions, installations and performances. Culture and its experience in restaurants and cafés, compared to traditional visits to museums and historical places with guides, wipe the visible line between what is a traditional experience of heritage tourism and today’s dynamic shapes, where the street is an integral part of culture.

#### PROSE AND POETRY AS INSPIRATION – STORYTELLING METHOD AND SCHEHERAZADE STRATEGY

Twitchell James (Salmon 2011), author of *Branded Nation*, said that “one of the most important discoveries of modern times lies in the fact that human beings, through stories, can form connections with products. For this reason, our everyday lives are constantly interwoven with stories”. Today, to sell a tourist destination and its competitiveness to the global market, and in the public space saturated with information, nearly every destination must be presented in the form of a story so that the tourist offer reaches its target group. The image of a tourist destination can no longer be left to chance, but rather must become an object of narrative constructs.

Each personal memory of the tourist, each character trait, each experience becomes an atom of a coherent narrative that reflects in the tourist destination brand. In that context, “creating tradition” (Hobsbawm 1983), heritage in tourism often

becomes a means, a strategy for the collective sub-conscious, whereas in a mirror through the tourist destination offer placed are the dispersed narrative elements. For heritage to attain the desired brand status, it is no longer enough to bombard passive viewers with commercials; an unforgettable experience must be offered because commercials are watched, while brands are experienced. In this manner, the tourist destination becomes, at the same time, its own stylist, director and narrator.

According to Lekić (2014), the methodology of presenting an individual writer and poet is diverse, and begins with the presentation of their work with photographs, films, live plays and performances, and can be divided into three basic types:

- Museum presentation through artefacts, i.e. exhibits from the period of life and the work of the writer or poet,
- Interpretation through thematically led tours with tour guide-animators,
- Manifestations, festivals and events organised for tourists, and inspired by the character and work of the literary author.

A significant role in the shaping of the tourist destination, besides the birth houses and houses in which literary authors lived, is also played by the houses of members of the family – parents, spouses, close friends, etc.<sup>5</sup>

Usually the interpretations are divided into periods of the writer's or poet's life, and consequently, there can be several destinations interwoven with the story of the birth, childhood, growing up, adult period and works, as well as death.

Placing the heritage concept in the context of the tourist destination means much more than “having” a story, because already from the beginning, through the strategy of destination

---

5 The great interest of tourists in Great Britain is stirred by locations that are woven into literary works and that today have geographic symbolic markings of the period that is described or where the story took place. A large part of the birthplaces and houses in which famous authors lived and worked in Great Britain are today museums, however, some have been transformed into places where visitors could stay, as for instance Agatha Christie's house.

management and marketing, constructed are special fables and an identity is given – a mirror in which diverse groups of tourists will identify themselves, who are looking for additional value and emotional experiences. Heritage in such a context, through the system of presenting tourist attractions and animation, receive the function of division of the narrative, and techniques through which such animations increasingly serve are found in the area of pedagogy and therapeutic work (Lekić 2013).

| 46 |

On the example of the County of Zagreb as a tourist region, the use of the “storytelling” model and the “Scheherezade strategy” (Salmon 2011) include the integration of four functions:

- Presenting the heritage with a story about the writers and poets to construct the narrative identity of the place (*storyline*),
- The story must be placed in the desired time period (“the past in the present”, managing the rhythm and the narrative with suspense during the entire duration (*timing*)),
- Frame the destination’s message (*framing*), i.e. emphasise the tourist attractions as the main tourist draws,
- Create a network on the Internet and on the ground, i.e. a hybrid and infectious environment through which attracted are attention and structured are desirable niches of tourists (*networking*).

The story enables a focus and awareness of the relationship between the place and the topic, and the “story” experience could be a hotspot for the development of the place. Ever too often the “message” of the place situates in the foreground the intended communication, and the attractions must be founded on encouraging “changes of opinion or attitude” of visitors. The “story” is much more than mere access to information, it is enabling visitors to identify with the place and the story that is only offered to them in that place, so the story has its purpose and goal, and is not its own purpose (Tilden 1952; Shouten 2002).

Stories in the project can be connected as a timeline, which is suitable for use in tourism because they can be very easily offered as half-day, day or multi-day tours, and they can also, through the same or similar topics, i.e. stories, connect Zagreb with surrounding counties. The weaving of creativity and historical memory are

the foundation of maintaining identity and a connection with entire County of Zagreb. Within the context of creative tourism, the tourist destination itself becomes creative in this manner, because maintaining and contemporary creation in cooperation with usability and aesthetics form diversity, uniqueness, distinctive features and recognisability (Richards 2002).

The appropriate relationship toward the past is very important because, with literary tourism, we have created new challenges, new possibilities and opened new horizons, for this reason, the entire project has been set up as an open system that can be complemented, modified and further developed through the dynamics of one's own life. A look into the heritage is not only nostalgia, but it is a discovery of useful knowledge for contemporaneity so that we could live better today.

#### PROJECT OUTCOMES – LITERARY AUTHORS WHO HAVE LEFT A PERMANENT MARK WITH THEIR LIVES AND WORKS IN THE AREA OF THE COUNTY OF ZAGREB

The project is related to the below stated goals that follow a three step approach – literature review, research and practical implications. The first step was an in-depth literature review, whose analysis was used to select what author, that is, writers and poets to include in the route.<sup>6</sup> The initial selection criterion was inclusion in the literary of canon of Croatia, followed by inclusion in the literature for primary or secondary school, and popularity such as film adaptations of certain pieces. After this, through the analysis of archives, libraries, museums, publishing companies, and available data, conducted was the mapping of the cities, towns and municipalities of the County of Zagreb with the most interesting future stopping points on the route, whether they possess artefacts and points of interest as links in space with a specific author and his or her life and work.

---

6 The project has been set up as an open system so that the local community, by means of their tourist board, could add new writers and poets, as well as related content and activities, linking them into events, festivals, thematic tours etc.

Furthermore, by means of the quantitative methods of semi-structured interview and focus group, obtained were the necessary data in the manner that interviewed were all tourist board directors in the County of Zagreb. Two focus groups were conducted at the County of Zagreb level, which included, in addition to tourism stakeholders such as travel agencies, tour guides, tourist boards, souvenir producers, hotels and hospitality and catering facilities, development agencies, reading rooms, archives, libraries, theatres, literature professors from local primary and elementary schools who lead literary groups, community colleges, cultural centres, tourism professors, culture and arts associations and amateur acting groups, representatives of local media. These focus groups were structured around their set of values, and acceptance of the idea that they could mutually connect through literary tourism and together participate in the creation of activities and content necessary for the tourism offer, that is, content and activities that could be offered on the writers' and poets' route.

Used in this case was triangulation as a mechanism by which we ensured the validity and credibility of the research, as well as alignment with the local identity and the desires of the receptive community. Triangulation was used in the sense of comparing the responses of the different stakeholders and interest groups, as well as in the sense of using various sources of data on individual authors and their works. A synthesis of the received results and their comparison were applied as a platform for interpretation models, that is, which all manners were available for the presentation of an individual writer or poet, as well as his or her work, what content and activities to embed in the route, as well as what locations and points of interests to include in each individual city or municipality within the area of the Zagreb ring.

The goals of the project are:

- To point out through interpretation the wealth of the intangible literary and poetic heritage of the County of Zagreb;
- To point out the tourism potential of localities that are not the centres of the tourism offer;



- *Mutually network the cities and towns of the County of Zagreb* through literary tourism and connect the stakeholders from culture and tourism that will together, through various contents and activities, present the character and work of famous writers and poets, as well as be inspired by them when creating new tourism products, festivals and events.<sup>7</sup>
- *Set up the Internet platform (website) to present the content of the project* and its guidelines, enabling (free) access to audio recordings, as well as comments and obtaining feedback from users; Networking began in the manner that the Tourist Board of the County of Zagreb (which funded the first part of the project) is the central platform, from where branching off are all of the other city and town tourist boards of the County of Zagreb. Each city or town tourist board within the County of Zagreb further develops its network within the destination in the manner that it connects with the birth house of the writer or poet, the birth house of his family, place where he or she worked, place that is part of the plot in his or her novel or short story, writer or poets final resting place<sup>8</sup>, reading rooms and museums that contain originals or manuscripts, as well as artefacts from the life and work of the writer or poet, with events and manifestations, literary evenings, theatre performances, publishing companies etc. that are connected to a specific author.
- *Organise the training of existing, as well as new tour guides and animators* who will, through thematic tours (costumed if possible) for tourists, guide tourists on the route, connect with the performing arts so that the individual tours will resemble

7 Here, we are thinking about connecting hospitality and accommodation entities, culinary offer, as well as existing and potential attractions on the route. The project has been set up as an open system so cooperation at all levels is possible, including the local communities such as literary groups, drama groups, amateur groups, school groups, archives, libraries, museums, souvenir producers, publishing companies etc.

8 For instance, the unfortunate love story of Stanko Vraz and his prematurely deceased Ljubica inspired the local community in Samobor to organize poetry readings and performances on Ljubica's tomb in Samobor, in memory of this timeless love story and the figure and work of the great poet.



performances and history brought to life, as well as the possibility of interactively involving tourists by means of specially conceived workshops (for instance, writing stories, writing love songs, writing poems, writing blogs, *instawak* etc.) for special niches of guests. Offered for now are a few tours connecting cities and towns in the County of Zagreb on the route: A Walk with M.J. Zagorka, A Tour with August Šenoa, Through the County with a Book in Hand etc.

- Preparation of a functional *audio tour guide for anticipated steps on the route* in Croatian and English, and later in other foreign languages.
- In accordance with the financial possibilities of the specific tourist board of the cities and towns, with the help of the local government, investments will be made in the production of *smart benches with QR codes* whereby tourists will be able to connect with the figure and work of well-known authors and poets (possibility of connecting with works that have been adapted to film, that is, that have served as a template for television series and films, connecting with actors who have played well-known characters, the possibility of recording certain scenes from novels, poems etc.).
- Apart from smart benches, certain tourist boards of cities and towns will place *touch screens* showing the life and work of authors and poets through photographs, artefacts, clips from novels and short stories adapted to film, interviews with authors, overviews of literary critiques, newspaper clips etc. The place of installation depends on the local community's selection, and is related spatially to the life and work, that is, the plot of his or her work. This can be a tourist information centre, as well as a school or reading room bearing the name of the particular author or writer etc.

It is recommended that each tourist board strive, as much as possible, for transmedia narration<sup>9</sup>, also known as multiplatform narration. This is a technique of writing stories (in this case

---

9 Transmedia has a wider meaning than the term '*multimedia*'. For instance, talking to tourists by means of diverse media, each part of the

about the life and work of writers and poets) on several platforms and formats that use digital technologies. In order to achieve this engagement, transmedia production must be used to develop the story in several forms of media in order to enable a unique experience of the content on several channels. It is important that the contents are not only connected (openly and subtly), but that they are in a narrative synchronicity with each other.

Given that the project has been set up as an open system, anticipated is training and monitoring by the umbrella tourist board of the County of Zagreb, which has gathered a team of experts from cultural tourism and storytelling and experience economy, literature professors, as well as experts for new technologies and multimedia narration.

With each individual tourist destination within the county that wanted to take part in the route, conducted was counselling and training of its employees and all interested tourism stakeholders, and especially tour guides and animators. Through the workshop section, they were introduced to the project and to what is expected of them, and they were motivated to systematically upgrade the content and activities in the destination. Going in favour of sustainability is the rapid development and massive availability of new technologies, as well as the favourable price of producing the individual interfaces for the communication of interpretations (such as mobile applications), which means that various content can, in a relatively simple and favourable manner in terms of price, be distributed to a large number of users. Thereby, the possibilities of interactive design, upgrading of the form and supplementing content provide valuable flexibility and the quick possibility of reacting to user requests, allowing in this manner flexibility that may represent a response to the current challenges of rapid aging of technology.

#### *Success indicators:*

- Feeling of pride and awareness of the value of the interpreted in local inhabitants;

---

County of Zagreb can calibrate its messages and develop the story of its writer or poet, and mutually connect them.



- Inspiration of local community and motivation to participate in the protection of local heritage;
- Development of feeling of public good and ownership in the community;
- Physical protection of localities;
- Preserving the collective memory;
- Educational experience;
- Motivation to visit other heritage sites (which can have a positive effect on the tourism development of the entire region);
- Encompassment of diverse topics related to the life and work of writers and poets and their contemporaries in interpretations online and offline – in this manner attracting various groups of users, which directs the *development of special interest tourism*.

The cities and places in the County of Zagreb can be connected in several manners: by road for individual guests and group visits, already existing bus lines, existing railway traffic and cycling trails.

Figure 1: *Map with locations and places*



Source: Author's work

*Brdovec – Adam Alojzije Baričević*

From a child without adequate parental care and without anyone to give him self-confidence or to believe in him, he developed into a man who achieved his dreams, becoming one of the greatest Croatian latinists, bibliophiles, polyhistorians, and one of the first Croatian biographers. He completed secondary school in Zagreb, and the so-called *Collegium Croaticum* in Vienna. Later, he was sent to Pest for two-years of university studies. He returned as a professor of Latin and became a professor at Zagreb's *arhigimnazija* (Classical Secondary School), of which he wrote a chronicle. Seven years later, Baričević was named parish priest in St Mary's church in Zagreb. Nevertheless, he left his permanent mark in Brdovec, where he stayed as of 1803, remaining there until his death. The inspirational Brdovec story follows after the greatest disappointment in his life. Namely, renovating the local church in the parish of Sveta Marija, he was soon faced with a fire that not only burned the newly renovated church to the ground, but also destroyed all of his memories, i.e. his birth house that housed a large and excellent library. All of the books that he had carefully collected for years burned. Nevertheless, this did not discourage him. Baričević was aware of his role and continued to collect valuable materials for the history of Croatian literature. The result of everything was an even larger and more complete library containing the most famous works from foreign and Croatian literature; later, Brdovec himself, thanks to his great love, dedication and work of Adam Alojzije Baričević, became an inspirational literary centre. Besides cultural works in Latin, he is also accredited with authorship of the songs *Radujte se narodi*, *Svim na zemlji*, *O Betleme*, *Kyrie eleison*, *Veselje ti navješćujem* (famous Croatian Christmas songs). Some of these songs most likely originate from Brdovec.

| 53 |

*Zaprešić – M. J. Zagorka*

In Zaprešić and the surroundings, as in the case of Samobor, preserved are the castles of aristocratic families that are described by Zagorka in her novels, and probably visited during her life, exploring in detail their history and past. Zagorka was familiar with the life of the nobility already in her childhood, while



she was being educated in the Stubički Golubovec castle, with the aristocratic children of Rauch. As a reminder, Novi Dvori castles were in the past the ownership of the Sermage Family, from where the governor's wife from the 18<sup>th</sup> century came from, countess Sermage-Rauch, whose letters Zagorka had access to in Šenjugovo Castle in Zagorje. Furthermore, today's preserved Lužnica Castle was, in the past, in the possession of the Čikulini Family (as well as Novi Dvori after the failure of the Zrinski-Frankokpan conspiracy), and from the end of the 18<sup>th</sup> century, also in the possession of the Rauch Family (as well as the majority of the former Susedgrad-Stubički estate). Born in Lužnica were Zagorka's two sisters, where they also died, while Lužnica is also mentioned as the final resting place of her father, Ivan Jurić. On the other hand, Zaprešić and the surroundings are a historical place also for Croatian folk tradition, which we can connect with Zagorka's biography and with her journalistic work. Coming from Marija Gorica is Ilija Gregorić, the fellow fighter of Matija Gubec in the peasant rebellion from 1573, Zagorka's great national topic, especially in the book "Neznana junakinja hrvatskog naroda" (Unknown heroine of the Croatian people) from 1939 or in the patriotic drama "Evica Gupčeva" (in manuscript form). Zagorka found the basis in that drama on Gubec's apparent fiancée, Evica, in the person of sixteen year old Anica Jug from Zaprešić, who in March 1903, threw off the Hungarian national flag from the train station, thereby marking the beginning of the national rebellion against the hated Count of Croatia, Khuen Héderváry, after which he had to leave Croatia after governing for 20 years.

*Kostanjevac - How a misunderstood painter with his sad fate made Kostanjevac and its Pannonian mud famous (Miroslav Krleža, Povratak Filipa Latinovicza)*

Given that it is precisely Miroslav Krleža who is the author of the most important works of Croatian literature of the 20<sup>th</sup> century and the driver of many cultural initiatives, his opus has become part of the obligatory corpus, as well as material that every serious reader should be familiar with. Krleža's works have become part of school book reports and obligatory content of the "matura"

(state leaving exam). Krleža would draw inspiration from everywhere, especially social issues, however, often from the landscape itself. The setting of his novel *Povratak Filipa Latinovicza* (The Return of Philip Latinowicz), which, due to its topic, represented something new in the domestic literary scene of the time, experienced unheard of success, is the small village of Kostanjevac.

### *Samobor*

- a. *Samobor – eternal inspiration (author Milan Lang)*. Although linked by birth to the area of Jastrebarsko, Milan Lang spent his entire life in Samobor, working as a teacher. He set himself apart as an active member of non-school associations, and in school, he established the library, scientific collections, as well as acquired instruments. Later he even became principal. He is particularly known for his work as a writer, translator and ethnographer. He is most significant in this context for his work *Samobor- narodni život i običaji* (Samobor – Folk Customs and Family Life), in which he described the way of life in Samobor and the surroundings at the time. The book was first published in the *Zbornik za narodni život i običaje* (Collection of Folk Customs and Family Life, JAZU was the publisher), and in 1915, it began being issued as a separate book. Due to his capabilities and versatility, he became an honorary citizen of Samobor.
- b. *The unfortunate love that made him famous (Stanko Vraz, Đulabije)*. Many authors, such as Danijel Vojak and Miro Kolar, wrote about Stanko Vraz's connection to Samobor. Describing the broader socio-political and economic context, Vojak especially refers to the role of Samobor in the national revival. Furthermore, he also emphasises Vraz's relationship with a merchant's daughter, Ljubica Cantilly, whom Vraz meets precisely in Samobor. The unrequited love becomes an inspiration for the origin of the first love songbook of newer Croatian literature, *Đulabija*. Ljubica Cantilly was later buried in the local cemetery in Samobor, and a monument was erected. Literary author Josip Milaković was editor of the first newspaper in Samobor, which were symbolically called *Ljubica*, published around 1880.



