



*1st International Conference on **G**lobal
Advances in **M**anagement and **E**conomics:*

GAME Conference

*- **Book of Abstracts** -*

■ **E-Club**

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1st INTERNATIONAL CONFERENCE
ON **G**LOBAL **A**DVANCES IN
MANAGEMENT AND **E**CONOMICS:
GAME Conference

- BOOK OF ABSTRACTS -

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Foreword

The 1st International Conference on Global Advances in Management and Economics – GAME Conference is held in Zadar, Croatia, June 16-17, 2023. This year's Conference is under the auspices of the Government of the Republic of Croatia, Ministry of Regional Development and EU Funds.

The GAME Conference aims to establish and expand international contacts and cooperation across regions and countries and brings together all those interested in management and economics research. The GAME conference aims to advance knowledge in all aspects of management and economics by supporting education, dissemination, and research.

The main purpose of the conference is to provide scientists with an encouraging and stimulating environment in which they may present the results of their research to the scientific community and the general public. The GAME conference also aims to bring together leading academic scientists, researchers, and research scholars to exchange and share their experiences and research results on all aspects of economics, business, and management.

The GAME conference provides a premier interdisciplinary platform for researchers, practitioners, and educators to present and discuss the most recent innovations, trends, concerns, practical challenges encountered, and solutions adopted in the fields of business, management, and entrepreneurship. Selected papers will be published in International Journal of Economics and Business Review, GBER – Global Business and Economics Review, Economic Thought and Practice, IJCBE – International Journal of Contemporary Business and Entrepreneurship and Oeconomica Jadertina.

Thank you all for joining us on our 1st Conference and hope you will put us on your scientific maps.

Organizing Committee

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Financing Higher Education and the Effect of Moral Hazard

Goran Karanović

Scheme of financing higher education in Croatia provides potential opportunity for appearance of moral hazard. Potential moral hazard phenomena may arise from the financier-student relationship, due to asymmetric information and adverse selection. This research bring the gap and examines the frequency of occurrence of moral hazard among students in Croatia. The investigation has been carried out on the economy student of University of Rijeka. The preliminary results indicate presence of the moral hazard phenomena. Additionally, other variables as of information asymmetry, financial background, perception of financial subsidies, financial attitudes, financial behavioural, problematic financial behavioural were tested and have showed positive influence on moral hazard.

Person-organization fit and togetherness at work in (post)pandemic times. A comparative study in the service sector under the aspect of digitization and alienation

Daniela Ludin, Markus Holler, Erika Mueller & Wanja Wellbrock

This study looks at possible organizational adjustments in service sector due to the Covid 19 pandemic by using the perspective of alienation triggered by digital transformation and the impact on workplace interaction and person-organization fit. Core element of this paper is a primary analysis based on a survey of German hairdressing and floristry businesses. Descriptive statistical methods, multinomial logistic regression analysis and qualitative content analysis are used for the evaluation. Findings show that the Covid 19 pandemic has a direct impact on the performance of an organization and its employees. The resulting necessary changes in personnel and organizational management pose a challenge. It can be stated for hairdressing and floristry companies that pandemic-driven digitization in both industries was accompanied by positive and negative effects on cooperation within the company. It is crucial to stimulate new thoughts and approaches in the organization and to emphasize digital transformation as a necessary step. Analog and digital processes must be brought closer together.

Keywords: Person-organization fit; digitization; alienation; service sector; hair salons; flower shops

The usage of eye tracking technology of consumers in applied microeconomics

Anita Peša, Marko Valčić, Ana Maria Smokrović & Izabela Laura

Eye-tracking technology has become increasingly popular in studying consumer behavior and decision-making as a part of marketing research area. The paper highlights the importance of eye tracking in the study of consumer behavior including the use of eye tracking in virtual reality environments, the integration of eye tracking with other physiological measures, and the development of more sophisticated analytical techniques. By observing eye movements and fixations researchers can gain insight into the visual and cognitive processes underlying consumer choices. For this reason, a literature review of relevant studies will provide a detailed synthesis of

the development of eye-tracking experiments. This work contributes to the latest findings on consumer behavior in the field of eye-tracking technology.

