Faculty of Economics in Osijek – Josip Juraj Strossmayer University in Osijek
Hochschule Pforzheim – Pforzheim University

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BOOK OF ABSTRACTS

CHALLENGES OF COMPETITION AND DEVELOPMENT IN A CHANGING SURROUNDING

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INTRODUCTION

As in the past three decades, the thematic focus of the joint symposium of the Faculty of Economics, Josip Juraj Strossmayer University in Osijek and Hochschule Pforzheim – Pforzheim University was based on topics which were of great relevance for the future development of both Osijek and Pforzheim.

This book presents 12 abstracts from the 36th Scientific Symposium Osijek – Pforzheim „Competitiveness as a driving force of local and regional growth and development“ that is held at Hochschule Pforzheim – Pforzheim University from 4th to 6th November 2015.
CORPORATE SOCIAL RESPONSIBILITY IMPACTS ON SUSTAINABLE HUMAN DEVELOPMENT - RECENT FINDINGS AND CONSEQUENCES

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Keywords: Corporate Social Responsibility (CSR), CSR impact evaluation, Sustainable Human Development, Base of the Pyramid (BoP), Capability Approach

Abstract:
The goal of this article is to critically analyze the findings of the first, recently published, studies about Corporate Social Responsibility (CSR) impacts on Sustainable Human Development (SHD). We aim at deriving conclusions for effective CSR strategies and at identifying consequences for management and research. As CSR claims to create value for corporations and for society, we argue that the people-centered Capability Approach is promising to provide neglected and much needed insights how corporate activities affect individuals and communities. Based on a survey of recent literature addressing CSR impacts on SHD, we highlight CSR potentials to improve average well-being in multiple dimensions of SHD. Moreover, we critically assess challenges and limitations of CSR as a strategy to preserve and foster SHD. For instance, studies have shown that, despite CSR-driven well-being increases, social capital, relational capabilities and collective agency may become challenged by corporate strategies. Moreover, corporate environmental impacts have been found to be less often addressed by both, companies and SHD researchers. Resulting inequality and fairness issues have been identified as causes of violence against corporations even in the presence of total well-being improvements. We conclude that companies should strategically take into account a comprehensive range of factors driving and hampering SHD to account for their whole portfolio of corporate opportunities and risks. This requires evaluating CSR impacts instead of only focusing on CSR inputs and outputs. Thereby, corporations can mitigate their risks, improve their stakeholder trust and strengthen their competitiveness.
IS THERE A RELATIONSHIP BETWEEN FINANCIAL LITERACY, CAPITAL STRUCTURE AND COMPETITIVENESS OF SMES?

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Keywords: Financial knowledge, capital structure, small and medium-sized enterprises, financial market, competitiveness

Abstract:  
The importance of financial market development for the economic development and competitiveness of a country is reflected in channeling of capital towards those investments that have the highest returns, thus ensuring liquidity and efficient grouping of enterprises, that is, risk-taking. Efficient risk-taking is primarily reflected in the availability of a large number of sources of funding, which allow enterprises freedom when forming capital structure. Enterprises that do not have a large number of sources of funding at their disposal have to resort to debt financing when forming capital structure, which ultimately means excessive financial vulnerability. Financial vulnerability, especially in times of financial crisis, when fluctuations in the cost of capital are very high, reduces investment, growth and employment in the long-term. Small and medium-sized enterprises in the Croatian underdeveloped financial market must resort to borrowing, as the most readily available source of funding. Analyzing the process of decision-making about capital structure on a sample of 108 small and medium-sized enterprises, it was observed that enterprises whose capital structure is less dependent on debt achieve better financial results and grow. The process of making financial decisions in those companies is in the hands of owners and/or managers and consultants with knowledge about the advantages and disadvantages of individual sources of funding. Financial knowledge is one of the most important determinants of the capital structure that will enable the growth and development of the small and medium-sized enterprise sector, as well as greater competitiveness of enterprises, regardless of size, activity, industry and the form of ownership of these enterprises.  
Levene’s test of equality of variances was used to investigate the relationship between the profitability of enterprises and their financial literacy.
Keywords: Sustainable mobility, new mobility services, business model, internet economy, customer centricity

Abstract:
Automotive mobility is changing to meet the demands for a low carbon environment, extended services, and shared practices. This change paves the way for a paradigm shift based on a service mobility dominant logic in which the customer is at the center of the economy (customer centricity). However, the business models of established players in the automotive industry are designed to sell personal goods following the rules of the traditional economy (product centricity). This paper aims to investigate the question of whether new business models inspired by the digital economy arise for a new mobility services industry. It also aims to analyse whether emerging models can be transferred on future customer centered mobility concepts.
WHAT CONSTITUTES A MERE REGULATION OF FOREIGN-OWNED PROPERTY IN INTERNATIONAL LAW? SOME THOUGHTS ON THE PROTECTION OF FOREIGN INVESTMENT AGAINST EXPROPRIATIONS, THE STATES’ RIGHT TO REGULATE, ARBITRATORS AND TTIP

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Keywords: Investment protection, expropriation, right to regulate, international law, arbitration, TTIP