- c. *Promising young author, Goran Čolakhodžić Goran winner.* Living and working in Samobor is Goran Čolakhodžić, Croatian poet and translator, winner of the 2015 Goran Award for young poets (*Na kraju taj vrt – At the End of that Garden* collection), as well as the international award Mostovi Struge for 2017. In 2016, he participated in the European network, Versopolis. He translates prose and primarily poetry from Romanian and English, and onto both of those languages.
- d. *Samobor as a sanctuary in the war years.* It is a less known fact that the significant Croatian author Gustav Krklec spent a part of the Second World War in Samobor, where he successfully awaited its end.
- e. *M. J. Zagorka.* A part of the intriguing story of “Gričke vještice” (Witches of Grič) takes place in Samobor in the 18<sup>th</sup> century in the house of Austrian count Rosenberg, advisor and close friend of Emperor Joseph. Zagorka’s mother, Josipa Domin, is a Samobor native. Located in the Marton private collection, in the Museum of Samobor, is Zagorka’s furniture legacy (from the apartment on Dolac Market, Zagreb).

*Sveta Nedjelja – Marija Jurić Zagorka*

A part of the intriguing story from “Grička vještica” (Witch of Grič) takes place in the 18<sup>th</sup> century in the *curiae* of today’s Sveta Nedjelja. Those are the rural estates of Croatian nobility families, Ratkay, Auersperg and Čikolini. Only with the recent discovery of Zagorka’s birth certificate has her connection been indisputably confirmed to the aristocratic family Erdödy (godmother’s name, Marianne), whose tomb used to be located in the church *Presveto Trojstvo* (Holy Trinity) in Sveta Nedjelja and their property, Kerestinec Castle.

*Velika Gorica and Turopolje – Marija Jurić Zagorka (novels “Kći Lotrščaka” and “Republikanci”)*

The plot of Zagorka’s novel, *Kći Lotrščaka* (Daughter of the Lotrščak), in large part, takes place in Turopolje and Lukavac Castle. Also related to Turopolje is the plot of the novel *Republikanci* (Republicans), about the Hungaro-Croatian Jacobin conspiracy from 1793-95, led by Ignjat Martinović.



Confirmation of the fear of the greats of this “Hungaro-Croatian revolution” from the 18<sup>th</sup> century, was found by Matko Peić, in a drawing in Bedeković curia (Donja Lomnica), where the revolution is shown as the body of a swamp snake, branching into multiple heads of wild ducks. The main head carries the inscription Martinovich, and the one at the top, Rasty Paul (Peić 2002, 51).

*Staro Čiče - Moral and didactic literature from Staro Čiče (Juraj Habdelić, Jesuit, literary author and philosopher)*

| 57 |

Staro Čiče is home of the moral and didactic writer and lexicographer, Juraj Habdelić, who had an immeasurable influence on Kajkavian literature. A Jesuit and philosopher, he fought to raise the status of the Zagreb University of Applied Science to university (Charter of Leopold I from 1669). According to the Croatian Encyclopaedia, attributed to him are eight works, of which authorship has been confirmed for three. *Dictionar ili reči slovenske zvečkoga v kup zebrane, v red postavljene i dijačkemi zlahkotene* (1670), is a Croatian-Latin dictionary with approximately 12000 words. *Dictionar*, compiled for use in school, is an important document that bears witness to the care for language and literacy of our people. Habdelić left a permanent mark in the history of Baroque literature in collections of religious and moral content, *Zrcalo Marijansko* (*Mirror of Saint Mary* – 1662) and *Prvi oca našega Adama greh* (*First sin of our father Adam* – 1674). *The particular value of Habdelić's works lie in their stylistic execution, which according to the method of structuring sentences, repetition of sounds, syntactic parallelism and use of figures belongs to Baroque rhetoric, and also impressive is his influence on similar Kajkavian literature in the 18<sup>th</sup> century.*

*Kostanj – The Barn as gathering place for artists*

Besides being immortalised in a poem of the same name by Fran Galović, thanks to the Barn (Štagalj) by poet Mirjana Sačer Bobanac, Kostanj became a kind of artistic gathering place. In question is a unique case that, in a village in the province, a barn is transformed into a theatre, a platform for poets and an exhibition place. Mirjana Sačer Bobanac spent her working life in the Croatian National Theatre and, in that manner, met numerous

actors, writers, poets and other artists. All of them gather in their hall, and also cooperate with numerous other artistic organisations in the country and abroad. In Kostanj, in the Barn, director Tena Orečić Tonković regularly performs her so-called theatrical poems, a particular type of poetry, rarely written in Croatia, and directs her plays. She was born on 18 May 1982. She completed the Theatre Direction and Radiophony study programme at the Academy of Drama Art in Zagreb. She actively engaged in acting and playing classical and acoustic guitar. She worked in the Croatian National Theatre as assistant director. She writes poetry and short stories, and directs theatrical pieces. With the status of director and actor, she is a member of the Croatian Association of Drama Artists (HDDU). She is author of the collection *Teatar u marginama* (*Theatre in the Margins*).

### *Dugo Selo*

- a. *Marija Jurić Zagorka and the novels “Kamen i križari” and “Vitez slavonske ravni”*. Zagorka can be associated with Dugo Selo thematically by connecting the “knight novels”, *Kamen i križari* (Stone Crusaders) and *Vitez slavonske ravni* (The Knight of the Slavonian Plain) with the Dugo Selo international knight tournament.
- b. *Stari krovovi – traveling work and love towards arts that is transferred from one generation to the next*. *Stari krovovi* (Old Roofs) is the most enduring and most famous restaurant in Dugo Selo. Traces of this restaurant go back to the 19<sup>th</sup> century. Namely, when the railway passed through Dugo Selo in 1870 and the first train station, probably there was a restaurant somewhere. At this location, a restaurant existed in 1890, and it was owned by the Šterk family. Recorded along with the restaurant are many events. We know that held here were events with prize draws, that there was a meeting of the management board of the Hrvatska dugoselska banka (Croatian Bank of Dugo Selo) in 1914, as well as diverse other gatherings. *Stari krovovi* and Dugo Selo lived in symbiosis for decades. Many passengers who waited for trains, sat and waited and – drank. Nevertheless, when taking over the restaurant, the Šešet family transformed *Stari krovovi* into a

gathering place for literary authors, and Dugo Selo became a stop where everyone could write something, and return to it years later. In recent times, affirmed in *Stari krovovi* were new authors, and opened was a new literary scene called *Slam scena na jednom kolodvoru* (Matasović-Jovanovski duet), which is a unique case in Croatia. Siniša Matasović, member of the Croatian Writers' Association, although from Sisak, considers the location especially intriguing, and several times annually organises literary evenings in *Stari krovovi*. He is a member of Matrix Croatica and the Zagreb poetry tribune *Jutro poezije* (*Poetry Morning*). Žarko Jovanovski was born in 1966. He finished the Academy of Fine Arts in Zagreb, Graphic Art Department in the class of Professor Ante Kuduza. He published five books of poetry under the name *Petoknjižje*.

#### Vrbovec

- a. *Marija Jurić Zagorka*. Zagorka was born in Negovec, near Vrbovec, on 2 March 1873, in the aristocratic manor house of the Erdödy counts, i.e. her baptism godparents. Here it is possible to connect the marking of Zagorka's birthday with the event *Kaj su jeli naši stari* (What Our Ancestors Ate), as another possibility for linking another historical figure to this event, and connecting with the history of this region and its customs. In Zagorka's *Ženski list* (*Women's Magazine* – published from 1925 to 1938), published were numerous recipes from that time, which is another link that can be used at the manifestation itself.
- b. *Vrbovec and contemporary literature* (Branko Čegec). Branko Čegec was born on 22 June 1957 in Kraljev Vrh, Vrbovec. He graduated Yugoslav languages and literature and comparative literature at the Faculty of Humanities and Social Sciences in Zagreb. He was editor of literature in the youth newspapers and journals *Polet* and *Pitanja*. From 1985 until the end of 1989, he was the editor in chief of the magazine *Quorum*. From 1989 until the end of 1990, he was the editor in chief and responsible editor for the cultural newspaper, *Oko*. After that, until 1993, he was an editor in the publishing company *Mladost*. In 1992, he founded his own publishing company

*Meandar*, which is active from the summer of 1993. He works there as director and editor in chief until 2000, afterwards as editor in chief. In 2005, he initiated Meandarmedia as the second phase of the Meandar project. Until the present, he is its director and editor in chief. In 1999, he was elected as president of the *Goranovo proljeće* committee, the largest Croatian poetry manifestation, remaining at its helm until autumn 2007. From 2000 to 2002, he was Assistant Minister of Culture of the Republic of Croatia. In 2003, he initiated the Centre for books and the magazine for books, *Tema*, where he is director, i.e. editor in chief. His books have been entered in some thirty anthologies, selections and reviews in the country and abroad. He is an author or co-author of several selections and reviews of Croatian literature (poetry and prose) in the country and abroad, participating in domestic and international poetry festivals.

#### *Jastrebarsko – M. J. Zagorka*

Significant is the park of Erdödy's Castle (as a reminder that Ivan Nepomuk Erdödy, the final, sixteenth in a row, successor great prefect of Varaždin, with wife Tereza, Countess Racsinszky, were Zagorka's baptism godparents on 3 March 1873, when she was christened with the name Marianna). The objective is, through a special niche of cultural tourism – literary tourism to connect historical events and famous people from the political and cultural life, with events from Zagorka's life, and to show the importance of the culture of remembering, as well as the cultural and national identity of the Croatian people.

#### *Ivanić Grad – M.J. Zagorka and firemen*

Founded in 1892 in Ivanić Grad is one of the oldest volunteer firefighting associations (DVD) in Croatia, and Zagorka wrote about the importance of founding a firefighting service (in her book *Buntovnik na prijestolju*, Rebel on the Throne) and cooperated with firefighting associations (of which there exists a framed certificate of recognition as protected heritage in the memorial Apartment of M. J. Zagorka at the Address Dolac 8 in Zagreb).

*Križ - Josip Badalić and the Croatian-Russian connection*

Josip Badalić is a Croatian literary historian and Slavist. He attended the Faculty of Humanities and Social Sciences, and also studied in Berlin. He worked in the University Library in Zagreb, and as of 1945 was a professor of Russian literature. He researched the ties between Croatian connections with Russian literature, published works, most frequently travelogues, researched incunabula. He died and was buried in Križ.

| 61 |

*Šenkovec – Baltazar Adam Krčelić*

Famous Croatian historian, legal expert, theologist, author of a large number of historical works in the Croatian and Latin language, is connected by birth to Šenkovec, a place near Zaprešić. During his life, he was close the reformist circle around Maria Theresa, and supported the ideas of enlightened absolutism. The Croatian Encyclopaedia (Miroslav Krleža Institute of Lexicography) presents him as an exceptionally important author whose opus is the key work *Annuae ili povijest od uključivo 1748. godine i sljedećih (do 1767.) na znanje potomstvu* (*Annuae sive historia ab anno inclusive 1748. et subsequis (1767) ad posteritatis notitiam*, 1901), in which he politically and socially described Croatia of the eighteenth century. Later, this work inspired August Šenoa to first write the novel *Diogenes* (one author served the other as inspiration). Krčelić's activities are deeply woven into the foundation of today's National and University Library because, before his death, he donated all of his books and manuscripts to the library of the Royal Academy at the time. A good part of that opus can be found today in the National and University Library.

*Marija Gorica – An author that shares the fate of his character (Ante Kovačić in the context of Ivica Kičmanović)*

Born into a poor peasant family, Ante Kovačić has much in common with his character, Ivica Kičmanović, hero of the novel *U registraturi*. He went to primary school in Marija Gorica, and completed his law studies in Zagreb. Both experienced a nervous breakdown and died afterwards. The novel was banned at first, but later became one of the most impressive works of Croatian narrative prose during the second half of the 19<sup>th</sup> century.



*Krče near Zelina – Works of Dragutin Domjanić*

Croatian writer and doctor of law, Dragutin Domjanić, is known for his Kajkavian works, although he did not write only dialectical lyrical verse. Nevertheless, literary history remembers him as a poet who maintained the diversity of the Croatian language, opting for the musicality of a dialect, and in the school curriculum, interpreted are mostly his dialectical poems. Interwoven in his poetry are the motives of nature, landscape and morning ambience. Literary critics considered that he could best bring to life such motives through direct contact with his homeland and its specific language, therefore, this locality could be called Domjanić's eternal inspiration.

*Dubravica and Pokupsko – Pavao Štoos and his permanent effect on Dubravica and Pokupsko*

Born in Dubravica, he served as parish priest in Pokupsko. He is a national revivalist, author of the famous elegy *Kip domovine vu početku leta 1831*, an associate of Gaj's Danica, eternally worried due to questions of language and the people during turbulent times. Literary history will remember him as a great fighter for the language of the common people.

*Pušća – Home of Croatian literary criticism*

Josip Pasarić is a Croatian literary critic, philosopher, born in Pušća. He worked as a professor in Zagreb and Osijek, and he wrote critical reviews in *Vienac* and *Obzor*. He was a polemicist on the literary scene at the beginning on the side of the young, only to later side with the elders. He published his works in *Savremeniku*, as well as studies about other authors – Mažuranić, Preradović etc.

*Jurkovo Selo, Žumberak – Petar Skok, Croatian linguist*

Founder of Romance studies in Croatia, a famous linguist and great expert on older Croatian, as well as Romance literature, a full professor at Zagreb's Faculty of Humanities and Social Sciences and a member of JAZU (Yugoslav Academy of Arts and Sciences), today's HAZU (Croatian Academy of Arts and Sciences), he is connected by birth to Žumberak, i.e. Jurkovo

Selo. Attempting to clarify language questions to the highest extent possible, in their complexity and layers, he left significant works on the research on the dead Illyrian language, Albanian, Romanian, Bulgarian, as well as questions of the so-called Balkan language alliance (from 1930–40 he was the editor of the significant magazine *Revue internationale des études balkaniques*), as well as Slavic-Romanian, Slavic-Albanian, Slavic-Greek and Slavic-Turkish language connections and touching all of his significant works is the book *Pojave vulgarno-latinskoga jezika na natpisima rimske provincije Dalmacije* (1915), and he dealt with Medieval Croatian Latinity, for instance, in the book *Supetarski kartular* (1952). Some of his other works: *Dolazak Slovena na Mediteran* (1934), *Naša ribarska i pomorska terminologija na Jadranu* (1935), *Pregled francuske gramatike* (I–II, 1938–39), *Osnovi romanske lingvistike* (I–III, 1940), *Rekonstrukcija dačkoslavenskog vokabulara* (Rad JAZU, 1948), *Leksikologijske studije* (Rad JAZU, 1948), *Slavenstvo i romanstvo na jadranskim otocima* (1950).

*Kloštar Ivanić – Feliks Barušić (Inspired by babbitttry)*

Feliks Barušić, Croatian storyteller and pedagogue, is the author of a collection of humorous and satirical stories and tales related to babbitttry. He is known for his aphorisms such as: “Many people have their Achilles’ heel in their head.” He often emphasised that his works are inspired by the truth and that they depict diverse entertaining events from all classes. From his works we can learn a great deal about the relationships and life habits of the people at the time, as well as the situation in education, given that he was a teacher for a long time, and later a principal.

*Dubrava – The immeasurable heritage of Slavko Ježić*

Literary author, literary historian and translator, he obtained his doctorate on a thesis on F. K. Frankopan. In his rich and diverse career, he filled various positions. The Croatian Encyclopaedia of the Miroslav Krleža Lexicography Institute states that he was a secondary school professor, director of Minerva and editor of its publications, intendent of Zagreb’s Croatian National Theatre, head of the Literature and Arts Department in the Ministry of National Education, and professor of Croatian literature at the



Pedagogy College and French literature at the Faculty of the Humanities and Social Sciences in Zagreb. He is the author of the first comprehensive history of Croatian literature (*Hrvatska književnost od početka do danas: 1100.–1941.*, 1944), he compiled numerous anthologies, prepared the collected works of our most significant authors of newer literature, wrote about the theatre (*Problemi Hrvatskog narodnog kazališta*, 1940). He published the novel *Brak male Ra: roman iz običnog života u veliko doba*, the collection of poems *Somnia vitae* (1933), and the novel collection *Životi u sjeni* (1943).

*Jastrebarsko – Croatia's Andersen and anthological author of Chakavian verses (childhood memories)*

Besides the birth of Milan Lang, who has already been mentioned, Jastrebarsko is also marked by *Ivana Brlić Mažuranić*. A representative of women's writing, Croatia's Andersen, one of the rare women literary writers at the time, she spent her childhood, just like *Drago Gervais*, in Jastrebarsko. Listening to fairy tales as a girl, growing up inspired by the magnificent characters, as well as the unusual, unreal twists and turns, forming in her was the idea that, just like numerous male authors, she could paint her thoughts through words on paper. No one at the time could even image that the little girl would transform into a literary giant, surpassing numerous widely publicised male authors. Besides fairy tales, she also proved her worth as a great author of essays, poetry, and she also wrote a diary.

## CONCLUSION AND IMPLICATIONS FOR THE FUTURE

Literary tourism, as part of cultural tourism, is based on nostalgia for the past and the desire for experiencing diverse cultures (tradition, works, architecture, way of life, crafts, art, folklore, literature, religious traditions, sacral celebrations, etc.), and in such cases authenticity is the most important factor. When presenting the places and cities of the County of Zagreb, in the building of the entire image, we consciously create a certain picture that we would like to send.



Interpretation is an immeasurably important factor in this project of literary tourism because without good interpretation there is no cultural tourism product. Without information, which, in the end, is itself an interpretation of tourism, cultural goods do not exist. The possibilities for development of the project in the future are numerous, and given that, in addition to tourism exploitation, present is also the establishment of the identification relationship with users who love literature, and, in the ideal case, also a part of the local and broader community, creating a kind of platform (whether virtual or physical) that would function according to the principle of communication of content generated by users themselves (user generated content) imposes itself as a logical development of the project in the future. This means that the project in the future would not develop only formally, through the possible change of the communication media and content distribution technology, but also at the level of the content itself, through the participative methodology of involving citizens in the process of creating stories that are connected with specific localities, as well as writers and poets, but also the identity itself of the cities of the entire county and its citizens. Although without a doubt extremely complex to implement, only such an approach would truly open the door to the critically potent integration of personal, intimate stories and memories inspired by individual writers and poets and their works, in the service of the narrative, which would also mean a possibility for creating critical “bottom-up initiatives” in the sense of re-examining the meaning of literary culture within the framework of the contemporary life of citizens.