Keywords: visual attention, decision making, eye tracking technology, consumer behavior, consumer choice

Corporate social responsibility and forward default risk under firm and industry heterogeneity

Muhammad Mushafiq

Research on corporate social responsibility in recent years has become very prominent. This study evaluates the impact of corporate social responsibility on default risk using the data of 497 companies from 2007-2021 in the S&P 500 index, taking into account firm and industry heterogeneity aspects. This study utilizes instrumental variable regression using the generalized method of moments (IV-GMM) estimation technique which is robust for controlling to the pertinent issue of endogeneity. This study finds a negative relationship between corporate social responsibility and forward default risk in the full sample. From the firm size aspect, this study finds that corporate social responsibility is more effective in mitigating forward default risk in large-cap firms than in mid-cap firms. Firm age heterogeneity exhibited a distinct behavior, as young and middle-aged firms have a stronger impact on forward default risk management in comparison to old firms. Industry heterogeneity shows that industries with higher customer interaction have a higher impact on corporate social responsibility to control forward default risk. Industries with lower customer interaction have a lower impact on corporate social responsibility and forward default risk. This study proposes some policy implications in the context of firm and industry heterogeneity.

Keywords: corporate social responsibility; default risk; heterogeneity effect; firm; industry

Sustainable tourism management: Challenges in the context of bathing sites water quality dependence on energy consumption and agricultural research & development

Sonja Brlečić Valčić, Dijana Čičin-Šain & Josipa Perkov

This paper examines one of the global economic and management challenges i.e. sustainable tourism development associated with bathing sites with excellent water quality and its dependence on primary energy consumption and agricultural research and development (R&D) on the example of EU Mediterranean tourist countries. Through a comprehensive literature review, various contemporary studies are explored and discussed to identify and emphasize the importance of these issues. The purpose of this paper is to determine whether government support to agricultural R&D and primary energy consumption effect water excellency in the Mediterranean bathing sites and if so, what kind of relationship is there. The findings of the paper indicate that water quality of bathing sites, primary energy consumption and agricultural R&D, not only essential to sustainable development of tourism, are inextricably linked. Government support to agricultural R&D is required to improve access to better crop varieties, agronomic practices, and precision agriculture and its related technologies which affects the quality of drinking water, agricultural productivity, aquatic livelihoods, groundwater recharge and in the end, water quality of bathing sites. Primary energy consumption is essential for tourism industry, especially in transportation and food production and processing, but it is also very challenging for sustainable tourism development. By using previously conducted research and data collected from Eurostat for EU Mediterranean tourist countries for which excellent water quality in bathing sites is extremely important, the authors, through analysis using ANFIS, came to conclusions that can serve the observed countries as well as other countries in reaching conclusions about management of sustainable tourism development in the context of relationship between bathing sites water quality, primary energy consumption and agricultural development.

Keywords: water quality; agricultural R&D; energy consumption; sustainability; ANFIS

Mutual perception and cooperation of journalists and public relations professionals working in Croatian public and state institutions

Matea Cvjetković, Željka Perić & Kristina Čirjak

Over the past decades, journalists and public relations (PR) professionals have had a challenging relationship. In their work, journalists mostly rely on PR practitioners to provide accurate information in a timely manner, while PR professionals count on journalists to report information objectively. This mutual dependence raised questions regarding their perception and cooperation. Even though many studies have been conducted to determine and analyze their relationship, they mostly covered the PR field in general. This study focuses on political communication, more precisely on PR professionals working in state and public institutions in Croatia, and observes their mutual perception and cooperation with journalists. A quantitative survey was conducted in March 2023 among journalists and PR professionals working in state and public institutions. An online questionnaire measuring 12 aspects of their mutual perception and cooperation was completed by 75 journalists working in different media institutions and 50 PR professionals employed in state and public institutions. The results showed significant differences between the two samples in terms of their mutual perception and cooperation. The results contribute to the existing literature on the PR-journalist relationship by pointing to a specific group of public relations professionals; observing and analyzing their cooperation with journalists.

Keywords: public relations professionals; journalists; public and state institutions; cross-perceptions; Croatian media

The dimensions of storytelling and their influence on the effectiveness of destination brand communication: a theoretical overview

Lidija Bagarić

The purpose of this theoretical overview is to analyze the dimensions of storytelling and their influence on the effectiveness of destination brand communication. The study aims to provide insights on how storytelling can be used in destination brand strategies to strengthen emotional connections, differentiate destinations, and

deliver unique experiences to potential tourists. A comprehensive analysis of academic literature was conducted, focusing on key theories and concepts related to storytelling and destination branding. The analysis focused on understanding the main dimensions of storytelling, their role in destination branding, and their influence on the effectiveness of destination brand communication. The dimensions of storytelling were analyzed in the context of destination brand communication and the impact of each dimension on communication effectiveness was evaluated. The findings revealed the main dimensions of storytelling: narrative structure, characters, emotional appeal, and authenticity, significantly affect the effectiveness of destination brand communications. Incorporating these dimensions into storytelling can enhance a brand by creating memorable experiences, evoking strong emotions, and differentiating a unique and authentic destination brand in a competitive market. This thesis contributes to the existing academic literature on storytelling in destination branding by providing a theoretical framework that links the dimensions of storytelling to communication effectiveness. The findings from this research can help destination marketers in developing effective storytelling communication strategies that improve destination brand communication and overall brand success.