Abstract:
This article intends to help understand the debate about TTIP by focusing on the specific issue of how TTIP may regulate investment protection of foreign-owned property. It gives an overview on the international law on expropriation of foreign-owned property for public welfare objectives such as public health and safety, environmental protection, public morals, the promotion and protection of cultural diversity and human rights, and asks whether such interferences require the payment of compensation. It also describes the role arbitrators played in the development of the international law concerning the taking of foreign-owned property. With this legal background in mind it elaborates that TTIP investment protection rules and dispute settlement provisions may be an indicator on what TTIP really is: an instrument for the benefit of the citizens in Europe and the United States or a means to outplace national interests and democracy in favor of multinational enterprises. The article expresses the hope that the protection of foreign-owned property will not be regulated in the TTIP agreement and that the settlement of investment disputes between investors and states will not be put into the hands of arbitrators but of the judges of the country where the taking took place.
INDIFFERENCE OF THE STATE IN THE CHANGING ENVIRONMENT OF SALES OF NEW CARS, ELABORATED ON THE EXAMPLE OF TAX ACTIVITIES

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Key words: New cars, taxes, tax relief, automotive industry, sales

Abstract:
The State, with its regulatory role, should contribute to the creation of the stimulating economic environment, which, particularly through good tax system, has to adapt to the needs of the wide and narrow global market. Establishment of the tax system, lever of tax activities and system of tax relief are state’s primary activities that have significant impact on the creation of a more dynamic economy and stimulating economic environment. New car sales industry is in the trade segment that has large statistical quantitative financial volume. New car sales industry, according to the number of employees, revenues and the impact on customer preferences, is one of the most important branches of trade. Automotive industry in the Republic of Croatia, besides import and sale of cars, also conducts post-sales activities (maintenance and repair), production of automotive components, as well as new technological processes that follow the development and modernization of production of car components, especially in the segment of spare parts. The role and activities of the state are not consistent because the taxes and tax regulations often change, and when they are implemented they are usually implemented unplanned. Revoking the possibility of tax deduction for personal cars purchased by legal persons has radically changed the purchasing habits and has significantly influenced the decline in sales of new cars. This paper attempts to explore fiscal budgetary effects of this decision as well as to explore other forms of taxation that influence the structure of calculating the price of new car. It is not clear which role in stimulating new car sales has a state and whether there is a possibility of better impact of fiscal overflow and excise revenues on the sale of new cars. Trends in the automotive industry on the global market are dynamic; vehicle fleet in Croatia is much older than the average vehicle fleet of EU Member States. Cars that have new technology and comply with the requirements of environmental protection are subsidized, but are not available and could not be financed by average Croatian salary. This paper attempts to explore better opportunities for development of the market of new cars, creating a stimulating environment to adapt to new trends and business models, the possibility of introducing tax incentives and possibilities to increase budget revenues.
QUALITY, OBSOLESCENCE AND (UN)SUSTAINABLE INNOVATION

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Keywords: Obsolescence, innovation, quality competition, imperfect information, sustainable development, lifecycle analysis

Abstract:
One of the negative side effects of the consumer society and the increasing number of consumer goods available to the average household is the intransparency of product quality, especially product life-time. There are many examples on failing products and premature obsolescence. Often this phenomenon is related to companies’ profit maximization strategies (planned obsolescence) and consumer protection policy is mobilized to stop this type of exploitation. The paper applies micro-economic analysis to discuss the problem of optimal product quality (e.g. lifetime) in terms of cost-benefit-analysis and under imperfect information (based on Akerlof's lemon problem). Given consumers’ actual willingness to pay there is an optimal quality which is lower than the technically possible. If the innovation perspective (Schumpeter’s “creative destruction”) is added to the analysis, increasing global competition and speed of product innovation are identified as core drivers for shorter product lifecycles and tend to be the actual limiting factor of product lifetime (economic vs. technical obsolescence). Even if the goals of sustainable development are included in the analysis, this does not provide an unambiguous argument for long-life products as new products tend to be more eco-efficient. A broader discussion on optimal quality (lifetime) of products is necessary, based on holistic life-cycle assessment of alternative product quality options. And finally: The tendency of increasing aftersales disappointment of consumers’ expectations and conflicts with sustainable development goals need to be addressed in a more general debate on (limits of) consumerism. Minor changes in the laws for protecting consumers (e.g. longer warranty) will not do the job.
CAN FOOD BE A COMPETITIVE ADVANTAGE OF CROATIAN TOURISM

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Keywords: Food tourism, Croatia, marketing, competitiveness

Abstract:
Tourism in Croatia is one of the most efficient and competitive industries in Croatia. According to Croatian National Bank (HNB, 2015) with the income of 7.4 billion Euro in 2014, it contributes 17.2% to national GDP. From the marketing point of view, it is one of the most crucial images of Croatia internationally. However, tourism in Croatia was for decades marked as „3S“ (sun, sand & sea). This means that its competitiveness was based primarily on natural resources. Such positioning has disabled its differentiation from other Mediterranean destinations, apart from price differentiation and resulted in the existing problems of high seasonality, low ROI, low value added, etc.