It is precisely this inclusive, participatory approach that is the added value of this project, which is not intended exclusively for tourists, but for local individuals as well, students and the younger generations, who, in this manner, could be inspired to read quality literature and to become more emotionally attached with famous poets and writers and their masterpieces, as well as with contemporary writers and poets and their works.



## REFERENCES

- Antoš, Z. 2010. *Europski etnografski muzeji i globalizacija*. Zagreb: Muzejski dokumentacijski centar
- Jung, C.G. 1972. *The transcendent function*. New Jersey: Princeton University Press.
- Hobsbawm, E. and Ranger T. 1983. *The Invention of tradition*. Cambridge: Cambridge University Press.
- Hubbard, P. 2008. Prostor/mjesto. In *Kulturna geografija: kritički rječnik ključnih pojmova*, edited by D. Atkinson, P. Jackson, D. Sibley and N. Washbourne, 71–79. Zagreb: Disput
- Kušen, E. 2002. *Turistička atrakcijska osnova*, Zagreb: Institut za turizam.
- Lekić, R., 2013. *Hrvatska tradicijska baština i kulturni turizam; Mogućnosti uključivanja nematerijalne baštine preko reprezentativnih uzoraka (PhD Thesis)*. Zagreb: University of Zagreb, Faculty of the Humanities and Social Sciences
- Lekić, R. 2014. *Povratak pjesnika – Petar Preradović vraća se u zavičaj* (The return of the great poet Petar Preradović). Pitomača: Turistička zajednica općine Pitomača.
- Lekić, R. 2017. 'Ekonomija iskustva i doživljaja kao ekonomija u turizmu novog doba.' In *Odabrane teme suvremenog menadžmenta u kulturi i turizmu*, edited by T. Golja. Pula: Jurja Dobrile University.
- Peić, M. 2002. *Skitnje*, Zagreb: Matrix Croatica.
- Pine, B. J.II. and Gilmore, J. H. 1999. *The Experience Economy – Work is theatre and every business a stage*. Boston: Harvard Business School Press
- Richards, G. 2002. 'Od kulturnog do kreativnog turizma: Europske perspektive.' *Turizam*, 50 (3): 228–236.
- Salmon, C., 2011. *Storytelling: ili pričam ti priču*. Belgrade: Clio.
- Salmon, C., 2011. *Strategija Šeherezade*. Belgrade: Clio.
- Schouten, F., 2002. 'Product development for heritage sites: a case study.' *Tourism*, 50 (3): 283–292.
- Strategija razvoja turizma Republike Hrvatske do 2020. godine 2013. Accessed on 23 October 2018, [https://narodne-novine.nn.hr/clanci/sluzbeni/2013\\_05\\_55\\_1119.html](https://narodne-novine.nn.hr/clanci/sluzbeni/2013_05_55_1119.html).
- Tilden, F. 1957. *Interpreting our heritage*. University of North Carolina: Chapel Hill.



# DECISION MAKING THEORIES IN MEDICINE REIMBURSEMENT

ALMIN ADZOVIĆ

*InspireHL, Bosnia and Herzegovina*

DANICA PURG

*IEDC School of Management, Slovenia*

TINA VUKASOVIĆ

*International School for Social and Business Studies, Slovenia*

| 67 |

We have been continuously affected by decisions that are made by various organizations in which we have little or no influence. Our existence, our well-being is directly dependent on the organizational decision-making process of our governments, companies we work for, our municipalities where we live or our families. Having in mind how much health and health care impact our lives it is not surprising that this subject is high on each person's agenda and is consequently becomes important for governments or political parties. Depending on the way the decisions are being made by health care officials, the process has many implications from the effect on patients who are the end health care users to financial and human resources spent in this case. This paper examines the way decisions are being brought up in Croatian NHIF (National Health Insurance Fund) that are related to medicines reimbursement. It studies how much information is available to the decision makers; how much are they aware of the alternatives and related choices? What is their order of preferences and how it works when all of this is mixed with real life complex environment in which decisions are being made? The practical use of the paper should indicate a direction to the healthcare officials to improve the decision-making process in the way it would bring more benefits to its users, patients, through increased efficacy and productivity.

*Key words:* Organizational decision making, bounded rationality, medicines' reimbursement, Croatia



## INTRODUCTION

Health Systems of virtually all countries are currently facing many challenges. From the fact that population in developed countries is getting older and needs better and wider health care services, to financing and organizational challenges that ultimately threaten their ability to sustain the provision of health care to their population in line with expected standards (WHO 2014). The response that our health systems will make to these challenges in the coming decades will reshape the ways governments deliver healthcare to its citizens. Today, there is a wide disproportion by country in health care spending. While total expenditures on health care in the World, according to WHO, reached US\$ 6.5 trillion, the amount was spent very unevenly among OECD countries on one side and the rest of the World on another side. The country with highest per capita spending in the World is US with over US\$ 8.000, comparing to Eritrea where per capita spending is only US\$ 12 and is the country with lowest expenses in the Health Care. Average amount spent per person per year on health in countries belonging to the OECD countries is US\$ 4380 while only 18% of the World population lives in OECD countries, they account for 84% of total HC World spending (WHO 2014).

The health system in Croatia is regulated by a legal framework that includes three key laws: Law on Health Care, Law on Compulsory Health Insurance and Law on Protection of Patients' Rights. Health Care Law regulates the principles and measures of protection, rights, and obligations of insured persons that use health care services, social care, content and organizational forms for performing health activities and audit. Health Care activities for the Croatian population are carried out on principles of comprehensiveness, continuity, accessibility and integral approach of primary health care system, and specialized approach in specialist and hospital health care (Novine Narodne 2008).

With Health Care Insurance, insured persons acquire the rights and obligations for the use of health care, and other rights and duties from Health Care Insurance. In Croatia, the Health Insurance is divided into basic, additional and private. Basic Health Insurance is compulsory and carried out by



the Croatian Institute for Health Insurance (HZZO - Hrvatski Zavod za Zdravstveno Osiguranje). Supplementary and Private Health Insurance is voluntary. Supplementary Health Insurance provides the payment difference for the health services that the Croatian Institute for Health Insurance does not cover through Basic Health Insurance. Private Health Insurance is determined by individual contract between the insurer and the insured person for medical services that are not covered by Basic Health Insurance. Fundamental rights deriving from the basic health insurance are the right to health care and the right to financial compensation. Primary Health Care is financed by the insured people, employers' contributions, the contributions of other payers determined by law, special contribution for the use of healthcare abroad, special contributions for employment injuries, revenues from the state budget and income from interest, dividends and other income (Novine Narodne 2008).

Like most other health care systems, the system in Croatia has been facing significant financing and organizational challenges that are threatening to its ability to support Croatian population healthcare needs that have to be in line with EU standards (Kutzin et al. 2010) the social and economic policies of the transition countries of central and eastern Europe, the Caucasus and central Asia have diverged, including the way they have reformed the financing of their health systems. This book analyses this rich experience in a systematic way. It reviews the background to health financing systems and reform in these countries, starting with the legacy of the systems in the USSR and central and eastern Europe before 1990 and the consequences (particularly fiscal. The type of response that health systems, like Croatian, will make to such challenges will determine the way the organizations will operate in the future. Moreover, to make quality decisions and respond to current and future challenges, the policy makers that manage Health Care System will be better off if they a) understand tendencies and limitations that all players within Health Care are experiencing, and b) come up with plans for better and more cost-effective policies.

Within every Health Care System, the development and application of the new pharmaceuticals and therapies were a major

success story of the past century, providing humans with longer and healthier lives and an opportunity for further economic development. However with longer and healthier lives of its population, countries and its health care systems today are also facing various issues like ageing population, with decreasing number of HC professionals, rising demands for Health Care, ever increasing cost, and Government Budget restrictions in times of no or very limited GDP growth (Dixon 2002).

| 70 |

The Health Care and country progress are just two seemingly separate and entirely different categories. However, the health of the people is actually basic motive, but also a prerequisite for country progress and growth. The state of the economy of a country depends on many factors, including the overall health of human capital. Human capital is linked to people's health because only healthy individual can maximize potential employment and increase productivity. Health could affect the country's performance through four channels: (1) productivity, (2) the supply of labor, (3) education and (4) the savings available for investment in physical and intellectual capital (Bazzoli et al. 2004). At the same time, the state of the economy affects the health of people. Furthermore, one can distinguish health as durable goods and health as a capital asset (Lichtenberg 2007). When the health is viewed as expendable, then it has a direct impact on the individual, because people want to be healthy. As a capital asset, health has an impact on the individual and the overall market because it is believed that healthy people spend less time on sick leave, and they are capable of working and carrying out work activities directly and indirectly associated with the market. Here we assume that more work would increase income and satisfaction (Lichtenberg 2007; Gigerenzer et al. 2008). Taking into account life expectancy, the link between health and economy can be viewed in two ways: a) savings and b) investments. A country in which the population is healthy and with a longer life expectancy of the population is more likely to have greater economic growth and then a greater incentive for investment in physical and intellectual capital, than a country in which the health of people is affected and life expectancy is relatively short (Kruk et al. 2007).



This paper is focusing on exploring Health Care System from Decision Making Theory perspective. The Health Care insurance is organized in the way that everybody contributes to the Health Care budget to be used by these who need it most. What makes the issue specific is the fact that health care services, as well as medicines, are financed from one central fund that is loaded by citizen's contributions and the direct users are not involved directly in the decision-making process. The goal is to look into theory through practice and to give some idea how to apply academic knowledge in the field of health care.

This paper explores empirical and practical dimension and consequences of not having a clear approach to the decision-making process and authors applies the theory to examine how sound are the decision-making processes and how the process impacts the decision quality? Authors would explore how much is it vital, no matter what was the dominant driver of decision-making, to have a clear purpose that is established in advance of what decision makers want to accomplish with their action. This may have various consequences, from better usage of resources to the overall level of health care in the particular country. Authors would argue that objective should be flagged out and should be used as a reminder if what decision makers are doing is in line with their pre-established goal.

## THEORETHICAL BACKGROUND

The history of decision making has numerous standpoints and researchers, as it is the case in many other fields of management, dispute about "effective organizational decision making" processes. As per Hendry (2000) early epistemological views on organizational decision making were founded in neo-classical economic concepts of rationality, were not thought-provoking, they looked at the process as "rational choice based on logical connections between cause and problem, where searches for alternative potential solutions, prioritizes preferences according to identified criteria and arrives at an optimizing choice". This model observed decision making as "both logical and linear" and it didn't make difference between individual and organizational





decision making assuming that if “individual managers make rational decisions, then decisions made by groups within organizations are equally rational”. Nevertheless, the weaknesses of such thinking have been known for long by researches.

The decision making is concerned with uncertainty and has always occupied human mind, even thousands of years ago, when men have sought guidance from stars when facing doubts. Such questions about who and how decisions are made are explored whenever systems of government, justice or social order is being reviewed (Cyert and March 1963; March and Simon 1993). According to (Buchanan and O’ Connell 2006) the organizational decision making as a subject of research was introduced in the late 1930s and 1940s. Some of the themes of organizational decision research have been evident for many years. Academics discussed decision maker’s rationality, political behaviors, and the way decision maker’s experiences were being interpreted.

Theorists like James March, Herbert Simon, Richard Cyert and Henry Mintzberg studied decision making as part of different science disciplines such as sociology, psychology, economics as well as political science. Some researchers used a decision-making process to look into organization’s values or leadership qualities, but decision-making also helped managers to become more efficient in a way of better managing the risk or understanding human behavior (Edwards 1961). The researchers, over the years, have realized that no sound decision-making strategy is based on seamless rationalism. They have discovered a number of constraints whether contextual or psychological that would prevent optimal decision-making. Simon (1993) has argued that complex situations, restricted time, human cognitive restrictions, limitations in collecting all relevant information would make decision makers operate within “bounded rationality,” even he believed that humans would make economically rational decisions if they would be capable of gathering and processing enough information. He noted (Simon 1977) that “some decision processes may approximate to rational prescriptions, others may not”.

Students of decision-making studied the process of decision-making in many ways; in order to examine the issue, they would





frequently look into one particular dimension of the subject and diminish or neglect the others. This approach brings questions like is the logic of consequence more important than the logic of appropriateness? Is the process qualified as clear and consistent or vice versus (Santos and Eisenhardt 2005)? How are decisions made in the organization when all stakeholders do not have the same interests and goals (Gailmard 2012; Miller 2005)? In real life decisions are rarely black or white, much more often they are within wide range of gray shades. They may at the same time be driven by the logic of consequences as well as the logic of appropriateness, sometimes more clear and consistent and sometimes not as much (Augier 2004).

## METHODOLOGY

The research explores decision-making process of Drug Reimbursement in Croatia since its independence, the set of standard procedures, regulations and implemented practices that bring medicines to the Reimbursement List, in order to find out how the medicines are evaluated before reimbursed, and to understand which decision making theory is dominant during the decision process and, related to particular decision making theory, if a) decision makers are guided by logic of consequence, choosing among alternatives by evaluating possible consequences based on prior preferences, or they follow a logic of appropriateness fulfilling their identities by recognizing circumstances and following norms that match expected behavior to the situation they face or they are guided by other factors of the decision making process; and b) if decision making is characterized by clarity and consistency or by uncertainty and inconsistency.

While the subject is very specific and has elements from other sciences, like Pharmacology and Medicine, that have to be taken into consideration and researcher with social science background has to be at least familiar with some concepts, the significance of this research could be of ever-growing social importance of Health Care in general, in any country. The research should look at the issue from two angles: a) are activities and



policies proactive in finding potential issues or the approach is reactive and b) are resources adequately distributed in accordance with the importance of established goals or the distribution is more on blind side. As the decision-making process is limited to small group of participants, even taking into account the people who participated in this process during the previous governments in Croatia and also very sensitive in nature, a qualitative approach is looked upon as the most appropriate. Also, as the area is quite specialized and therefore not well researched so far, it is more appropriate to use qualitative and inductive techniques.

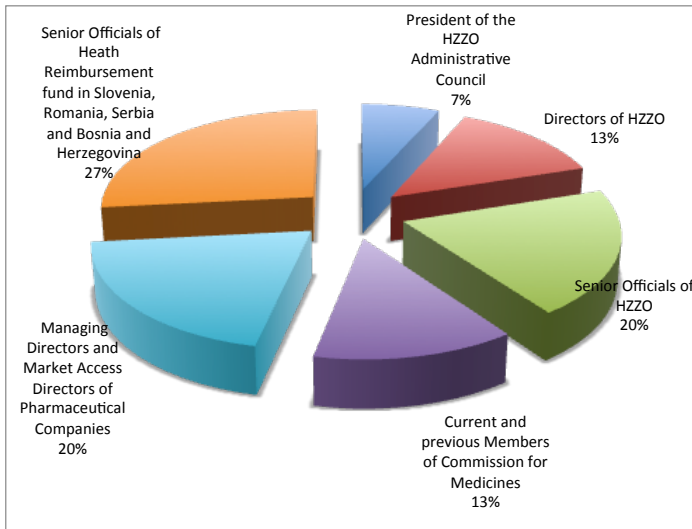
The research design has interpretative, inductive – abductive, qualitative approach. The reason for this is that the research goes from particular to general (induction) and compares the empiric finding with theory (abduction), in order to find an explanation, through researcher judgment (cognition), that will illuminate the best link between general (theory) and particular (empirical phenomenon). We compared empirical data from the research and different theories of the organisational decision-making in order to interpret the data in light of the theory and confirm or disconfirm the theories' preunderstanding. Considering the qualitative nature of the research, 15 in-depth interviews were conducted with current and past most relevant stakeholders and top decision makers, including officers in Minister of Health, NHIF executives, Reimbursement Commission heads and members, as well as officers that work on other side of the process, like executives of pharmaceutical companies that directly work with the government officials in inclusion of medicines in the reimbursement lists.

The interviews (Figure 1) were done with the following officials:

- One interview with President of the HZZO Administrative Council
- Two interviews with Directors of HZZO
- Three interviews with Senior Officials HZZO responsible for medicines
- Two interviews with Current and previous Members of Commission for Medicines

- Three interviews with Managing Directors and Market Access Directors of Pharmaceutical Companies
- Four interviews with Senior Officials of Health Reimbursement fund in Slovenia, Romania, Serbia and Bosnia and Herzegovina

Figure 1: *Number of interviewees by their position*



Source: Authors' own analysis

Officials at above positions were the key decision makers as they have played crucial roles in creating, changing and implementing drug reimbursement policies as well as making medicine inclusions, based on data analyzed and input from all main stakeholders. Particular attention was made to recruit respondents of different medical specialties, as it was expected that they would have differences of opinion on drugs and reimbursement priorities. Also, care was taken to include stakeholders that served in HZZO and MOH (Ministry of Health) at various times and were nominated by both main political parties/blocs, expecting that the decision-making process would evaluate the time, and different political options would have specific governing styles as well as diverse priorities and procedures.

To test for rational choice decision making, different elements of rational decision making were considered with stakeholders, notably whether they had sufficient knowledge of alternatives and consequences, how was their order of preferences established and possibly changed over the time, as well as how procedures were enabling single action. To test for rule-based decision making, the existence and application of rules were discussed, as well as situations where rules were inexistent, difficult to apply, bent or dismissed altogether. And to test for artifacts of the decision-making process, authors discussed with the respondents how does final decision come into existence and how far was it from their own or other stakeholders' opinions or wishes.

## THE RESEARCH QUESTION AND SUB-QUESTIONS

In the main research question we study the decision-making process of Drug Reimbursement in Croatia since its independence, the set of standard procedures, regulations and implemented practices that bring medicines to the Reimbursement List, in order to find out how the medicines are evaluated before reimbursed, and to understand which decision making theory is dominant during the decision process?

### *Sub-Questions*

We want to identify if decision makers are guided by logic of consequence, choosing among alternatives by evaluating possible consequences based on prior preferences, or they follow a logic of appropriateness fulfilling their identities by recognizing circumstances and following norms that match expected behavior to the situation they face or they are guided by other factors of the decision-making process?

Is the decision-making procedure characterized by clarity and consistency or by uncertainty and inconsistency? We explore practical dimension and consequences of not having the well-designed approach to the decision-making process and applying the theory to examine how sound are the decision-making processes and how the process impacts the decision quality?

Are activities and policies in medicine reimbursement proactive in finding potential issues or the approach is reactive? We want to explore how much is it vital, no matter what was the dominant driver of decision-making, to have a clear purpose that is established in advance of what decision makers want to accomplish with their action.