Keywords: storytelling; destination branding; brand communication; emotional engagement

Analysis of viticulture and winemaking in the Republic of Croatia through economic aspect and the influence of climate changes

Domagoj Karačić, Natko Klanac & Ivana Olivari Provčić

Viticulture and winemaking in the Republic of Croatia has exceptional agricultural and economic potential, whereby the regional division of winegrowing zones represent an important determinant of the development of Croatian viticulture and winemaking, as it concretely determines the specifics and principles of the functioning of viticulture and winemaking. The lack of research and scientific works in the field of economy and management of viticulture, apart from a few case studies, presents a challenge to the analysis of viticulture and winemaking from an economic point of view. Furthermore, one of the biggest problems in viticulture and winemaking is the problem of climate change, the change of which are extremely complex to predict and as such represent a major operational risk for every viticulturist, as well as agriculture as a whole. The efforts and activities of the state

and the implementation of public policies through funding sources represent the basis of assistance in the fight against current and future problems. For the purposes of the work, a survey was conducted among winegrowers and winemakers from all regions. The primary goal of the research results from the analysis of their experiences related to the issue of self-financing and investment in potential production, which is causally related to frequent climate changes. The secondary objectives of the research are based on basic viticulture indicators and insight into sources of funding from the state, while data from regional and local sources of funding are not included. The paper defines concrete conclusions aimed at the further improvement of viticulture and winemaking from the point of view of agricultural and economic activities.

Keywords: viticulture, winemaking, sources of finance, state, climate changes

The European Union integration process of the Republic of Croatia in the context of political culture

Maja Bolanča Fumić & Mihael Plećaš

The focus of the work is the process of the integration of the Republic of Croatia into the EU in the light of economic and political indicators with a special focus on political culture and its individual aspects in the period from 2013 to 2022. The research method includes survey research. The questionnaire examines the views of respondents (citizens of the Republic of Croatia) related to various aspects of political culture and their influence on the success of the economic and political integration of the Republic of Croatia. The expected result of the research aims to point out the importance of the influence of political culture on the political and economic processes of integration, and proposes a new model of the actions of powerholders based on aspects of political culture in the direction of further successful integration of the Republic of Croatia into the EU.

Keywords: political culture, EU integration, political integration, economic integration

Conceptualisation of the Sharing Economy as a Sustainable Form of Business Future: a literature review

Franko Majdak

Recognising the Sharing Economy (SE) as a pro-sustainable business model with a rapid growth in popularity as phenomenon in business, and non-profit sharing is the reason why the scientific community should give more attention to the sharing economy. There are many terms for sharing economy in scientific literature and in practice, such as collaborative economy, peer to peer economy, gig economy, but most used theoretical term is sharing economy, which is in Oxford dictionary since 2015. Through systematic literature review, the goal of this article is to theoretically define the concept of sharing economy and its acknowledged business models and sustainable factors in simplified theoretical structure. Based on systematic content analysis and literature review, by abstraction method and pattern recognition the aim is to highlight their conceptual similarities and to organize them in logical, more straightforward way based on methodological characteristics. Sharing economy can be theoretically organized in tangible (product) and intangible (service) as two main group of concepts. Concept groups than are expanding to business models of sharing economy that connect them with sustainability through resource/assets rationality (ecological), economical maximisation of fewer assets, and concepts that are promoting social interaction between the providers and users as a social component of sustainability. Expected scientific contribution of this article is to theoretically reorganize and simplify the concept of sharing economy and its sustainability effects to propose new approach in categorisation of its patterns found in literature and to originate the discussion of theoretical simplification of the sharing economy as a business phenomenon.