The major goal of this paper is to analyze the opportunity of increasing the tourism value added by developing food tourism as a special tourist product of Croatia. The research is in line with the goals of national tourism development strategy which emphasizes the need to create value added to national economy by valorization and protection of available resources, market repositioning and new identity creation and enabling additional market opportunities for local products. Food tourism perfectly matches these goals.

A pilot research of supply (hotels and restaurants, local tourist associations, souvenir shops) and demand (foreign tourists) was conducted and potential for such development was identified. The gaps in attitudes and opinions between supply and demand of food tourism is analyzed and discussed. Appropriate marketing activities are suggested.
GLOBALIZATION AS A RISK FACTOR FOR CREATIVITY AND INNOVATIVENESS

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**Keywords:** Globalization, Innovation, Innovation management, Creativity, Medium-sized businesses, Economic structure

**Abstract:**
The innovation pressure for the German economy increases with globalization. Yet, is this also reflected in an increased innovation activity and creativity? The article at hand presents an opposing perspective: Based on some statistical analyses that indeed show a decline of innovation in Germany and other developed countries during the past years, several lines of argument are presented to explain that development. Risks arising from globalization for the creativity and innovation potential of companies are identified in economic, business and socio-scientific areas and their impact on creativity and innovation is explained in detail. Furthermore, possible countermeasures are summarized.
IS MOTIVATION A KEY FOR COMPETITIVENESS?

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Key words: Motivation, motivational strategies, material and immaterial compensation, reward and punishment system, competitiveness

Abstract:
Management and development of human resources is becoming increasingly important due to the new position and role of man in all social processes, as well as their management. Motivation and employee satisfaction are the basis of modern management occupations of human resources because only the construction quality of the motivational system can help an organization to increase its competitive ability and value. This increase in competitiveness is considered very important in today’s business world, and it is therefore necessary to know the concept, techniques and effects of motivation. Managers need to know who their employees are, what are their habits, what kind is their behavior in the company, whether they are willing to work in teams, their features and capabilities.

This paper describes different motivation theories and shows the theoretical framework of human resource management through motivation and compensation programs based on practical example. As a practical example T-Hrvatski Telekom (T-HT) was chosen due to its compliance with the basic principles of human resource management including motivating employees which results in competitiveness of the company on Croatian market.
THE HIGHER EDUCATION SPILLOVER – THE HIGHWAY TO SMART REGIONS

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Keywords: Higher education spillover, regional dimension of innovation, smart specialization, regional development

Abstract:
The aim of this paper is to answer the main research question: What are the key factors that trigger high growth of certain regions while others regions remain poor? These regional differences arouse interest in the study of economic growth and regional development. The crucial role in spillover process is played by higher education institutions as they are the promoters of research and knowledge that stems from it. Higher education institutions should be involved in the innovation system at regional level in order to create a stimulating and competitive environment for the future growth and development.

Additionally, the paper presents, compared and analyzed contemporary phenomena related to regional dimension of innovation and role of higher education institutions in Croatia, Hungary and Slovenia. Beside of teaching and research, higher education institutions must develop and emerge a „third mission” through research and technology commercialization, joint research projects, spin-off formation, mobility of researchers/teachers/students to industry and opposite, and involvement in local and regional development projects as well. However, it is not only about knowledge spillover in some delimited sectors, but transforming and reinvigorating the whole society on regional level.
THE ECONOMICS OF ALLOWANCES IN VERTICAL MARKETING RELATIONSHIPS BETWEEN
MANUFACTURERS AND RETAILERS

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Keywords: Allowances, Channel Management, Trade Promotions, Channel Pow

Abstract:
Allowances are payments from the manufacturer to the retailer. They appear in various forms: Fixed or variable regarding sales, induced by retailer or by supplier, based on numerous facts of the supplier-retailer relationship. For example, allowances are induced by promotions, by shelf-space allocation, by timely introduction of new products or by turnover. This study reviews the effects of allowances form in the competitive environment as a whole and in the supplier-retailer relationship.
INTERESTING TASKS, INDEPENDENCE OR IMPORTANCE TO SOCIETY? -
THE VOCATIONAL EXPECTATIONS OF GENERATION Y

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Keywords: professional choice, expectations, adolescents, generation Y

Abstract:
Choosing a profession is complex and often affects many areas of one’s future life. In a representative study we analyzed the vocational expectations and career-choices stages of “Generation Y” (4447 German adolescents, aged seventeen, interviewed in the years between 2000 and 2013). Engagement in different leisure activities, gender and form of education all greatly affect the perceived importance of profession characteristics. While young women and students from German grammar schools rank “stimulating tasks” first, young men and students from all other school forms feel that a “secure position” is the most important. Also, personality factors influence the perceived importance of vocational features, with agreeable and extravert adolescents rating “contact to others”, “importance to society”, “helping others” and similar features significantly higher. After controlling for the named variables, there remained a significant correlation between survey year and the term “secure position” (which became less important) and the terms “working conditions” and “helping others” (which both became more important). Employers should react to this trend in order to avoid staff fluctuations.