Are resources adequately distributed in accordance with the importance of established goals or the distribution is random, based on the instant needs of the decision makers?

## DISCUSSION – MAIN RESULTS OF THE STUDY AND IMPLICATIONS

### *Dominant decision-making theory*

Due to the specific nature of interest that goes from particular to general and compares the empiric finding with theory, seeking an explanation and looking for the strongest link between theory and researched empirical phenomenon, the research has a qualitative approach. During the interview, the objective was to identify what was the dominant decision-making process by identifying and classifying the elements of decision-making theories. The research is to determine if the decisions making during drug reimbursement process was predominantly: Decision-making as a rational choice, Decision-making as Rule-based Action, Decision-making as Artifacts of Organizational Decision-Making process, or it has the elements of other decision-making theories that cannot be classified under above three main theories.

### *Decision-making as a rational choice*

To determine whether the decisions to include a drug on the reimbursement list can be a rational choice, the research has examined if the policies and concrete actions of Croatian NHIF and Health Ministry officials were based on the following: knowledge of alternatives, knowledge of consequences, consistent order of preferences, decision makers have a set of standard operational procedures that lead them to choose single action.



### *Knowledge of alternatives*

| 78 |

In order to make a rational decision HZZO would need to know all possible options, first of all through collecting and processing relevant information. Therefore, the knowledge of alternatives when making a decision is a critical element of rational decision-making. By observing it in a simplistic way, the alternatives for reimbursement decision are quite straightforward: the drug could be reimbursed or not reimbursed. However, if the drug is accepted in reimbursement list, many alternatives impact the number of patients to whom the drug would be available, e.g. their health condition and real medical need vs. purchase power of the patients. And even the drug would be reimbursed there are a number of sub-decisions that will impact how many patients will benefit from the drug, starting with the decision which specialists would be authorized to prescribe the medicine. If the medicine would be prescribed by broader number physicians, e.g. specialists and general practitioners, then more patients would be able to receive the drug, but on another side, it would mean higher spending and bigger budget impact for HZZO. Also, there is a question for which indication (specific disease) the medication is going to be reimbursed (sometimes the same drugs can cure different diseases that have different social or health significance) and for which line of treatment the drug will be used? Would it be: a) mono-therapy, b) “add on” to existing drug or c) switch as second- or third-line therapy? And then some drugs can be only partially reimbursed, meaning that part of the price would be paid by the patient, and this again has an impact on accessibility since the patients with lower income may not be in a position to pay participation for the medicine. More thorough understanding of alternatives would also include knowledge of the existing therapy options as well as the fact that HZZO is operating within limited budget, meaning there is a clear need to prioritize among medicines that are being available for Croatian patients.

### *Knowledge of consequences*

To understand consequences of a decision to reimburse or not reimburse a drug for HZZO and the MOH, means to understand not only the impact on healthcare outcomes that would be the

first thought. The decision-making process here is more complex as it involves the third-party decision maker who is deciding on behalf of the second party, in this case, the whole community. And from this point of view, the decision-making process in drug reimbursement has elements of “Principal Agent Theory”. Since all income-making citizens are contributing to the health care fund, there is a need for agents to decide on their behalf. The knowledge of consequences should consider such facts like improved patient’s outcome, drug safety, and its side effects, the overall cost of the medicine, but also should examine less transparent possible needs and implications, e.g. political or individual. From the individual decision maker’s point of view, and depending whether the person is a member of the Committee, an expert employed by HZZO, or senior manager appointed by leading political party, this also means understanding the impact on his/her future career, social status and personal finances. It comes from the research that, due to financial constraints, the impact on the budget was first considered, and it is generally the best understood. And whatever other benefits are later considered it would be compared with the cost, meaning the bigger cost, the more significant benefits the drug should bring.

### *Consistent order of preferences*

When considering alternatives, one has to ask if the preferences are: absolute, stable, consistent and precise, can the decision makers affect the preferences with choices they control. Ministry of Health orders of preferences are available and are published. The newest and the most comprehensive document is “National Health Care Strategy” published in May 2012. The strategy is over 400-page document that lists and discusses, almost all topics that are related to the Health Care. It starts with health parameters in Croatia and then covers various subjects from macroeconomic indicators, human resource issues, information technologies, and health care financing. It is noteworthy to comment that the vision and strategic goals are not discussed in the documents in a way that it represents a milestone and lead for overall Health Care analyses and health status of the Croatian population with its identified issues and related strategic goals.



As such, one would expect to see these goals at the beginning of the document, as a guideline for other topics to refer upon and follow that would make the preferences consistent and precise throughout the document. In reality, it is not easy to trace these strategic goals and vision in other parts of the document including Drug Policy that mostly deals with financial aspects.

### *Decision-making as Rule-based Action*

| 80 |

The research would indicate that there are many elements of the rule-based decision-making process in Croatian drug reimbursement system. Much of decisions are made in a conventional way following the rules and effectively preventing decision-making stakeholders' narrow self-interest. The evidence of such behavior could be found by looking into professional bodies of HZZO. For professionals, each meeting preparation is regulated by strict guidelines that they need to prepare for every medicine application in order to be even included as a topic of the Drug Committee's meeting and considered for inclusion in the Drug Reimbursement List. Preparation for the meeting, set of documents that Drug Committee is supposed to review, the way the committee members are being chosen and appointed, documents that reimbursement procedure require and many other processes are described in details in "Ordinance of Establishing The Criteria For Inclusion Of Medicinal Products In The Basic And The Supplementary Reimbursement List Of The Croatian Institute For Health Insurance" and in "Ordinance Establishing The Criteria For Wholesale Pricing Of Medicinal Products And The Method For Reporting Wholesale Prices". Both documents consist of over 30 pages detailed instructions on how the procedure should be structured and followed. These instructions have been times improved and rewritten since Croatian independence, every time bringing more detailed and transparent procedures. It can be noticed that in practice the procedure is applied very smoothly and is strictly followed if there is no assumed additional cost for Health Care. Therefore, reimbursement process for generic drugs is very transparent and fast, since generic medicines are being introduced once original medicines lose its patent protection, they are assumed to have similar quality as





originals, that is checked during the registration process by the Drug Agency, but usually come in the market with considerably lower prices, in some cases over 30% lower than innovative original medicines. Therefore, HZZO has a real interest to include generic drugs in the Reimbursement List as fast as complicated registration and a reimbursement procedure allows it. The logic of appropriateness, Rule-based Action, is different from the logic of consequences as instead of evaluating the result, decisions as rule-based theories consider situations and identities. In this way, in order to make decision as a Rule-based, the HZZO as an organization or each member of the decision-making process of medicine reimbursement in Croatia need to answer the following questions: What kind of situation is this? What is my perception of me as an organization or person? What is appropriate for an organization or individual like me to do in a situation like this?

When each member of HZZO's Drug Committee or the whole team makes decisions following pre-established rules, according to the Rule Based Theory, it is viewed as consent to behave appropriately in return for similar appropriate treatment for each individual stakeholder or organization. In this way, the rules HZZO has brought, and their independence from every single objective enables the HZZO as an organization to function more consistently.

In practice, similar instructions work differently if the cost is associated with inclusion of the medicines in the reimbursement list. Once we have such case, the decision-making process becomes less logical and transparent. What all interviewees pointed out, and was also visible from regulations about medicines reimbursement process, that even the process is described in details, it still leaves the room for subjective decisions, as well as a possibility for top officials to over-rule and not accept the results of decisions that were made following established procedure. It is usually justified by the lack of financial resources. However, it gives the possibility for policymakers, like Director of the HZZO, Minister of Health or President of the Board, to subjectively influence the decision of including or not including the specific drug in the Reimbursement List. One could suspect,

and it is confirmed in interviews, that in case there would be top decision makers desire to include particular drug, the medicine could be approved by avoiding thorough analyses that other drugs would usually go through. To be fair, over the time, such exceptions were less frequent, and they are more and harder to make. For instance, each Reimbursement List update in 90's, before it would be published in State Gazette, would go for approval to Minister of Health that had discretion right to take out any medicine from the list, as well as to include one that didn't go through the regular procedure. Such things are not possible nowadays, but it doesn't mean that one with enough authority could not smoothen the procedure and steer decision in one or other way. The current procedure confirms this claim since the Director of HZZO has the power to ban the drug from reimbursement list that has passed regular process if this would "*represent overall treat for Medicine Budget.*" All interviewees would admit that there was an exception to the rules in making decisions about medicine reimbursement, but the research confirms that a) the process has been improving over the last 20 years and b) there are fewer exceptions to the rule as the time passes.

When overlooking current HZZO processes we considered if:

- The rules were clearly brought up in organizations in two ways; 1) by learning from its own experience and 2) from other countries' organizations that are similar, but more advanced. And to what extent were both of these ways associated with rule-based decision-making process?
- If the decision process considered the current standards and processes in HZZO as a collection of individual rules that continue to live over the time through survival process? Meaning that these decision makers and individual rules with higher success rate would stay while other less successful would disappear and following that line of thinking, HZZO procedure would continuously improve. The research shows that the real reason that the medicine is included in the list at the first place, patients' benefits, are not observed regularly at HZZO level, and their overall impact on the population health is not monitored, nor the medicines are compared to other drugs treating the same diseases. One can argue that

such comparison is made at the level of each patient by their physicians, however at this level, the approach is empiric and not based on strict protocol, meaning it may not be consistent, and it is subjective.

*Decision-making as Artifacts of Organizational Decision-Making process*

Till now the research has been dealing with theories of decision making that treat the outcome as a central point of the process or consider the process as a concept of hierarchies where higher levels control lower levels through policies, procedures and implementation. Such theories do not take into consideration a complex environment in which decisions are being thought and made. Bearing in mind the fact that *“Many decisions are happening at once; technologies are changing and poorly understood; alliances, preferences, and perceptions are changing; problems, solutions, opportunities, ideas, people, and outcomes are mixed together in ways that make their interpretation uncertain and their connections unclear; actions in one part of the organization appear to be only loosely coupled to actions in another; solutions seem to have only modest connection to problem; policies are not implemented; decision makers seem to wander in and out of decision arenas”* (March and Romelaer, 1976). When considering all of the above at once, decision-making process moves to the concept of the decisions as artifacts, which means that decisions are not any longer the central point of the decision-making process.

The practical purpose of this research was to look into reimbursement policies of HZZO in order to determine in which way the government body has been spending considerable financial, human and all other resources to deal with such important social issue as population health. We argue that HZZO would have to make its decision-making process as rational and rule-based as possible, decreasing and eliminating decision-making processes that do not have a clear objective and hierarchical rules. From US and EU where governments annually spend, per capita, thousands of euros, to countries where the annual cost of health care per capita is just a few euros, we see the importance of following the rational and rule-based decision-making process. In Croatia,

it is evident that these processes have improved over the time, they firstly became more transparent eliminating many potential conflicts of interest spots. What authorities would need to consider in the future, without neglecting requirements for further improvement in process clarity, is agreeing on the main objective(s). And then move to strategies and actions that would fulfill the goal, having in mind considerable, but still limited resources that the country is taking from its budget.

| 84 |

### *Other Decision-Making theories*

In order to make this research more comprehensive other Organizational Decision-Making Theories were considered, including sub-groups of the main theories of attention. We wanted to check if there were other elements of the decision-making process that could help better explain decision-making processes in Croatian Health Care System. With reference to the Croatian HZZO and the ways its bodies make decisions, there was no single Organizational Decision-Making Theory that could explain all HZZO's processes, but all theories could be applied together focusing on different elements of the decision-making process. These theories can be more or less specific, concentrating on certain components of the decision-making process. For instance, the research could just look at the narrower way decision makers collect and process information, or one could consider a broader scope of elements that would include environment or could even include stakeholders individual diversified needs. Which illustrates how decision-making process is complex and difficult to understand in full.

In this context "Behavioral Organizational Decision-Making Theory" is interesting as it tries to understand the process by applying economic rationality through "*maximizing subjective utility*" (Edwards; 1954, 1961). This research cannot fit into this concept of "*economic rationality*" since the decisions, as a final product of the process, were hardly optimal. This is later confirmed by practical experiments of Behavioral Decision Making (Ariely 2008) that implies that individual decision-making is very simple, even when critical decisions are being considered, and no matter how much information is available, it is based on



just a few characteristics. In this research, even the data that were being collected and processed by HZZO in order to make the decisions about reimbursement of medicines in Croatia were voluminous and complex, from the information gathered in research, it is clear that all decision makers did not get into information collection and processing, but they rather consider the final outcome and proposal made by few members. In other words, they did not consider the enormous amount of information but were in reality relying on just a few. The interviewees didn't feel that this practice would be inappropriate or would represent a wrong doing in any other way.

Another interesting theory that needs to be mentioned and could explain some of the drug reimbursement processes is "Mental Modeling in Decision Making" where decision makers, individuals or organizations, are able to refer to their past experience and in this way produce better decisions without much information collection or process. So, if one of the main objectives of the HZZO is to manage expenses and not to increase cost by adding new drugs, decision makers will be very cautious when considering a medication that nominally fits the procedure, has all evidences and reasons to be accepted, but could harm budget balance, simply because they had such experience in the past. Under these circumstances, the decision makers would rather look into the potential cost as one of the first eliminating factors. This may explain the situation where HZZO's Reimbursement List contains many relatively expensive drugs for rare diseases, but with the overall lower cost for HZZO, while cheaper therapies for a wide number of potential patients were often not accepted in the list as it represents a potential threat to HZZO budget.

## RECOMMENDATIONS

Croatian Ministry of Health has published over 400 pages large document named "National Strategy of Health Care Development" (Ministarstvo Zdravlja 2012) that among other things has explored many issues in Health Care. The section five of the document has covered "Vision, Values And Principles"



of Croatian Health Care where the vision of the Health Care System of the Republic Croatia states: *“The health system in the Republic Croatia will improve the quality of life and create the conditions for economic growth through the maintenance and improvement of each individual and the entire population”*. While anyone can argue if this is the most suitable vision or not, what is the author’s concern, is that there is little connection with this statement and other parts of the documents. As the matter of fact, the paper functions more like a script of many independent sections and not comprehensive and focused National Health Care Development document with clear strategies and action plan. In line with this, even the HZZO’s medicine reimbursement processes are improving and becoming more transparent; it continues to lack the connection with the strategic vision and other goals proclaimed by Ministry of Health. It rather appears that the policies in drug reimbursement works as an independent process within Health Care and has little connection to the main visions/objectives of the Ministry of Health.

Looking outside of the medicine reimbursement policies one could observe that Health Care in Croatia does not exist only because of the patients who pay for the Health Care services and at the end finance the system. There is an entire community, headed by politicians, physicians, nurses, administrators, suppliers of medicines and medical devices, as well as all other vendors. They all have its interests in health care and benefit from Health Care Budget in one or other way. It remains an open question if their contribution to health care is equal and fair to their remuneration or in other words if the same results could be obtained with less cost. Reimbursement of medicines is just one separate ecosystem within the larger one that may have the same weaknesses.

From interviews that were conducted it can be concluded that the most of the interviewees share the same vision how to improve Croatian Health Care, however, all of the respondents also stated how difficult it was to implement and change the system due to many interest groups that prevent these changes from happening. In the future, the health care officials in Croatia could focus their efforts on creating a simple short document

that would cover vision/mission/strategic goals/strategies and action plan that, in order to make difference, will be a) shared by all stakeholders in process; b) accepted and supported by relevant political subjects; c) realistic to be accomplished in one government term.

As far as drug reimbursement is concerned, there is a need to apply simple and transparent Pharmacoeconomics that would work in each case, with no need to justify and band the system. It should be able to justify spending by estimating the drug impact to morbidity and mortality or “years of life gained,” comparing existing most probably more affordable therapies. It should be able to resist lobbying activities of various interest groups that frequently manage, through their lobbying activities, to move resources to less productive treatments. The process should be taken away from any such group and simplified as much as possible. In line with this, there is an interesting initiative for small countries to avoid expensive and cumbersome processes of evaluating new therapies by using referent countries for drugs reimbursement in the same way that these countries were used for establishing referral drug prices. In short, it’s respectable to see the process is improving over the time; however, the improvements need to continue and even to speed up.

## RESEARCH LIMITATIONS AND FUTURE RESEARCH

During the research, it was rather challenging to find proper interviewees that have occupied critical positions in Croatian Health Care System, who were willing to discuss the matter openly. In this respect, the researcher’s personal contacts and position that he occupied were of big help. Another difficulty was collecting proper data about the cost of medicines from HZZO, as the data were rear and often conflicting. Accounting practice of Ministry of Health, as well as HZZO, was (probably for a reason) not transparent, and the data were not available. The examiner had to use his own judgment selecting the data that were credible enough and could appear logical over the years.

In the future, the health care officials in Croatia could focus their efforts on creating a simple short document that would





cover vision/mission/strategic goals/strategies and action plan that will be a) shared by all stakeholders in process; b) accepted and supported by relevant political subjects; c) realistic to be accomplished in one government term. As far as drug reimbursement is concerned, there is a need to apply simple and transparent Pharmacoeconomics that would work in each case, with no need to justify and band the system. It should be able to justify spending by estimating the drug impact to morbidity and mortality or “years of life gained,” comparing existing most probably more affordable therapies. It should be able to resist lobbying activities of various interest groups that frequently manage, through their activities, to move resources to less important issues. The process should be taken away from any such group and simplified as much as possible. In line with this, there is an interesting idea that is generated in some smaller countries to avoid expensive and cumbersome processes of evaluating new therapies by using bigger referent countries for drugs reimbursement in the same way that these countries were used for establishing referral drug prices. This would firstly save the time, make process more predictable and transparent, but would however take away control and decision-making power from current decision makers and they would not be able to control the process and cost by ever delaying inclusion of some expansive medicines. In short, it’s respectable to see the process is improving over the time; however, the improvements need to continue and even to speed up.

## CONCLUSION

The research has focused on exploring Health Care System in Croatia and the system’s ability to provide a quality health care for its citizens in financially sufficient and timely manner through providing innovative medicines for these in need. The motive for this research and analyses was driven by the author’s desire to indicate possible ways of improving present status by making changes in the way decisions are being made and carried out afterwards. Even the research has the scholarly task to ensure authentic consideration of the process, gather and





interpret evidence, it also has the practical focus on estimating how sound decisions are being made and to suggest to potential improvements during decision-making process of medicine reimbursement in Croatia.