Keywords: Sharing Economy; Sustainability; Business Models; Theoretical Patterns

Impact of taxation from wages on tax avoidance or tax evasion: Case study in Croatia

Vlasta Roška

In times of inflation and increased living costs, employees are looking for opportunities for higher net wages. Therefore, the burden of wages, either through taxes or contributions leads to the search for ways to reduce these burdens, either

through tax avoidance or tax evasion. The aim of this paper is to examine: a) whether there is a statistically significant connection between the average wages in the 27 EU countries and GDP, the cost of living, as well as the unemployment rate; b) whether the tax burden on wages leads to tax avoidance or tax evasion in Croatia. The average gross wage in Croatia is only 28.13% of the highest average gross wage in Luxembourg. Finland has the highest wage tax rate of 56.95% and Romania and Bulgaria have the lowest rate of 10%. Croatia has salary tax rates of 20% and 30% plus a tax surcharge. Comparing the amounts at the level of 27 EU countries, a statistically significant positive correlation was found between GDP per capita, living costs, average wage, and wage of a single person without children. Tax avoidance in Croatia manifests itself through moving to cities with lower income tax rates, leaving employment and going into some form of independent activity such as flat-rate trades, using various benefits that reduce the tax base. Tax evasion in Croatia most often occurs through registering residence in cities with lower rates without moving, working illegally, not paying taxes and contributions, registering employees for the minimum wage, and paying part of the wages in cash, and so on. The new tax reform for 2024 does not bring enough tax relief to increase the net wages of employees through an increase in personal deductions or by reducing contributions to pension insurance in certain cases.

Keywords: personal income tax; wages; tax avoidance; tax evasion

How important are nutritional strategies for rural tourism?

Silvije Jerčinović, Kristina Svržnjak & Sandra Kantar

Rural tourism and food can be described as a type of reflection of cultural and historical heritage, and especially the cultural heritage of the life of certain social community. Gastronomy is a factor in tourist activities that is driven by the growing trends of a healthy lifestyle, authenticity, environmental protection and the need for a quality experience. Tourists increasingly want food that emphasizes the culture of the place, that helps preserve traditional forms of agriculture, and has a beneficial or preventive effect on the health or well-being of the individual. On the other hand, the fast-paced life has led people to often reach for the so-called fast food and poor nutrition causing various chronic food-related diseases. There is a noticeable increase in awareness of the impact of food on health, personalized nutrition, protection of the authenticity of food, consumption of ecologically grown food and, in general, the

organization of the tourism value chain in accordance with the principles of sustainable development. This paper deals with the importance of nutritional strategies in the context of the development and promotion of rural tourism, and is based on the basic premise of the relationship between food, tourism and new trends in nutrition, and also wants to point out the new market segment of special nutritional needs as an opportunity to generate and diversify existing production potential in agriculture, sales and promotion channels. This approach can increase sources of income and improve income levels, employ local labor and generally strengthen the economic potential of rural areas.

Keywords: rural tourism, food, gastronomy, special nutritional needs

Professional chambers and their influence on facilitating access to the labor market for regulated professions through the implementation of regulations

Silvija Zec, Ana Markuz & Radmila Pavličić

The freedom to provide services is one of the fundamental freedoms on which the idea of the European Union is based and on which the successful realization of the European project depends. The regulation of professions is an additional condition, i.e., a limitation in the segment of providing services on the single European and global world market, and there is a long tradition and a significant impact on the safety and protection of people and the environment of the chambers of numerous professions, which provide specific professional services. Therefore, the paper investigates the issue of professional chambers and the regulation of professions and their impact on the freedom to provide services and the conclusion of trade agreements. Through the analysis of three studies by the European Commission and the OECD, the authors provide an overview of the impact of the Directive on Services and the Directive on the Recognition of Foreign Professional Qualifications and a cross-section the role and importance of professional chambers, especially in the regulation of access to the service market in the single European market, but also in contributing to the development and facilitating access to the labor market, while simultaneously protecting the interests of service providers and recipients and protecting the general interest. As a model for facilitating access to the labor market for regulated professions, a recommendation is made to strengthen the capacity of professional chambers, suggesting a modification of their former role and a

contribution to the standardization of qualifications, education and the quality-of-service provision at the EU and global level.