Throughout the study of the decision-making process of medicines inclusion in so cold “positive reimbursement list”, as expected, it was not possible to identify only one decision-making theory that has been guiding decision makers over last two decades. The type of the decision-making process varied and was dependent on the time such decision was made, as well as the nature and importance of the decision that the organization was making. Throughout the study, it was obvious that different decision-making strategies were used, but it is safe to conclude that the dynamic process of decision making has been gradually moving from decision-making process that was based on logic of appropriateness to the type of decision making that is more built on logic of consequences, that were of wider social importance and grounded on prior preferences. It is also clear that the decision-making process has moved over the time toward more consistent and transparent practice versus uncertainty and inconsistency that characterized the process in the past. Having said that, it doesn’t mean that the process cannot be further improved by adding additional transparency and uniformity.

When looking into procedure how the medicines were included in the reimbursement list, even from the beginning, there was plenty information available to make decisions that were more based on the expected outcome, than would be based on the logic of appropriateness. Throughout the process, the main challenge for decision-making body was to process a large amount of information (bounded rationality) in order to come to the best solution. Furthermore, the body also have been lacking some clear objectives what should have been achieved with the drug policy and therefore, it was easier for the organization to make decisions that were based on the logic of appropriateness, that didn’t contribute to the process consistency and transparency.

The decision-making process during medicines reimbursement procedure in Croatia showed all complexity of

organizational decision making and to analyze the decision-making-system, one might consider its publicly visible, declarative nature and/or inner-workings, a more clandestine aspect of policy-making. In the past, Croatia was repeatedly declared as one of the countries with the un-transparent decision-making process, procedures that lack pre-established consequences and goals, or non-existence of serious analysis of the alternatives as well as resources and risks that are involved in decision making. Frequent violations of conflict of interest and comparatively high corruption index, as Croatia is in 61st place out of 175 considered countries, is a tradition in the Balkans that includes strong sense of separation between “official” and “private” behaviors, even if the discrepancy is not always toward individual interest and may come from the most honorable motives. It was not the exception for the region that important decisions were made outside of the official and regular processes, where policy makers had in mind many parameters (political, existential or others) that were not always stated in officially accepted procedures. Such approach didn’t come necessarily because of decision makers’ desire to deceive the system or because of personal benefits (although this layer should never be neglected), but because of their view on the processes, lack of managerial skills and inability to come with comprehensive set of policies and procedures that would consider all factors that in real life influence one decision. Also, there was a constant anxiety of losing control over the process and not being able to intervene if situation skips control (e.g. exceeding drug budget). So rather than striving for a policy change, Croatian bureaucracy would often be seen as both unpredictable and corrupted; its unpredictability is likely stemming from the need to “soften” or avoid altogether policies one would disagree with in the concrete case. When researching such potentially touchy subject, it was helpful to interview knowledgeable respondents (insiders) by asking them about declared, the official version of things, as compared to the “actual practice” and “your own opinion of things.”



## REFERENCES

- Ariely, D. 2008. *Predictably Irrational*. New York: Harper Collins Publishers.
- Augier, M. 2004. 'James March on Education, Leadership, and Don Quixote: Introduction and Interview'. *Academy of Management Learning & Education*, 3 (2):169–177.
- Bazzoli, G. J., Dynan, L., Lawton R. Burns and Yap, C. 2004. 'Two Decades of Organizational Change in Health Care: What Have We Learned'? *Medical Care Research and Review*, 61 (3): 247–331.
- Dixon, A. 2002. 'Are Medical Savings Accounts a Viable Option for Funding Health Care'? *Croatian Medical Journal*, 43 (4): 408–16.
- Lichtenberg, F. R. and Virabhak, S. 2007. 'Pharmaceutical-Embodied Technical Progress, Longevity, and Quality of Life: Drugs as equipment for Your Health'. *Managerial and Decision Economics*, 28 (4/5): 371–392.
- Gailmard, S. 2012. 'Accountability and Principal-Agent Theory'. Oxford: Oxford Handbook Online.
- Gigerenzer, G., Gaissmaier, W., Kurz-Milcke, E., Schwartz, L.M. and Woloshin, S. 2008. 'Helping Doctors and Patients Make Sense of Health Statistics'. *Psychological Science in the Public Interest*, 8,53–96.
- Hendry, J. 2000. 'Strategic Decision Mking, Discourse, And Strategy As Social Practice'. *Journal of Management Studies*, 37 (7): 955–978.
- Kruk, M. E., Galea, S., Prescott, M. and Freedman, L. P. 2007. 'Health Care Financing and Utilization of Maternal Health Services in Developing Countries'. *Health Policy and Planning*, 22 (5): 303–310.
- Kutzin, J., Cashin, C. and Jakab, M. 2010. *Implementing Health Financing Reform: Lesons from countries in transition*. Copenhagen: World Health Organization and European Observatory on Health Systems and Policies.
- March, J. G. and Romelaer, P. 1976. Position and presence in the drift of decisions. In *Ambiguity and choice in organizations*, edited by J. G. March and J. P. Olsen. Bergen: Univesitetsforlaget.
- March, J. G. and Simon, H. A. 1993. *Organizations*. Cambridge: Blackwell Publishers
- Miller, G. J. 2005. 'The Political Evolution of Principal-Agent Models'. *Annual Review of Political Science*, 8 (1): 203–25.
- Ministarstvo Zdravlja. 2012. *Nacionalna strategija razvoja zdravstva 2012.–2020*. Zagreb: Vlada Republike Hrvatske.

- Novine Narodne 2008. *Zakon O Zdravstvenoj Zastiti*. broj 150/08. Accessed on 8 November 2019, <http://uznr.mrms.hr/wp-content/uploads/propisi2/nacionalni/rsp003.pdf>.
- Santos, F. M. and Eisenhardt, K. M. 2005. 'Organizational Boundaries and Theories of Organization'. *Organization Science*, 16 (5): 491–508.
- Simon, H. A. 1977. *The New Science of Management Decision*. New York: Prentice Hall PTR Upper Saddle River.
- WHO. 2014. WHO Global Health Expenditure Atlas. Accessed on 3 November 2019, <https://www.who.int/health-accounts/documentation/atlas.pdf>.



# CONCEPTUALIZATION OF DIGITALIZATION: OPPORTUNITIES AND CHALLENGES FOR ORGANIZATIONS IN THE EURO-MEDITERRANEAN AREA

| 93 |

TILEN GORENŠEK

*University of Ljubljana, Slovenia*

ANDREJ KOHONT

*University of Ljubljana, Slovenia*

Digitalization is radically interfering and changing the fundamental assumptions of the way of life and organization of work in a postmodern society, which is becoming more globalized and more digitalized than ever before. Therefore it is becoming increasingly important for organizations to quickly, efficiently, and appropriately plan the digital transformation to achieve flexibility and to maintain market competitiveness. In this context, the understanding of digitalization and related concepts is vital. The paper focuses on the social and organizational level and highlights the conceptualization of digitalization and the results of previous research, which support the hypotheses of significant organizational changes while highlighting the opportunities and challenges that digitalization brings to society and organizations in the Euro-Mediterranean area and around the world.

*Key words:* Digitization, digitalization, digital transformation, digital convergence, digital globalization



## INTRODUCTION

Digitalization is a term that has been used more and more frequently in public discourse in recent years, with many variants of the term used, and in many cases, misused or misleading. In general, using the term digitalization, we aim to change the impact and consequences of information and communication technology on society and its systems (e.g., economic, political, cultural, social). Caution must be exercised when using the term as different conceptual meanings define different processes of digitalization and the role that these processes play in the context of the impact of information and communication technology on society and its systems. The purpose of the paper, by the analysis of texts and studies, is to analyze different definitions of digitalization and related concepts, to find relatedness and differences, and to offer an original definition which will contribute to the possible unification and in-depth understanding of the concept of digitalization. That is necessary for understanding the studied field and with that contribute to the easement of the search for appropriate solutions for the opportunities and challenges that will come with digitalization at the company and organization level in every country of the Euro-Mediterranean area and beyond, since digitalization is a global phenomenon.

The structure of the article thus covers the definition of the digitalization process and related concepts such as digital transformation and digital convergence based on the analysis of secondary sources. It also presents some of the key opportunities and challenges posed by digitalization, as it is a long-term process of which result is still is not entirely known.

## DIFFERENTIATION BETWEEN DIGITIZATION AND DIGITALIZATION

There are two conceptual meanings of digitalization that are closely linked and often used interchangeably across a wide range of literature - Google Scholar finds approximately 571,000 »digitization« hits and approximately 221,000 »digitalization« hits, confirming the importance of the precise conceptual definition of digitalization. The first meaning refers to digitization as the



process of digitizing, that is, the conversion of analog data (e.g., images, video, text) into digital format (The Oxford English Dictionary 2019; Gartner 2019a). Also, Brennen and Kreiss (2016) define digitization as the material process of converting individual analog streams of information into digital bits. The second importance is related to digitalization as the acceptance or increase of the use of digital technology by organizations, industries, countries. (The Oxford English Dictionary). According to Brennen and Kreiss (2016), the process of digital transformation is how many domains of social life are restructured around digital communication and media infrastructure. A simple example can also show the difference between conceptual meanings. In the context of digitization, we use a digital tool to scan an analog contract record into a digital contract record, which is then saved in digital PDF format and then stored on a hard disk on our computer. In the context of digitalization, we use a digital tool to scan an analog contract record into a digital contract record, which is then saved in digital PDF format. This PDF is then uploaded via the Internet to a cloud service, which can be accessed at any time, anywhere. In both cases, the process was digitized, but in the second case, the process was also digitalized, as we took more significant advantage of digitization opportunities. While digitalization implicitly expresses a positive connotation, in the case of digitization, this is generally not the case. The example also shows that digitization is urgently needed to realize digitalization.

Digitization is, therefore, a technical process of converting analog streams of information into digital bits that have discrete and discontinuous values or are based on two separate states (Feldman 1997). These two separate states are a characteristic of the digital world, which leads us to conclude, in the words of Robert Pepperell (2003), that digital information is „discrete and pure“ while analog information is „continuous and noisy“. However, Robinson (2008) defines his analogy much more in detail when he notes that it is analogous as smoothly changing, possessing the properties of the apparent impeccable and untouchable credibility of space and time. It compares analogy-ness with space and time, which allows for infinite division, and

in association with them (space and time), connects something authentic and natural to the artificial and arbitrarily truncated precision of the digital. Digitization can also be understood as a process that, in addition to being symbolic, has material dimensions and generates information that can be expressed in many different ways, through many different types of materials and in many different systems. From a theoretical point of view, almost any material with two simple states can be used to store and communicate digitized signals, including silicon transistors, punch cards, or atoms (Brennen and Kreiss 2016). Manoff (2006) emphasizes the intangible quality of information obtained through digitization while reducing the importance of the physical systems (transistors) on which information is stored. In this context, the authors' key finding (Manoff 2006; Hayles 2003) is that digital information is stored on and communicated through the physical orientation of material transistors as bits. Although digitized information is not limited to specific types of materials, in the end, it is still based on material configurations. This is precisely how digitization mediates between the material and the intangible, making digitization a unique process. Verhulst (2002) further argues that just as digitized information can be represented on any set of transistors, all forms of data - alphanumeric texts, graphics, still and moving images and sounds - can be digitized. Van Dijk (2006) points out that the conversion process occurs through precise technical mechanisms and requires a specific technical infrastructure that re-aligns the original signal itself. While popular belief often describes digitization as a technical process, we humans have made certain choices about what to keep and what to discard on algorithms that perform the digitization process. Jonathan Sterne points out in the example of the history of sound reproduction that the same applies to analog technology (2003). Analog technologies produce images that are more faithful to the original than digital images that continuously reconstruct bits in an instant, but both necessarily interpret the world. Digitization, therefore, generates data with a series of distinctive characteristics, or, as Negroponte (1995) points out, it is the universality of digitized information. Also, Flew (2005) believes that any



bit can interact with any other bit, regardless of the shapes that were initially converted to digits or what these digits represent when made available to the end-user.

However, the universality of digital information presupposes the withdrawal of all non-essential supplementary information (Dretske 1982) and any inherently unnecessary repetition (Negroponte 1995). In this context, Van Dijk (2006) boldly argues that digitization by reducing communication to its essential components produces a lingua franca, capable of facilitating universal communication. Digitized information can be easily stored and transmitted due to a lack of errors, repetition, and statics, which also enables easy manipulation and display of this data (Verhulst 2002). They enable data compression (Negroponte 1995) and large-scale controlled storage (Verhulst 2002). Digital data, because it can be easily manipulated, gives users additional control over information (Beniger 1986; Owen 2007). According to Feldman (1997), this additional control enables users to formulate their own digital data experiences. Digitization, therefore, allows for a considerable measure of interactivity between the user and information. Lessig (2008) uses this thesis in his popular idea of digital technologies that support the democratic form of remix culture.

Because digital beats have only two possible states - 1 and 0, nodes will make less data transmission and decoding errors than analog systems. Van Dijk (2006) argues that this is reflected in the transmission of information without loss, which in turn results in fewer errors and fewer duplications of errors, while also giving more opportunity for accurate processing. At the same time, the transmission of digital information does not involve the transmission of any physical material but is merely a transfer of transistor configuration information or copying. Groys (2008) sees this as an erosion of the distinction between original and copy. It is precisely this idea, as Benkler (2006) confirms, that has particular weight on intellectual property legal issues. As Lessig (2008) notes, this can have troubling implications for the spread of intellectual property, since legislation either regulates reproduction or copying. However, with every use of creative work in a digital context, technology creates a new copy. Lessig (2008)



thus identifies the central tension of digitized information: digitized information, on the one hand, is non-competitive, meaning that it can be reused repeatedly by different people without the original digital object being reduced or degraded. This, combined with the near-zero marginal cost of reproduction, allows for cheap, accurate, and widespread copies of digitized content (Brynjolfsson and McAfee 2016). A simple way to reproduce digital information, interactive accessibility, which has resulted in the proliferation of creative recombinations of cultural content, and smooth distribution of digital creative work have challenged the monetization of copyrighted content and undermined the ability to claim recoverable copyrights over cultural property (Ananny and Kreiss 2011; Boyle 2009; ; Lessig 2008; Benkler 2006; Fisher 2004). On the other hand, industries have responded to digitized information by creating numerous technological solutions in the digital rights management area (Gillespie 2007) that in fact lock consumer products and prevent even fair use of copyrighted content and by pushing platforms and individuals after removal of all potential copyrighted content, including those judged by the courts to be fair use of copyrighted content (Vaidhyanathan 2003). As Mansell (2012) writes, these issues, which are actually at the intersection of digital law and accessibility, have spurred two decades of activity and work in the field of internet regulation, in addition to existing efforts in the areas of competence and governance.

Copyright protection is not the only legal dilemma in the field of digitization. The last few years have seen justifiably critical concerns about the relationship between digitization and control. A quarter of a century ago, Negroponte (1995) correctly concluded that digitization produces metadata that is generated by radically simplifying or reducing the information in digital form. The system produces information about digital streams by summarizing signals to their most basic form. Metadata enables computer systems and infrastructures to index, search, and store digitized information. Mathes (2004) points out that it is the users who often themselves produce digital metadata in ways that allow the classification and indexing of information.

In various contexts ranging from knowledge production, social science research, to government control, metadata has proven to be a crucial aspect of digital media. They contributed to the creation and accessibility of big data, including revealing the network structure of blogs and social networking patterns on online social networks, patterns of online social media usage during the Arab Spring, political online media traffic, and message diffusion patterns regarding health. State agencies aimed at monitoring people also proved to be extremely useful. In discussing the use of metadata for state control purposes, Healy (2013) demonstrated the power of metadata, using the concept of organizational affiliation to find Paul Revere and his revolutionary colleagues without considering the content of their messages. Digitization and digitized information are characterized by radical uniqueness, as the digitization of information is expected to offer important and meaningful features, such as the characteristics of digitized information, and its consequences will radically transform the entire media environment. Thus, the ultimate implication may be that digitization echoes across social groups and social interactions. However, when discussing changes in social structures at the macro level, a different meaning is often used, that of digitalization (Brennen and Kreiss 2016).

Since the emergence of the term digitalization, the effects of digitalization on society have been at the heart of the discussion. The first modern use of the term digitalization in connection with computerization can be seen in an essay published in the *North American Review* in 1971. Robert Wachal (1971) describes the implications of digitalization on society, in the context of countering objections to and the possibility of computer-aided exploration of social phenomena (Sanders 1974). Studying and exploring the concept of digitalization has produced enormous amounts of literature, highlighting the ways in which the digital media structure shapes and influences the modern world. In this context, digitalization has begun to address the structuring of diverse areas of social life around digital communication and media infrastructure. Wachal sees digitalization as one of the key, if not crucial, features of the modern



world. He is supported by Van Dijk (2006), stating that we are on the way to having for the first time in history a single communication infrastructure that will connect all the activities of the society. This communication system is shaped by new digital media, which are often defined as old media that have been transformed into devices that allow digital signal management (Verhulst 2002). The authors analyze in various ways how digitalization is shaping the modern world. Among other things, they focus on the rise of the globalization process due to the use of digital technology (Sassen 1998). The processes of digitalization and globalization of the economy have eroded national sovereignty, transformed the concepts of materiality and space, and facilitated the new circulation of culture, capital, goods and people. Research thus shows that digital media have already become a central pillar of global capital flows (Knorr Cetina and Bruegger 2002). Although many authors have written about the information society, most of the explanations and modern understandings of the information society come from the earlier works of Fritz Machlup (1962) and Daniel Bell (1972). One of the more significant findings of the above authors is that the rise of the information society is causing widespread shifts in national economies and occupational patterns. Within the established framework, researchers have argued that the computer technology of the information age represents what mechanization represented the industrial revolution (Naisbitt 1984). However, as Webster (2006) writes, some have implicitly recognized technological determinism in this thesis.

## DIGITAL CONVERGENCE AS A RESULT OF DIGITALIZATION

In the context of digitalization and its impact on society, the notion of digital convergence should be emphasized. Tilson, Lyytinen, and Sørensen (2010) point out that digitalization has a profound impact on society as it promotes convergence across sectors. This is based on the convergence of (digitized) media, which drives social and technical change in the fields of production of culture and knowledge, political participation and collective action, statehood, globalization, and social structures

(Brennen and Kreiss 2016; Yoffie 1996). The idea of digital convergence (Watson 2012) has been explored through different processes and domains in society, with different forms of convergence identified. Four key dimensions of digital convergence are highlighted in both meanings (digitization and digitalization): (1) infrastructure (network), (2) terminal (device), (3) functional and in relation with it rhetorical, and (4) market convergence (Brennen and Kreiss 2016). Oblak and Petrič (2005) point out that in order to adequately address digital convergence, technological changes must be observed at every step of the information infrastructure, from content design to its distribution and consumption. This is a case of technological convergence, which refers to the “fusion of all modes of mediated communication into electronic, digital formats supported by computers” (ibid.).

| 101 |

Jenkins (2001) also presents social or organic convergence as a multitasking strategy for consumers to move in the new information environment. As an example of organic convergence, he gives an example of a student watching a sporting event on television, listening to music over the stereo, processing text on paper, and writing an email to his friends. In addition to social or organic convergence, Jenkins (ibid.) also presents the importance of the culture convergence process, which he describes as the emergence of new forms of creativity at the intersection of various media technologies, industries, and consumers. We need to understand it in the context of media convergence because it fosters a new participatory culture by giving average people the tools to archive, record, capture, and distribute content. Ingenious and pervasive businesses leverage this kind of culture to foster consumer loyalty and produce low-cost content. Media convergence also promotes transmedia storytelling, which marks the development of content across numerous communication channels. While producers are harnessing organic convergence, storytellers will use each communication channel to communicate different types and levels of narrative information, using each medium to do exactly what it does best.



## DIGITAL TRANSFORMATION AS A TOOL TO TACKLE THE CHALLENGES OF DIGITALIZATION

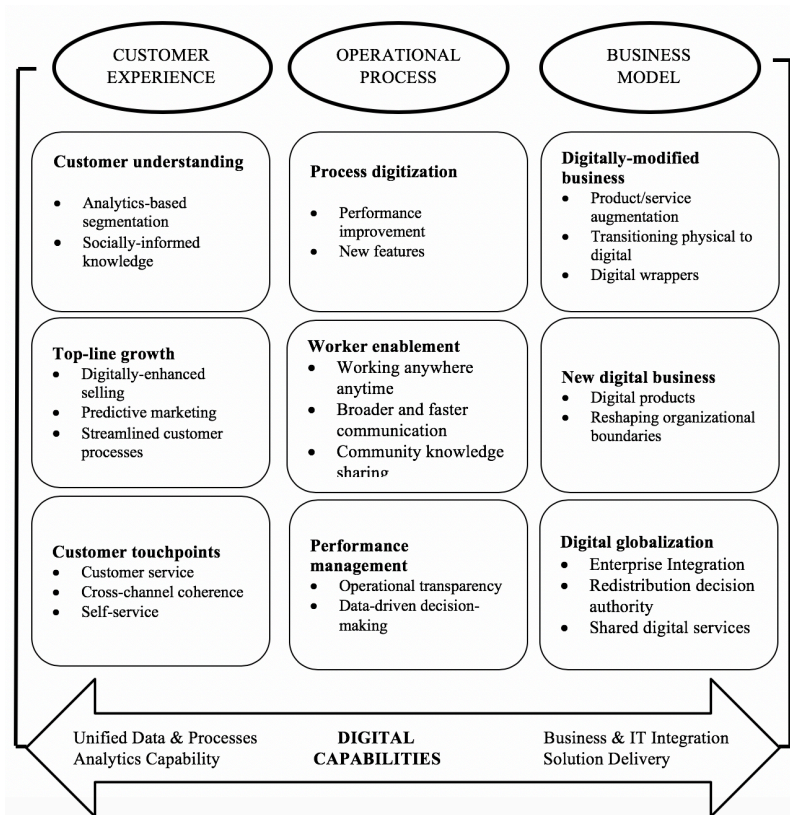
Changes in the political, economic, cultural, or other processes that are the mainstay of digitization result in digital transformation. It can be defined as a process of shifting an organization from old approaches to new ways of working and thinking through the use of digital, social, mobile, and emerging technologies. This process involves changes in the organization's management, presupposes different thinking, encourages innovation and the development of new business models, incorporating asset digitization and increased use of technology to enhance the user experience of the organization's employees, customers, suppliers, partners and shareholders (Agile Elephant 2015). At the organizational level, according to Gartner (2019b), in the case of digital transformation, the use of digital technologies to change the business model, generate new revenue and create new opportunities for value creation. Although digital transformation is used in a predominantly business context, its impact also extends to other (government, non-government, international) organizations. Often, these organizations use existing and emerging digital technologies as a tool to address societal challenges. One example is the Internet, which has resulted in the digital transformation of the advertising industry.

Westerman, Bonnet, and McAfee (2011) conducted an in-depth study of digital transformation at the MIT Center for Digital Business and Capgemini Research Institute to help them understand how companies are undertaking digital transformation. They interviewed 157 executives from 50 large companies with over \$ 1 billion in annual sales coming from 15 different countries. About half of the interviewees were business executives, and the other half were technology and IT executives. All the companies involved were characterized by the path of digital transformation but implemented it at various speeds and with different results (Westerman et al., 2011). The interview analysis showed the authors a clear pattern of how digital transformation is taking place in companies. The components of digital transformation are presented in the figure below.





Figure 1: Building blocks of the digital transformation



Source: Westerman, Bonnet and McAfee (2011).

The authors found that although large traditional companies are different from digital companies, many are successfully starting the digital transformation. Although they are transformed at different speeds and with different results, it is common to all that digital transformation is driven by the pressures of customers, employees, and competitors. Successful digital transformation is not only based on the implementation of new technologies but above all, the changes in the organization that can take advantage of the opportunities that new technologies offer, including the transformation of customer experience, operational processes, and business models. Companies that are in

the process of digital transformation are changing the way functions work, redefining interactions between functions, and testing new boundaries of the business. The authors point out that a successful digital transformation will occur when it is primarily from the top down and not the bottom up. They also note that the transformation process must focus on managing change, not change itself. Successful digital transformation is reflected in the transformation of an existing organization so that it can leverage existing strategic resources in new ways (Westerman et al., 2011). The key to successful digital transformation, therefore, lies not in the use of new or traditional technologies, but in the re-design and management of changes related to the operation of the business. It is not only a technological challenge, but most of all, a challenge related to management, managers, and employees. (Westerman et al., 2011).

Managers are digitally transforming three key pillars of business: customer experience, operational processes, and business models. Each of these pillars has three different elements (customer understanding, top-line growth, customer touchpoints, process digitization, worker enablement, performance management, digitally-modified business, new digital business, and digital globalization) that are changing. The combination of pillars and elements represents nine components of digital transformation. The authors point out that none of the companies studied completed the transformation of all nine areas by the end of the survey, confirming that digital transformation is a long process (Westerman et al., 2011). Many managers are aware that these changes are necessary. The authors (Westerman et al., 2011) cite examples of companies introducing digital products to complement traditional products. At the same time, they can gain global synergies through digital technology and integrated information while remaining responsive locally. Organizations of this kind also benefit from the potential of global shared services in finance, human resources management, and even core capabilities such as manufacturing and design. Global shared services promote efficiency, flexibility, and reduce risk. For local unit managers, this form of centralization can be tedious, but it is also balanced by the benefits of increased efficiency and



the ability to focus on strategic activities while giving them a broader view of the business. The digital globalization of shared services also envisages a changed management approach to policy-making, based on fewer direct decisions and the provision of more guidance or guidance (Westerman et al., 2011). Digital transformation, therefore, requires strong leadership that can implement and direct change and a vision that defines the specific parts of the organization that will transform (Westerman et al., 2011).

## AT THE CROSSROADS: THE OPPORTUNITIES AND CHALLENGES OF DIGITALIZATION

In the last decade, we have witnessed ideas (Benkler 2006) that highlight radical changes in the production of culture and knowledge. They argue that in a world dominated by digital platforms (such as Facebook, Twitter and Wikipedia), entirely new forms of non-marketable and non-proprietary production of knowledge and culture have emerged due to the unique accessibility of digital technologies, which have changed the ways and criteria of creating sociability (Brennen and Kreiss 2016). The rise of digital media brings, among other things, the low cost of creating and disseminating virtually all digital information, be it movies on smartphones or political commentary on blogs. Digitalization needs to be critically addressed due to its disruptive properties, and besides the opportunities, the challenges and dangers it brings must be highlighted. The nature of ongoing technological change does not allow it to capture all the opportunities and challenges precisely, nor does it make it possible to anticipate the disruption and effects of technology on the economy. The article highlights opportunities and challenges at the company and organization level. Digital convergence is changing the organizational environment to such an extent that the effects are manifested from multiple angles - in terms of religion, culture, political and other views, expectations and desires (Zzauer 2017; Revoredo 2017; Bentivegna and Guerrieri 2011; Chung 2007; Storsul and Stuedahl 2007; Global Performance Improvement 2015). Frey and Osborne



(2017) point to the convergence of different sectors of the industry, which will reflect in the reduction of needs for certain professions, despite the emergence of new ones. However, the transition to new professions will not be without challenges, as there will be a vast need for retraining and lifelong learning, and everyone, due to various factors (age, gender, the region of residence, quality of life), will certainly not be able to perform the transition. The forecasts are confirmed by data from the World Economic Forum (2016) since between 2016 and 2021, more than 35% of the skills identified in 2016 as important for the job will be replaced.

To help understand the specific opportunities of digitalization, we highlight the elements of change that digitization brings to organizations in the case of paperless business:

<i>Increased productivity</i>
<i>Cost efficiency</i>
<i>Enhanced security</i>
<i>Enhanced information preservation</i>
<i>Disaster recovery</i>
<i>Space-saving</i>
<i>Stay competitive</i>
<i>Environmentally friendly</i>
<i>Digital transformation</i>

Source: Westerman, Bonnet and McAfee (2011).

Document digitization represents the first digitization step in the context of operational processes (Westerman et al., 2011; Aptara 2018). Microsoft (2018) predicts that digital transformation will contribute more than \$ 1 trillion to GDP in the Asia-Pacific region by 2021, highlighting artificial intelligence as a primary catalyst for continued growth. However, the integration of artificial intelligence into society is not possible without digitization, digitalization, and digital transformation of organizations, economics, and society as such. Leading organizations in digital transformation are highlighting digital



competencies and cybersecurity as a critical challenge in digitalization. Data capabilities in the context of using advanced analytics tools that enable organizations to respond quickly and effectively in a fast-changing market are often highlighted as a challenge (Microsoft 2018). Digitalization provides unprecedented access to knowledge, reduced costs, and greater interdisciplinarity, which is also a necessity, as trends indicate that younger generations will, on average, perform far more different occupations than generations in the 20th century (Mittal et al., 2018). Some authors (Standing 2008; Williams and Lansky 2013) also point to the problem of the proliferation of forms of work, which is characterized by the combination of ordinary forms of work and precarious work with illegal status, together with the problem of the spreading of the informal sector and informal forms of employment. These problems can, of course, be linked to the trend of digitalization, because of their disruptive nature, it empowers the trend of proliferation of deregulation of employment regimes, with the situation of classic employees slowly but steadily equaling the position of the most deprived categories of non-standard employees. These problems are topical and especially acute because of the negative effects projected on the inability to maintain social dialogue by social partners throughout the (un) developed world. Changes in the nature of interpersonal relationships are noticeable at the societal level, and various forms of mental illness have been on the rise, considered harmless to society several decades ago, but today show the potential to seriously threaten the healthy development and advancement of society (Harteis 2018; Tal and Torous 2017; Faibrun and Patel 2017; Utley 2016; Dávideková 2016; World Economic Forum 2018; Makridakis 1995). Political science, communication science, and other sciences are already facing the challenges of digitalization in interpersonal and other forms of communication (Charvat and Brunner 2017; Michalska and Lilleker 2017). For example, the phenomenon of fake news is pervasive, but it has gained in intensity precisely through information and communication technology, which enables real-time broadcasting.



Digitalization has a massive impact on the economic field, which plays a vital role in the development and advancement of society (Denecken 2016; Evangelista et al. 2014; Katz et al. 2014). To this day, we do not know precisely what the concrete effects of online social networks are, although studies clearly show that there is a change in brain function itself (Giedd 2012; Crone 2018; He et al. 2017). Changes in the perception of reality have been conditioned throughout human history by the existence of a kind of dominant institution, i.e., system, while in the age of information and communication technology, the perception of reality can be affected by a single viral posting of text, images or videos on an online social network. Digital solutions offer advantages that can, in the context of the country, simplify security and intelligence systems, facilitate economic processes, and standardize infrastructure and information transfer. The company can, among other things, look for improvements in the implementation and use of public services, the issuance of personal documents and certificates, the management of finances, and access to services provided by the public or private sector.

Digital solutions also bring about positive changes in the context of government-imposed regulation, as approvals can also be issued online. The digitization of bureaucracy, meanwhile, brings about accelerated processing and processing of processes and, together with digitalization, contributes to a more exceptional sectoral organization. In the context of the impact of digitalization on public transport, Davidsson et al., (2016) identify the following categories of challenges: business models, privacy and integrity issues, security, interoperability, scalability, usability, data collection and deployment. These categories of challenges are practically universal and can be applied to all areas of human activity. Nevertheless, this very universality of challenges also shows how global digital convergence really is. On the one hand, it offers more opportunities to address the challenges of digitalization, and on the

other hand, due to convergence, it brings increased risks that can lead to significant harm if unsuccessfully solved.

## CONCLUSION

The process of digitalization requires an entirely different mindset, the high availability of resources for investment and digital transformation purposes, and the different competencies and knowledge that the existing workforce possesses. Such reasons give rise to various training initiatives for the workforce and consumers intending to develop digital competencies that are not only crucial in the context of work and employment but also in the context of the use of services and the organization of professional and private life. So how do we research and study a phenomenon that is so complex and the consequences of which are not yet fully known to society? In order to truly understand what the digitalization process and its related concepts bring about and what changes it causes, we must first understand the conceptual differences in the various meanings of the said process and related concepts (e.g., digital transformation, digital convergence). We need to understand that digitization refers to the process of converting analog data to digital format, digitalization defines the use of digitization as a lever to achieve change in processes, while digital transformation refers to the process of shifting organizations to new ways of working and thinking. The result of these activities is the convergence of different sectors or digital convergence. We further believe that this kind of research and study of digitalization can be carried out based on already established research models. Due to a completely different relationship between digitalization on the one hand, and the spatial and temporal dimension on the other, we cannot expect that the academic community will be able to, with sufficient speed, produce scientific findings, conclusions and pragmatic forecasts that would otherwise be necessary at this time. This is also confirmed by the review of Slovenian literature on the subject, which is rather scarce. Although some articles and publications on this topic can be found, none of them offers an in-depth study of the impacts and consequences of digitalization at the

level of society, organizations, and individuals. Scientific knowledge, however, is essential for organizations to help them prepare for the opportunities and challenges of digitalization and to identify trends in digitalization that affect the organizational environment more easily.

Exploratory empirical research of the concept under consideration also opens up the possibility of making pragmatic predictions based on the research done. Such forecasts are essential to organizations in terms of ensuring overall development orientation, as the rise of the digital economy and the effects of digitalization, on the one hand, increase uncertainty and hinder long-term planning opportunities, and on the other hand, with the development and implementation of new technologies, make it more accurate and more sustainable long-term planning. It is no coincidence that the European Commission (2015) identified digitalization as one of the ten key priorities. Therefore, the scientific paper seeks to make a meaningful contribution to the unification and in-depth understanding of the digitalization process and related concepts through the analysis of studies and texts and also highlights some of the key opportunities and challenges of digitalization at the level of society and organizations (U.S. Department of Transportation, 2016). In addition to those mentioned above, the level of the individual that is not explicitly addressed in the article is relevant, which is a limitation of the article or a limitation of the level of discussion.



## REFERENCES

- Adler, N. J. 1983. 'Cross-cultural management research: the ostrich and the trend'. *Academy of Management Review*, 8 (1): 226–232.
- Adler, N. J. 1980. Cultural Synergy: The management of cross-cultural organizations. In *Trends and Issues in Organizational Development: Current Theory and Practice*, edited by W. W. Buke and L. D. Goodstein, 163–184. San Diego: University Associates.
- Ah Chong, L. M. and Thomas, D.C. 1997. 'Leadership perceptions in cross-cultural context: Pacific Islanders and Pakeha in New Zealand'. *Leadership Quarterly*, 8 (3): 275–293.
- Alon, I., Jaffe, E., Prange, C. and Vianelli, D. 2017. *Global marketing: Contemporary theory, Practice, and Cases*. New York: Routledge.
- Beugelsdijk, S., Kostova, T. and Roth, K. 2017. 'An overview of Hofstede-inspired country-level culture research in international business since 2006'. *Journal of International Business Studies*, 48 (2): 30–47.
- Browaeyes, M., Price, R. 2015. *Understanding Cross-Cultural Management*. London: Prentice Hall.
- Caldwell, C. and Clapham, S. 2003. 'Organizational trustworthiness: An international perspective'. *Journal of Business Ethics*, 47 (4): 349–364.
- Child, J. and Kieser, A. 1977. A contrast in British and West German management practices: Are recipes of success culture bound?. Paper presented at the Conference on Cross-Cultural Studies on Organizational Functioning, Hawaii.
- Codignola, F. 2012. Global Corporate Culture and Cross-Cultural Management. In *Managerial Economics and Global Corporations*, edited by S. Brondoni, 57–72. Torino: Giappichelli.
- De Mooij, M. and Hofstede, G. 2011. 'Cross-Cultural Consumer Behavior: A Review of Research Findings'. *Journal of International Consumer Marketing*, 23, 181–192.
- Drent, P. J. D. and Wilpert, B. 1980. 'The Role of "Social Contracts" in Cross-Cultural Research'. *International review of Applied Psychology*, 29 (3): 293–306.
- Drogendijka, R. and Slangenb, A. 2006. 'Hofstede, Schwartz, or Managerial Perceptions? The Effects of Different Cultural Distance Measures on Establishment Mode Choices by Multinational Enterprises'. *International Business Review*, 15 (4): 361–380.
- Earley, P.C. and Singh, H. 1995. 'International and Intercultural Management Research: What's next?'. *Academy of Management Journal*, 38 (2): 327–340.