Keywords: freedom to provide services; mobility; regulation of professions; vocational chamber

Challenges of digital diplomacy

Radmila Pavličić, Olja Vori & Anita Bukovec

Digital technologies bring new opportunities and through influencing the key parameters of competitiveness can change the geopolitical balance of power and shape the way the world works in new ways. The way in which the activities are changing, as well as the characteristics of modern diplomats, stimulated by digital technologies, lead to new forms of functioning of diplomacy and diplomatic relations that prevail today in the global international environment. In such an environment, public diplomacy gets completely new tools through digital diplomacy, which becomes a key tool for its work. Nevertheless, the communication skills of representatives in diplomacy will be manifested in finding the best combination between traditional and new communication models, considering that in digital diplomacy such tools have shown a number of advantages and challenges. Since traditional methods of diplomacy continue to occupy an important way of communication in the diplomatic world, it will be interesting to see how digital technologies transform diplomatic communication and how diplomacy copes with new challenges before it in complex international relations.

Keywords: digital diplomacy; international relations; new models of communication; globalization

Challenges of Croatian economic diplomacy in the international environment

Anita Bukovec, Ana Markuz & Silvija Zec

New trends in the economy, stimulated by the development of information and communication technologies, are causing global changes in the economy. Market liberalization, the free flow of goods, services, capital, labor and the increasingly

present industrial espionage, in turn, lead to profound changes in international trade relations. By establishing bilateral, multilateral and regional trade relations, countries are guaranteed numerous rights, which facilitate mutual trade, and political and economic stability and long-term sustainability of economic growth are the most important preconditions for attracting new economic investments. Foreign investors often point to high tax rates, administrative obstacles and a complex legislative framework as obstacles to a significant entry into the market of the Republic of Croatia, and here economic diplomacy can play a key role. Therefore, this paper elaborates the challenges and comparative advantages and gives recommendations for more successful economic diplomacy, which should play an important role in persistently promoting the economy and spreading influence through the diplomatic network, to fulfil the goals of the foreign and economic policy of the Republic of Croatia.

Keywords: global changes; economic diplomacy; challenges; market liberalization; international environment

Impact of EU funds on the development of entrepreneurship on the example of Zadar County

Gordana Jurić Veselinović, Jurica Bosna & Ariana Ergović

As a member of the EU, the Republic of Croatia has at its disposal European funds, which are obtained through European projects. This paper aims to investigate the ways in which European funds obtained through European projects affect the development of entrepreneurship in the Republic of Croatia, with a special emphasis on Zadar County. European funds can be obtained by entrepreneurs for the growth and development of their business, as well as local and regional self-government units whose projects aim to support entrepreneurs in their work. With grants from the European Structural and Investment Funds, the European Union strongly encourages the development of entrepreneurship, and it is up to small and medium-sized enterprises to make maximum use of the available EU programs. European funds represent an important instrument for financing strategic projects and the development needs of Zadar County, which contribute to the creation of a stimulating environment for the development of entrepreneurship. European funds have contributed to the development of entrepreneurship and the economic progress of Zadar County, and it is extremely important to increase the availability of financing through EU funds in order to facilitate the operations of SMEs, as well as

the opening of new innovative companies. Zadar County has an extremely high-quality network of business support infrastructure that needs to be continuously improved and expanded in accordance with the needs of entrepreneurs. In the area of Zadar County, support institutions play an important role in providing timely information and implementing all incentive measures necessary to create prerequisites for a stronger development of entrepreneurship and a good entrepreneurial climate.

Keywords: EU funds, entrepreneurship, Zadar County

ESG scores-based assessment of the impact of macroeconomic factors on stock prices: a cross-sectoral approach

Greta Keliuotytė-Staniulėnienė & Joana Mačėnaitė

Although the impact of economic factors on stock prices is widely analyzed in the academic literature, it is very important to note that the nature and significance of the impact of these factors may vary depending on the ESG estimates and sectoral distribution. Scientific literature provides evidence that ESG estimates influence stock prices and stocks with higher ESG scores demonstrate greater stability under conditions of increased uncertainty. However, some authors argue that the advantage of ESG stocks in terms of economic resilience is manifested only in a short period, and higher ESG scores not always can guarantee protection against stock price declines. When assessing the impact of macroeconomic factors on stock prices from a sectoral perspective, scientific researches reveal that macroeconomic factors of stock prices and their impact varies across sectors. Hence, the problem of this study is related to the fact that the existing researches do not clearly indicate how, in the context of ESG estimates, the stocks of different sectors react to economic changes. Thus, the purpose of this research is to assess the impact of economic factors on stock prices based on ESG estimates and sectoral distribution. To reach this purpose, after the analysis of academic literature, panel data regression models are constructed for the groups of low and high ESG score stocks, as well as for different sectors. The results of the research showed that the stocks of companies with a higher ESG score demonstrate weaker reaction to changes in interest rate, inflation, political uncertainty, and business and consumer confidence. Cross-sectoral comparison in the context of ESG scores showed that the gap in the impact of

economic factors between companies with high and low ESG scores varies across the sectors.