- Eisenhardt, K. M. and Graebner, M. E. 2007. 'Theory building from cases: opportunities and challenges'. *Academy of Management Journal*, 50 (1): 25–32.
- Ferdous Hoque, S. F., Sinkovics, N. and Sinkovics, R. R. 2016. 'Supplier strategies to compensate for knowledge asymmetries in buyer-supplier relationships: implications for economic upgrading'. *European Journal of International Management*, 10 (3): 254–283.
- Furrer, O., Shaw-Ching Liu, B. and Sudharshan, D. 2000. 'The relationships between culture and service quality perceptions'. *Journal of Service Research*, 2 (4): 355–371.
- Gautam, V. 2015. 'Service Quality Perceptions of Customers about Mobile Telecommunication Services: A Case of India'. *Journal of Global Marketing*, 28 (1): 19–31.
- Gesteland, R. R. 2012. *Cross-Cultural Business Behaviour: A Guide for Global Management*. Copenhagen: Copenhagen Business School Press.
- Gibbert, M., Ruigrok, W. and Wicki, B. 2008. 'What Passes as a Rigorous Case Study?'. *Strategic Management Journal*, 29 (13): 1465–1474.
- Goodenough, W. H. 1971. *Culture, Language and Society, Modular Publications*, California: The Benjamin/Cummings Publishing Company, Inc.
- Grönroos, C. and Grönroos, C. 2016. 'Internationalization Strategies for Services: A Retrospective'. *Journal of Services Marketing*, 30 (2): 129–132.
- Grönroos, C. and Gummerus, J. 2014. "The Service Revolution and its Marketing Implications: Service Logic vs Service-dominant Logic", *Managing Service Quality*, 24 (3), 206–229.
- Gronroos, C. 1996. 'Relationship Marketing Logic'. *Asia-Australia Marketing Journal*, 4 (1): 7–18.
- Gronroos, C. 2000. *Service Management and Marketing: A Customer Relationship Management Approach*. New Jersey: John Wiley & Sons.
- Grönroos, C. 2007. *Service Management and Marketing: Customer Management in Service Competition*. Toronto: Wiley.
- Gummesson, E. and Costabile, M. 2006. *Marketing Relazionale: Gestione del Marketing nei Network di Relazioni*. Milano: Hoepli
- Hall, E.T. 1989. *Beyond Culture*. New York: Anchor Press.
- Herbig, P. 2013. *Handbook of Cross-Cultural Marketing*. New York: Routledge.
- Hofstede, G., Hofstede, G.J., Minkov, M. (2010) *Cultures and Organizations: Software of the Mind*. New York: McGraw-Hill.



- Hofstede, G. 2001. *Culture's Consequences: Comparing Value, Behaviours, Institutions and Organizations Across Nations*. Los Angeles: SAGE.
- Hofstede, G. 2011. 'Dimensionalizing Cultures: The Hofstede Model in Context'. *Online Readings in Psychology and Culture*, 2 (1): 3–26.
- Holmqvist, J., Van Vaerenbergh, Y. and Grönroos, C. 2017. 'Language use in services: Recent advances and directions for future research'. *Journal of Business Research*, 72 (2): 114–118.
- House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W. and Gupta, V. 2004. *Culture, Leadership and Organizations: The Globe Study of 62 Societies*. London: SAGE.
- Ihtiyar, A. and Fauziah, S.A. 2015a. 'The impact of Intercultural Communication Competence on Service Quality and Customer Satisfaction'. *Services Marketing Quarterly*, 36 (2): 136–152.
- Ihtiyar, A. and Fauziah, S. A. 2014. 'Intercultural Communication Competence as a Key Activator of Purchase Intention'. *Procedia - Social and Behavioral Sciences*, 150 (21): 590–599.
- Ihtiyar, A. and Fauziah, S. A. 2015b. 'The Role of Intercultural Communication Competence on Service Reliability and Customer Satisfaction'. *Journal of Economic and Social Studies*, 5 (1): 145–168.
- Kirkman, B. L., Lowe, K. B. and Gibson, C. 2006. 'A quarter century of Culture's Consequences: A Review of the Empirical Research Incorporating Hofstede's Cultural Value Framework'. *Journal of International Business Studies*, 36 (3): 285–320.
- Kluckhohn, F. R. and Strodtbeck, F. L. 1961. *Variations in Value Orientations*. New York: Row and Peterson.
- Kraus, S., Meier, F., Eggers, F., Bouncken, R. B. and Schuessler, F. 2016. 'Standardisation vs. Adaption: A Conjoint Experiment on the Influence of Psychic, Cultural and Geographical Distance on International Marketing Mix Decisions'. *European Journal of International Management*, 10 (2): 127–156.
- Levitt, T. 1983. 'The Globalization of Markets'. *Harvard business review*, 61 (3): 92–102.
- Linton, R. 1945. *The Cultural Background of Personality*. New York: Appleton-Century.
- Lustig, L. W. and Koester, J. 2013. *Intercultural Competence: Interpersonal Communication Across Cultures*. London: Pearson.
- Moorman, C., Zaltman, M. and Deshpandé, R. 1993. 'Relationship Marketing Between Providers and Users of Marketing Research: The Dynamic of Trust Within and Between Organisations'. *Journal of Marketing Research*, 29, (2): 314–328.
- Morgan, R. and Hunt, S. 1994. 'The Commitment Trust Theory of Relationship Marketing'. *Journal of Marketing*, 58 (3): 20–38.



- Pepur, M., Mihanović, Z. and Pepur, S. 2013. 'Analysis of the Effect of Perceived Service Quality to the Relationship Quality on the Business-to-Business Market'. *Management*, 18 (2): 97–109.
- Peterson, M. F. 2001. 'International Collaboration in Organizational Behaviour Research'. *Journal of Organizational Behaviour*, 22 (2): 59–81.
- Pomirleanu, N., Mariadoss, V. B. and Chennamaneni, P. R. 2016. 'Managing Service Quality in High Customer Contact B2B Services Across Domestic and International Markets'. *Industrial Marketing Management*, 55 (2): 131–143.
- Powers, T. L. and Loika, J. J. 2010. 'Adaptation of Marketing Mix Elements in International Markets'. *Journal of Global marketing*, 23 (1): 65–79.
- Rosette, A. S., Brett, J. M., Barsness Z. and Lytle A. L. 2012. 'When Cultures Clash Electronically: The Impact of E-mail and Social Norms on Negotiation Behaviour and Outcomes'. *Journal of Cross Cultural Psychology*, 43 (3): 628–643.
- Schein, E. H. 1985. *Organizational Culture and Leadership*. San Francisco: Jossey-Bass.
- Schiffman, L. G. and Wisenblit, J. L. 2015. *Consumer Behavior, Global Edition*. New Jersey: Pearson.
- Schurr, P. H. and Ozanne, J. L. 1985. 'Influence Exchange Process: Buyers' Preconceptions of a Seller's Trustworthiness and Bargaining Thoughts'. *Journal of Consumer Research*, 11 (4): 939–953.
- Schwartz, S. H. 2014. 'Rethinking the Concept and Measurement of Societal Culture in Light of Empirical Findings'. *Journal of Cross-Cultural Psychology*, 45 (1): 5–13.
- Schwartz, S. H. 2008. *Cultural Value Organizations: Nature and Implications of National Differences*. Moscow: State University – Higher School of Economics Press.
- Sharma, P. 2019. *Intercultural Service Encounters: Cross-cultural Interactions and Service Quality*, London: Palgrave Macmillan.
- Sharma, P. and Wu, Z. 2015. 'Consumer Ethnocentrism vs. Intercultural Competence as Moderators in Intercultural Service Encounters'. *Journal of Services Marketing*, 29 (2): 103–111.
- Sharma, P., Wu, Z. and Su, Y. 2016. 'Role of Personal Cultural Orientations in Intercultural Service Encounters'. *Journal of Services Marketing*, 30 (2): 223–237.
- Steenkamp, J. B. E. M. 2001. 'The Role of National Culture in International Marketing Research'. *International Marketing Review*, 18 (1): 30–44.



- Tam, J. L. M., Sharma, P. and Kim, N. 2016. 'Attribution of Success and Failure in Intercultural Service Encounters: the Moderating Role of Personal Cultural Orientations'. *Journal of Services Marketing* 30 (6): 643–658.
- Theodosiou, M., Leonidou, L. C. 2003. 'Standardization Versus Adaptation of International Marketing Strategy: An Integrative Assessment of the Empirical Research'. *International Business Review*, 12 (2): 141–171.
- Thomas, D. C. 1999. 'Cultural Diversity and Work Group Effectiveness: An Experimental Study'. *Journal of Cross-Cultural Psychology*, 30 (3): 242–263.
- Thomas, D. C. and Ravlin, E. C. 1995. 'Responses of Employees to Cultural Adaptation by a Foreign Manager'. *Journal of Applied Psychology*, 80 (2): 133–146.
- Thomas, D. C., Ravlin, E. C. and Wallace, A. W. 1996. 'Cultural Diversity in Work Teams'. *Research in the Sociology of Organizations*, 14 (2): 1–13.
- Trompenaars, F. and Hampden-Turner, C. 1997. *Riding the Waves of Culture: Understanding Diversity in Global Business*. New York: McGraw-hill.
- Tsang, E. W. K. 2013. 'Case Study Methodology: Causal Explanation, Contextualization, and Theorizing'. *Journal of International Management*, 19 (2): 195–202.
- Tsoukatos, E. 2011. Impact of Culture on Service Quality: What we Know and What we Need to Learn'. In *International Consumer Behavior: A Mosaic Of Eclectic Perspectives – Handbook On International Consumer Behavior*, edited by H. R. Kaufmann, 20–36. London: Access Press.
- Usunier, J. C. and Lee, J. 2013. *Marketing Across Cultures*. London: Pearson Education.
- Van de Vijver, F. and Leung, K. 1997. *Methods and Data Analysis for Cross-Cultural Research*. Thousand Oaks, CA: Sage.
- Viio, P. and Grönroos, C. 2016. 'How Buyer–Seller Relationship Orientation Affects Adaptation of Sales Processes to the Buying Process'. *Industrial Marketing Management*, 52 (3): 37–46.
- Vrontis, D. 2003. 'Integrating Adaptation and Standardization in International Marketing: The AdptStand Modelling Process'. *Journal of Marketing Management*, 19 (2): 283–305.
- Wursten, H., Fadrhonc, T. and Roersoe, P. 2009. *Culture and Customer Service*. Helsinki: Itim International.

- Yap, S. F. and Kew, M. L. 2007. 'Service Quality and Customer Satisfaction: Antecedents of Customer's re-Patronage Intentions'. *Sunway Academic Journal*, 4 (1): 59–73.
- Yin, R. K. 2009. *Case Study Research: Design and methods*. Beverly Hills, CA: Sage.
- Yin, R. K. 2010. *Qualitative Research from Start to Finish*. New York: The Guilford Press.



# ABSTRACTS

## IN THE SEARCH FOR NEW EXPERIENCES - THE WAY TO CREATIVE TOURISM DEVELOPMENT

*Zrinka Zadel, Elena Rudan*

Over the last decade, new forms of cultural tourism are being increasingly mentioned as innovative development models of this specific form of tourism. One of these forms is creative tourism which tourism destinations use to innovate their tourism offer. In the Republic of Croatia, this trend is particularly present in summer holiday destinations that aim to reduce their high seasonality with new creative programmes and projects. By introducing a creative offering, tourism destinations can increase their competitiveness in the tourism market and become distinctive by their specific programmes. The paper explores the development in Croatia of both cultural tourism and creative tourism, as an enhancement to a destination's cultural offering. It analyses the current state of creative tourism and looks at the motivations for tourist arrivals to Croatia, with special reference to cultural attractions and events as a travel motivation. The paper also examines the creative offerings of individual destinations as well as target tourist segments, for the purpose of helping to create an innovative cultural offering.

| 117 |

*Key words:* creative tourism, Croatia, cultural tourism, destination management

IJEMS 12 (2): 3–20

## BUDGET DEFICIT VOLATILITY, INSTITUTIONAL QUALITY AND MACROECONOMIC PERFORMANCE

*Asmaa Ezzat, Rana Hosni*

This paper aims to investigate the relationship between budget deficit volatility and economic growth in a cross section of countries during the period of 2003 and 2012. In addition, it tests



whether institutional quality has any role in the deficit volatility-economic growth relationship. This is done using a fixed-effects model, where budget deficit volatility and a measure for institutional quality, as well as their interaction term are incorporated as explanatory variables in a growth equation. Our preliminary results show that although budget deficit volatility hinders economic growth and better institutional quality enhances it, there is no evidence of the contingency effect of institutional quality on the relationship between government budget deficit volatility and economic growth.

*Key words:* budget deficit, volatility, growth, institutional quality, fixed effects

IJEMS 12 (2): 21–40

## TOURIST ROUTE – A TRAIL OF AUTHORS AND POETS OF THE COUNTY OF ZAGREB

*Romana Lekić*

The topic of this paper is the development of literary tourism in the County of Zagreb where it comprehensively and synergistically comprises the themes that unite the presentation and interpretation of the spirit of the place inspired by the life and work of more or less known authors and poets. This will encompass all the significant themes that contribute to understanding the history, culture, civilisation and specific lifestyle in the County. Through interpretation and storytelling, this project will emphasise the richness of the literary and poetic heritage in the County of Zagreb by showing the periods in which famous authors and poets used to work. It will also include some cult and well-known as well as intimate anecdotes from the urban and suburban life at the time. The aim is to connect citizens and the local community with their own history, literature and surroundings in an interesting, informal, motivating and emotionally close way and to point out the tourist potential of localities, which are not hubs of tourist offer.

*Key words:* literary tourism, County of Zagreb, tourist attraction, interpretation, storytelling

IJEMS 12 (2): 41–66

## DECISION MAKING THEORIES IN MEDICINE REIMBURSEMENT

*Almin Adzović, Danica Purg, Tina Vukasović*

| 119 |

We have been continuously affected by decisions that are made by various organizations in which we have little or no influence. Our existence, our well-being is directly dependent on the organizational decision-making process of our governments, companies we work for, our municipalities where we live or our families. Having in mind how much health and health care impact our lives it is not surprising that this subject is high on each person's agenda and is consequently becomes important for governments or political parties. Depending on the way the decisions are being made by health care officials, the process has many implications from the effect on patients who are the end health care users to financial and human resources spent in this case. This paper examines the way decisions are being brought up in Croatian NHIF (National Health Insurance Fund) that are related to medicines reimbursement. It studies how much information is available to the decision makers; how much are they aware of the alternatives and related choices? What is their order of preferences and how it works when all of this is mixed with real life complex environment in which decisions are being made? The practical use of the paper should indicate a direction to the healthcare officials to improve the decision-making process in the way it would bring more benefits to its users, patients, through increased efficacy and productivity.

*Key words:* Organizational Decision Making, Bounded Rationality, Medicines' reimbursement, Croatia

IJEMS 12 (2):67–92



CONCEPTUALIZATION OF THE DIGITALIZATION:  
OPPORTUNITIES AND CHALLENGES FOR THE  
ORGANIZATIONS IN THE EURO-MEDITERRANEAN AREA

*Tilen Gorenšek, Andrej Kohont*

| 120 |

Digitalization is radically interfering and changing the fundamental assumptions of the way of life and organization of work in a postmodern society, which is becoming more globalized and more digitalized than ever before. Therefore it is becoming increasingly important for organizations to quickly, efficiently, and appropriately plan the digital transformation to achieve flexibility and to maintain market competitiveness. In this context, the understanding of digitalization and related concepts is vital. The paper focuses on the social and organizational level and highlights the conceptualization of digitalization and the results of previous research, which support the hypotheses of significant organizational changes while highlighting the opportunities and challenges that digitalization brings to society and organizations in the Euro-Mediterranean area and around the world.

*Key words:* digitization, digitalization, digital transformation, digital convergence

IJEMS 12 (2): 93–115



# RÉSUMÉS

## À LA RECHERCHE DE NOUVELLES EXPÉRIENCES – VERS LE DÉVELOPPEMENT D'UN TOURISME CRÉATIF

*Zrinka Zadel, Elena Rudan*

Au cours de la dernière décennie, de nouvelles formes de tourisme culturel sont de plus en plus souvent citées comme des modèles de développement novateurs pour ce type particulier de tourisme. L'une de ces formes est le tourisme créatif, que les destinations touristiques utilisent pour rénover leur offre touristique. En République de Croatie, cette tendance est particulièrement présente dans les destinations de vacances d'été qui visent à réduire leur forte saisonnalité avec de nouveaux programmes et projets créatifs. En introduisant une offre créative, les destinations touristiques peuvent accroître leur compétitivité sur le marché du tourisme et se distinguer par leurs programmes spécifiques. Cet article traite du développement du tourisme culturel et créatif en Croatie comme bonification de l'offre culturelle d'une destination. Il analyse l'état actuel du tourisme créatif et examine les motivations des arrivées de touristes en Croatie, avec une référence particulière aux attractions et événements culturels comme motivation de voyage. Le document étudie également l'offre créative des destinations individuelles ainsi que les segments touristiques ciblés, dans le but de contribuer à la création d'une offre culturelle innovante.

| 121 |

*Mots-clés:* tourisme créatif, Croatie, tourisme culturel, agence réceptive

IJEMS 12 (2): 3 – 20



## LA VOLATILITÉ DU DÉFICIT BUDGÉTAIRE, LA QUALITÉ DES INSTITUTIONS ET LES PERFORMANCES MACROÉCONOMIQUES

*Asmaa Ezzat, Rana Hosni*

| 122 |

Cet article vise à étudier la relation entre la volatilité du déficit budgétaire et la croissance économique au sein d'un échantillon représentatif de pays, au cours de la période 2003-2012. De plus, il vérifie si la qualité des institutions joue un rôle dans la relation entre la volatilité du déficit et la croissance économique. Pour ce faire, on utilise un modèle à effets fixes, dans lequel la volatilité du déficit budgétaire et une mesure de la qualité des institutions, ainsi que leur degré d'interaction, sont incorporés comme variables explicatives dans une équation de croissance. Nos résultats préliminaires montrent que, bien que la volatilité du déficit budgétaire entrave la croissance économique et qu'une meilleure qualité des institutions l'améliore, rien n'indique que la qualité des institutions ait un effet imprévisible sur la relation entre la volatilité du déficit budgétaire public et la croissance économique.