Keywords: Stock prices; ESG; macroeconomic factors

Using ANFIS to analyze the effects of joining the EUROZONE on economic growth

Sonja Brlečić Valčić, Jurica Bosna & Berislav Bolfek

This paper makes its contribution to the literature of the European integration, which further sheds light on the effects of monetary integration on the economic growth of countries. The paper is important for potential member states of the monetary union in order to see what effects they can expect from joining the eurozone. The use of clustering through dendograms and later ANFIS analysis enabled the authors to have a different approach to analysis through a kind of data storytelling, and a more detailed approach to interpreting the results than the commonly used methodologies in the study of these types of problems. The obtained results with regard to the public debt showed that it is one of the conditions for entering the Eurozone (it should not exceed 60% of GDP and the fiscal deficit should not exceed 3% of GDP). It has been proven that EU and eurozone members have the expected economic growth associated with trade growth. The entry of each country into the EU was reflected in increased mutual trade in the EU, which is the foundation of the idea of the EU as a large market that can compete on the world stage. The observed period of our research is characterised by low interest rates due to monetary relaxation, and therefore the results showed an important influence of low interest rates on the GDP of the observed countries. The connection between low unemployment rates and GDP growth has also been proven.

Keywords: Financial integration, Eurozone, Clustering, ANFIS analysis

Transfermarkt estimates of player values in top-division Croatian football

Denis Alajbeg

For many years now, the Transfermarkt website has been the most popular global reference point for evaluating the market values of football players. Considering that the majority of Croatian first league football clubs are mainly financed by the sale of player registrations, it is useful to know how much the valuations of that portal differ from the actual compensation paid during outgoing transfers, but also how many football players from HNL are actually transferred with financial compensation. Analyzing domestic first league clubs over a period of ten competitive seasons, this paper found that the majority of players (at least 55%, but more likely 85%) leave their clubs without paid compensation. Because of this, the total value of the transfer is up to 40% lower than the estimate of the total market value that these players had at the time of their departure on Transfermarkt. However, if only transfers with paid compensation are taken into account, their value almost completely matches the market value estimate on Transfermarkt - the deviation is only 1.5%. A strong and significant statistical relationship between estimated market values and transfer values was confirmed, but only for those outbound transfers where a fee was actually paid. The probability of a paid transfer increases with the growth of the market value - especially above one million euros per player - and the increased market value also increases the accuracy of the assessment of the value of the transfer itself. Since domestic clubs that are more successful in terms of results have more footballers with a higher market value in their ranks, Transfermarkt's estimates are more accurate for them than for less successful clubs.

Keywords: Transfermarkt, outgoing transfers, types of outgoing transfers, market value, transfer value

An expository analysis of the consequential loss (business interruption) policy in light of COVID-19 and the UK and SA litigation

Penelope Spentzouris

The consequential loss (CL) usually referred to as the business interruption (BI) policy, although about 120 years old, has, until recently, not been subject to much litigation and therefore has had little benefit of judicial interpretation. On the other hand, it is one of the most complex of non-life policies. Things changed with the Covid pandemic, in that, the BI policy was subject to considerable litigation. About 2 000 cases were filed in the US with the litigation still ongoing at the time of the writing of this dissertation. The South African and UK courts litigated but on a different aspect of the policy, compared to the US. The US litigation involved the main policy whereas the UK and SA involved an extension to the policy. This extension does not form part of the US policies. The UK and SA courts relied largely on general legal principles of interpretation of contracts, applied to insurance contracts, to reach their conclusions. In so doing, the courts in these jurisdictions paid little attention to the context and construction of the BI policy taken as a whole, including the historical reason for its existence. Nor did the courts consider the issue of insurability to any detailed extent. It is also pointed out that the leading text book on this policy does not approach the policy in terms of fundamental principles. This dissertation systematically sets out the history, purpose, structure and interpretation of this policy, restating the policy in terms of its history and purpose. The dissertation sets out the lessons which can be learnt from the Covid-19 litigation. An analysis is made of the main policy and the extensions having regard for the various wordings of the BI policy. Finally, the possibility of developing a BI policy which may respond to a future event of a pandemic is considered.

Keywords: Business interruption; Covid 19 litigation; insurance