*Mots-clés:* déficit budgétaire, volatilité, croissance, qualité des institutions, effets fixes

IJEMS 12 (2): 21 – 40

## ROUTES TOURISTIQUES - UN PARCOURS SUR LES PAS DES AUTEURS ET POÈTES DU COMITAT DE ZAGREB

*Romana Lekić*

Le sujet de cet article est le développement du tourisme littéraire dans le Comitat de Zagreb, comprenant de manière globale et synergique les thèmes qui unissent la présentation et l'interprétation de l'esprit de la région, inspiré par la vie et l'œuvre d'auteurs et poètes plus ou moins connus. Cela englobe tous les thèmes importants qui contribuent à la compréhension de l'Histoire, de la culture, de la civilisation et du mode de vie spécifique

de la région. A travers l'interprétation et la narration, ce projet met en valeur la richesse du patrimoine littéraire et poétique du Comitat de Zagreb en montrant les périodes pendant lesquelles auteurs et poètes célèbres se sont distingués. Il comprend aussi à la fois des anecdotes cultes mais aussi d'autres plus intimes de la vie urbaine et périurbaine de l'époque. L'objectif est de reconnecter les citoyens et la communauté locale à leur propre Histoire, littérature et environnement de manière intéressante, informelle, motivante et émotionnelle, et de souligner le potentiel touristique des localités en question, qui ne sont pas des centres d'offre touristique.

| 123 |

*Mots-clés:* tourisme littéraire, Comitat de Zagreb, attraction touristique, interprétation, narration

IJEMS 12 (2): 41– 66

## THÉORIES DE LA PRISE DE DÉCISION EN MATIÈRE DE REMBOURSEMENT DES MÉDICAMENTS

*Almin Adžović, Danica Purg, Tina Vukasović*

Nous sommes constamment influencés par les décisions prises par diverses organisations sur lesquelles nous n'avons que peu ou pas d'influence. Notre existence, notre bien-être dépend directement du processus décisionnel et organisationnel de nos gouvernements, des entreprises pour lesquelles nous travaillons, des communes où nous vivons ou de notre famille. Compte tenu de l'impact du système de santé sur notre vie, il n'est pas étonnant que ce sujet se place en tête des préoccupations de chacun d'entre nous et prenne donc une place fondamentale pour les gouvernements ou les partis politiques. En fonction de la façon dont les décisions sont prises par les responsables des soins de santé, le processus a de nombreuses répercussions, allant de l'effet sur les patients, qui sont les ultimes récepteurs des soins de santé, aux ressources financières et humaines qui sont consacrées. Cet article examine la manière dont les décisions liées au remboursement des médicaments sont prises par

le HZZO (Fonds croate d'assurance maladie). Il étudie la quantité d'information dont disposent les décideurs ; dans quelle mesure sont-ils au courant des solutions alternatives et des choix possibles ? Quel est leur ordre de préférence et comment cela fonctionne-t-il lorsque tout cela est mélangé à l'environnement complexe de la vie réelle dans lequel les décisions sont prises ? L'utilisation pratique du document devrait indiquer aux responsables des soins de santé une ligne directrice pour améliorer le processus de prise de décision de manière à ce qu'il soit plus bénéfique à ses premiers utilisateurs, les patients, par davantage d'efficacité et de productivité.

*Mots-clés:* prise de décision organisationnelle, rationalité limitée, remboursement des médicaments, Croatie

IJEMS 12 (2): 67– 92

## CONCEPTUALISATION DE LA NUMÉRISATION : OPPORTUNITÉS ET DÉFIS POUR LES ORGANISATIONS DE LA ZONE EURO-MÉDITERRANÉENNE

*Tilen Gorenšek, Andrej Kohont*

La numérisation s'immisce et modifie radicalement les postulats fondamentaux du mode de vie et de l'organisation du travail dans la société postmoderne, qui est plus mondialisée et plus numérisée que jamais. Ainsi, il devient de plus en plus important pour les organisations de planifier rapidement, efficacement et adéquatement la transformation numérique afin de demeurer flexibles et compétitifs sur le marché. Dans ce contexte, la maîtrise de la numérisation et des notions connexes est essentielle. Ce document met l'accent sur le niveau social et organisationnel mais aussi la conceptualisation de la numérisation et les résultats des recherches antérieures, qui soutiennent des hypothèses de transitions organisationnelles radicales, tout en soulignant les opportunités et les défis que la numérisation apporte à la société et aux organisations aussi bien dans la zone euro-méditerranéenne que dans le monde.

*Mots-clés:* numérisation, digitalisation, transformation numérique, convergence numérique, mondialisation numérique

IJEMS 12 (2): 93– 115



# POVZETKI

## V ISKANJU NOVIH IZKUŠENJ – POT DO USTVARJALNEGA RAZVOJA TURIZMA

*Zrinka Zadel, Elena Rudan*

V zadnjem desetletju se nove oblike kulturnega turizma vedno bolj opredeljujejo kot inovativni razvojni modeli dotične oblike turizma. Ena izmed teh oblik je kreativni turizem, ki ga turistične destinacije uporabljajo za inoviranje svoje turistične ponudbe. V Republiki Hrvaški je ta trend še posebej prisoten na poletnih počitniških destinacijah, katerih cilj je zmanjšati visoko sezonskost z novimi ustvarjalnimi programi in projekti. Z uvedbo kreativne ponudbe lahko turistične destinacije povečajo svojo konkurenčnost na turističnem trgu in postanejo prepoznavne po svojih posebnih programih. Pričujoči članek razume razvoj kulturnega in kreativnega turizma na Hrvaškem kot način za izboljšanje kulturne ponudbe destinacije. Sočasno s tem analizira obstoječe stanje kreativnega turizma in motivacijo za prihod turistov na Hrvaško s posebnim poudarkom na kulturnih znamenitostih in dogodkih ter preučuje ustvarjalno ponudbo posameznih destinacij in ciljih turističnih segmentov. Po tej poti je cilj članka prispevati k razpravi o ustvarjanju inovativne kulturne ponudbe.

| 127 |

*Ključne besede:* kreativni turizem, Hrvaška, kulturni turizem, destinacijski management

IJEMS 12 (2): 3–20



## VOLATILNOST PRORAČUNSKEGA PRIMANJKLJAJA, INSTITUCIONALNA KAKOVOST IN MAKROEKONOMSKA USPEŠNOST

*Asmaa Ezzat, Rana Hosni*

Namen pričujočega dela je preučiti razmerja med nestabilnostjo proračunskega primanjkljaja in gospodarsko rastjo v preseku držav v obdobju med leti 2003 in 2012. Sočasno s tem preverja vlogo institucionalne kakovosti v razmerju med nestabilnostjo in gospodarsko rastjo. To smo dosegli z uporabo modela s fiksnimi učinki, kjer so volatilitnost proračunskega primanjkljaja in merilo za institucionalno kakovost ter njihova interakcija vključeni kot pojasnjevalne spremenljivke v enačbi rasti. Preliminarni rezultati kažejo na to, da kljub temu da volatilitnost proračunskega primanjkljaja, ki ovira gospodarsko rast in izboljšuje kakovost institucij, težko govorimo o možnem vplivu institucionalne kakovosti na razmerje med volatilitnostjo proračunskega primanjkljaja in gospodarsko rastjo.

*Ključne besede:* proračunski primanjkljaj, volatilitnost, rast, institucionalna kakovost, fiksni učinki

IJEMS 12 (2): 21–40

## TURISTIČNA POT – PO SLEDEH AVTORJEV IN POETOV V OBČINI ZAGREB

*Romana Lekić*

Namen pričujočega dela je prispevek k razvoju literarnega turizma v občini Zagreb, ki celovito popisuje in interpretira duh kraja, navdahnjenega z življenjem in delom bolj ali manj znanih avtorjev in pesnikov. Članek zaobjema vse pomembne teme, ki prispevajo k razumevanju zgodovine, kulture in posebnega življenjskega sloga v občini. Projekt s pomočjo interpretacije in pripovedovanja poudarja bogastvo literarne in pesniške dediščine Zagreba s prikazom obdobj, v katerih so delali znani avtorji in pesniki, pri tem pa vključuje tudi bolj ali manj znane



anekdote iz takratnega mestnega in primestnega življenja. Cilj članka je predstaviti raziskovalni projekt, ki je na inovativen, neformalen in zanimiv način povezal občane z lastno zgodovino, literaturo in okolico ter pozoril na turistični potencial krajev, ki niso vozlišča turistične ponudbe.

*Ključne besede:* literarni turizem, občina Zagreb, turistična zanimivost, interpretacija, pripovedovanje

IJEMS 12 (2): 41–66

## TEORIJE ODLOČANJA PRI PLAČEVANJU ZDRAVIL

*Almin Adžović, Danica Purg, Tina Vukasović*

Pogosto se v življenju soočamo z odločitvami različnih organizacij na katere nimamo vpliva oziroma imamo zelo majhen vpliv. Naš obstoj in dobro počutje sta neposredno odvisna od procesa odločanja naše države (vladnih in nevladnih organizacij), podjetij v katerih smo zaposleni, naših občin v katerih živimo ali naše družine. Glede na pomen zdravja in skrbi za zdravje v našem življenju ni presenetljivo, da je tematika članka zelo pomembna za vsakega posameznika, posledično pa tudi za vlado in njene deležnike (npr. političnih strank). Odvisno od odločitev državnih subjektov v zdravstveni negi ima postopek številne posledice, od vpliva na bolnike, ki so končni uporabniki zdravstvenih storitev, pa do postopka oziroma načina s katerim država uporablja finančne in človeške vire v zdravstvu. Članek proučuje kako se na hrvaškem pod okriljem HZZO-a (Hrvatski zavod za zdravstveno osiguranje) sprejemajo odločitve, povezane s plačanjem zdravil. Preučuje koliko informacij je na voljo odločevalcem, koliko se zavedajo drugih alternativnih možnosti in z njimi povezanih posledic; kakšen je njihov vrstni red in kako deluje v kompleksnem življenjskem okolju, v katerem se sprejemajo odločitve? Praktična uporaba članka nakazuje smer kako lahko deležni uradniki izboljšajo postopek odločanja na način, ki bi prinesel več koristi svojim uporabnikom, bolnikom, s povečano učinkovitostjo in storilnostjo.



*Ključne besede:* Organizacijsko nakupno odločanje, omejena racionalnost, povračilo zdravil, Hrvaška

IJEMS 12 (2):67–92

## KONCEPTUALIZACIJA DIGITALIZACIJE: PRILOŽNOSTI IN IZZIVI ZA ORGANIZACIJE V EVRO-MEDITERANSKI REGIJI

*Tilen Gorenšek, Andrej Kohont*

| 130 |

Digitalizacija korenito posega in spreminja temeljne predpostavke načina življenja in organizacije dela v postmoderne družbi, ki postaja vedno bolj globalizirana in bolj digitalizirana kot kadarkoli prej. Za organizacije postaja vse bolj pomembno hitro, učinkovito in ustrezno načrtovanje digitalne transformacije z namenom doseganja prilagodljivosti in ohranjanja konkurenčnosti na trgu. Pri tem je ključno ustrezno razumevanje digitalizacije in z njo povezanih konceptov. V prispevku se osredotočamo na družbeni in organizacijski nivo ter osvetljujemo konceptualizacijo digitalizacije in izsledke dosedanjih raziskav, ki potrjujejo predpostavke o korenitih organizacijskih spremembah, obenem pa izpostavljamo priložnosti in izzive, ki jih digitalizacija prinaša družbi in organizacijam v evro-mediterranski regiji.

*Ključne besede:* digitizacija, digitalizacija, digitalna transformacija, digitalna konvergenca, digitalna globalizacija

IJEMS 12 (2): 93–115

## الابداعية لسياسية تنمية نحو - جديدة تجارب عن البحث

رودان ايلينا زادل، زرينكا

لنمذج الشقافية السياسية من جديدة أشكال إلى متزايد بشكل الإشارة يتم الماضي، ال عقد مدى على تستخدمها التي الابداعية السياسية هو الأشكال هذه أحد. السياسية من المحدد النوع هذا تطويل مبحثرة بشكل موجود المبدأ هذا لروايات، جمهورية في. السياسية عروضه تنوع في السياسية الوجات برامج خلال من العالوية موسميته تقليل إلى تهدف التي الصيفية العطلات وجات في خاص قدرته من تزيد أن السياسية للوجات يمكن إبداعي، عرض تقديم طريق عن. جديدة إبداعية ومشاريع الشقافية السياسية تطوّر المقال اذ يدرس. الخاصة ببرامجها تستميزو السياسية سوق في التنافسية للسياسة الحالي الوضع يحلله. للوجهة الشقافية للعرض لتعزز لروايات في الإبداعية. بالشقافية المستخدمة من ممولاء خاصة لروايات، إلى السياس وصول دوافع في ويبحث الإبداعية المعينة السياسية قطاعا وكذلك الفردية، الناحية من الإبداعية العرض أيضا الورقة تتناول. بتنوع شقافية عرض خلق على المراجعة

الوجات إدارة الشقافية، السياسية لروايات، الإبداعية، السياسية: المفاتيح الكلمات

IJEMS 12 (2): 3 – 20

## الثقلي الإقتصاد وال أداء المؤسسات جودة الميزانية، في العجز تقلب

حسني رانا، عزت أسماء

من مجموعة في الاقتصاد وال نمو الميزانية عجز تقلبات بين العلاقة دراسة إلى المقال هذا هدف دور أي المؤسسة لل جودة كانت إذا ما يختبر فإنه ذلك، إلى بالإضافة 2012-2003 فترة خلال البلدان الثابتة، الأثار نموذج باستخدام ذلك يتم. الاقتصادي والنمو الميزانية تقلب بين العلاقة في في كم تغيرات تفاعلها مدى وكذلك المؤسسات، جودة وقاي الموازنة عجز تقلبات دمج يتم حيث النمو في عوق الميزانية في جزال ع تقلب أن من الرغم على أنه الأولية نتائجا تظهر. النمو معادلة على المؤسسات ل جودة المباشرة التأثير على دليل يوجد لا المؤسسات، جودة وتحسنه الاقتصادي الاقتصادي والنمو الميزانية عجز تقلب بين العلاقة

الثابتة الأثار، المؤسسات جودة النمو، الثقل، الميزانية في عجزال: المفاتيح الكلمات

IJEMS 12 (2): 21 – 40



## زاغريب مقاطعة وشعراء مؤلفي مسار - السرياحية الطرقة

ليكييتش رومان

المواضيع شامل بشكل ضمني حيث غريباز مقاطعة في الأدبية السرياحية تطويع هو المقال اذ موضوع شهرة أقل أو أكثر محلين وشعراء مؤلفين وعمل حياة من المبتسوحى المنطقة روح تلخص التي الحياه ونمط والحضارة والثقافة التاريخ فمهم في مباتس التي المدة المواضيع جميع ذلك يشمل شراء على المشروع هذا يركز ، في القصص رواية الشفوي الأداء خلال من . المقاطعة في الخصاص كتاب فيها تألق التي الفترات عرض طريق عن غريباز مقاطعة في والشعري الأدبي التراث في والضواحي المدن حيانه من والحدودية المرونة الحكايات بعض ضلًا شمليو . متميزين وشعراء بطريفة ومحيطهم وأدبهم بتاريخهم المحلي والمجتمع المواطنيين ربط هو ذلك من الهدف الوقت ذلك لسرياحية الامكانات إبراز إلى بالاضافة الاعطفية الاناحية من وقرينة ومحفزة رسمية وغير متغيرة مهم سرياحي لنشاط تستقد التي لمواقع لتلك

رواية ، أداء ، السرياحية جادبيتهال ، زاغريب مقاطعة ، الأدبية السرياحية : المفاتيح الكلمات

IJEMS 12 (2): 41 – 66

## الطبي التوعويض مجال في القرارات ذاتها نظريات

فولكوفيتش تينا ، جورج ، دانييتسا أنزوفيتش، ألمين

نقط القليل أو - عليها لنا تأثير لا التي المنظمات مختلف اتخذتها قرارات تأثرنا طالمال أو لحكوميات التنظمية القرارات اتخاذ عملية على مباشر بشكل ورفاهيتنا وجودنا يعتمد الاعتراف بعين الأخذ مع . أسرنا حتى أو فيها نعيش التي الجدييات أو أجلها من نعمل التي الشركات رأس على الموضوع هذا يكون أن المبتغرب من فليس ، حياتنا على الصحية الرعاية تأثير مدى على . السرياحية الأحزاب أو للحكومات جوهرها ملفا يصبح وبالتالي شخص لكل أعمال انشغالات من العديد لها العملية فإن ، الصحية الرعاية مسؤولي قبل من القرارات اتخاذ بها يتم التي الطريقة الموارد على انذلك ، [ونالنهائي الصحية الرعاية ومستخدم هم الذين] المرضى على المبرتبة الآثار المتعلقة القرارات ذاتها طريقة المقال اذ يحلل . المجال اذ في تنفق التي والبشرية المادية مقدار المقال يدرسيف . لروايات في الصحي للتامين الوطني الصندق ضمن الأدوية بتسديد هو ما ؟ الموجودة الأخرى والخيارات البدائل معروفة تكون حد أي إلى ؛ القرار لصناع المتابعة المعلومات التي المعتقد الحياة واقعية مع هذا لطغي يتم عندما الأمور تسير وكيف الأولويات ترتيب مسؤولي تجاه تعليمات إلى للمقال العمل الماسخه يشير أن يفترض القرارات ؟ اتخاذ فيها يتم الفعالية من المزيد خلقو مستخدميه لفائدة القرار صناع عملية لتحسين الصحية الرعاية . والانتاجية

لروايات ، الطبي التوعويض ، المحدودة العقلانية ، القرارات اتخاذ : المفاتيح الكلمات

IJEMS 12 (2): 67 – 92



## مفهوم الرقمنة: الفرص والتحديات للمنظمات في المنطقة اليورومتوسطية

تيلين كورينشيك، أندريي كوهونت

إن الرقمنة تتدخل بشكل جذري وتغير المبادئ الأساسية لنمط العيش ونظام العمل في مجتمع عصر الحداثة، الذي صار أكثر عولمة وأكثر رقمنة من أي وقت مضى. بالتالي أصبح أكثر وأكثر أهمية بالنسبة للمؤسسات أن تخطط بسرعة وكفاءة وبشكل مناسب للتحويل الرقمي من أجل الحفاظ على المرونة والتنافسية في السوق. في هذا السياق ، فإن فهم الرقمنة والمفاهيم المرادفة لها صارت أمراً حيوياً. يركز المقال على المستوى الاجتماعي والتنظيمي ويسلط الضوء على مفهوم الرقمنة ونتائج البحوث السابقة التي تبين التغييرات التنظيمية الضخمة الناتجة عنها ، مع تسليط الضوء كذلك على الفرص والتحديات التي تجلبها. الرقمنة إلى المجتمع والمؤسسات على مستوى المنطقة اليورومتوسطية وحول العالم.

الكلمات المفتاحية: الرقمنة، التحول الرقمي، التقارب الرقمي، العولمة الرقمية

IJEMS 12 (2): 93 – 115

