

Varazdin Development and Entrepreneurship Agency  
*in cooperation with*  
Faculty of Law, University of Split and University North

# Economic and Social Development

16<sup>th</sup> International Scientific Conference on Economic and Social Development –  
“The Legal Challenges of Modern World”



Editors:

**Zeljka Primorac, Candida Bussoli and Nicholas Recker**

## Book of Abstracts

ISSN 1849-7543



9 771849 754003 >

Split, 1-2 September 2016

**Varazdin Development and Entrepreneurship Agency**  
*in cooperation with*  
**Faculty of Law, University of Split and University North**

Editors:

**Zeljka Primorac, Candida Bussoli and Nicholas Recker**

## **Economic and Social Development**

16<sup>th</sup> International Scientific Conference on Economic and Social Development –  
“The Legal Challenges of Modern World”



## **Book of Abstracts**

Split, 1-2 September 2016

**Title ■** Economic and Social Development (Book of Abstract), 16<sup>th</sup> International Scientific Conference on Economic and Social Development – “Legal Challenges of Modern World”

**Editors ■** Zeljka Primorac, Candida Bussoli and Nicholas Recker

**Scientific Committee ■** Marijan Cingula, University of Zagreb, Croatia (President); Ayuba A. Aminu, University of Maiduguri, Maiduguri, Nigeria; Gouri Sankar Bandyopadhyay, The University of Burdwan, Rajbati Bardhaman, India; Haimanti Banerji, Indian Institute of Technology, Kharagpur, India; Alla Bobyleva, The Lomonosov Moscow State University, Russia; Leonid K. Bobrov, State University of Economics and Management, Novosibirsk, Russia; Rado Bohinc, University of Ljubljana, Slovenia; Ratko Brnabic, University of Split, Croatia; Adnan Celik, Selcuk University - Konya, Turkey; Angelo Maia Cister, Federal University of Rio de Janeiro, Brasil; Mirela Cristea, University of Craiova, Romania; Sreten Cuzovic, University of Nis, Serbia; Oguz Demir, Istanbul Commerce University, Turkey; T.S. Devaraja, University of Mysore, India; Alba Dumi, Vlora University, Vlora, Albania; Ksenija Domicic, University of Zagreb, Croatia; Galina Pavlovna Gagarinskaya, Samara State University, Russia; Fran Galetic, Zagreb University, Croatia; Mirjana Gligoric, Faculty of Economics, Belgrade University, Serbia; Mehmet Emre Gorgulu, Afyon Kocatepe University, Turkey; Hana Horak, University of Zagreb, Croatia; Anica Hunjet, University North, Koprivnica, Croatia; Oxana Ivanova, Ulyanovsk State University, Ulyanovsk, Russia; Irena Jankovic, Faculty of Economics, Belgrade University, Serbia; Lara Jelenc, University of Rijeka, Croatia; Myrl Jones, Radford University, USA; Ana Jovancai Stakic, Univerzitet Dzon Nezbic, Belgrade, Serbia; Gorazd Justinek, Graduate School of Government and European Studies, Slovenia; Hacer Simay Karaalp, Pamukkale University, Turkey; Dafna Kariv, The College of Management Academic Studies, Rishon Le Zion, Israel; Salih Katircioglu, Eastern Mediterranean University, Northern Cyprus, Turkey; Hilal Yildirim Keser, Uludag University, Bursa, Turkey; Sophia Khalimova, Institute of Economics and Industrial Engineering of Siberian Branch of Russian Academy of Science, Novosibirsk, Russia; Marina Klacmer Calopa, University of Zagreb, Croatia; Mirko Klaric, University of Split, Croatia; Vladimir Kovsca, University of Zagreb, Croatia; Goran Kozina, University North, Koprivnica, Croatia; Lejla Lazovic Pita, School of Economics and Business, University of Sarajevo, Bosnia and Herzegovina; Robert Lewis, Les Roches Gruyère University of Applied Sciences, Bulle, Switzerland; Ladislav Lukas, Univ. of West Bohemia, Faculty of Economics, Czech Republic; Pascal Marty, University of La Rochelle, France; Vaidotas Matutis, Vilnius University, Lithuania; Marjana Merkač Skok, GEA College of Entrepreneurship, Ljubljana, Slovenia; Daniel Francois Meyer, North West University, South Africa; Marin Milkovic, Rector, University North, Koprivnica, Croatia; Gratiela Georgiana Noja, West University of Timisoara, Romania; Zsuzsanna Novak, Corvinus University of Budapest, Hungary; Mislav Ante Omazic, University of Zagreb, Croatia; Matko Pajcic, University of Split, Croatia; Vera Palea, Università degli Studi di Torino, Italy; Dusko Pavlovic, President DIU Libertas International University, Zagreb, Croatia; Zeljka Primorac, University of Split, Croatia; Mirosław Przygoda, University of Warsaw, Poland; Nicholas Recker, Metropolitan State University of Denver, USA; Zeljko Radic, University of Split, Croatia; Kerry Redican, Virginia Tech, Blacksburg, USA; Robert Rybnicek, University of Graz, Austria; Katarzyna Szymanska, The State Higher School of Vocational Education in Ciechanow, Poland; Ilaria Tutore, University of Naples Parthenope, Italy; Mladen Vedris, University of Zagreb, Croatia; Ilko Vrankic, University of Zagreb, Croatia; Rebeka Danijela Vlahov, University of Zagreb; Mladen Vukcevic, President of the Judicial Council of Montenegro; Thomas Will, Agnes Scott College, USA; Li Yongqiang, Victoria University, Australia; Peter Zabielskis, University of Macau, China; Tao Zeng, Wilfrid Laurier University, Waterloo, Canada; Snezana Zivkovic, University of Nis, Serbia.

**Review Committee ■** Marina Klacmer Calopa (President); Ana Aleksic; Ayuba Aminu; Mihovil Andjelinovic; Josip Arneric; Lidija Bagaric; Tomislav Bakovic; Sanja Blazevic; Leonid Bobrov; Ruzica Brecic; Ratko Brnabic; Anita Ceh Casni; Mirela Cristea; Oguz Demir; Stjepan Dvorski; Robert Fabac; Ivica Filipovic; Fran Galetic; Mirjana Gligoric; Tomislav Globan; Anita Goltnik Urnaut; Tomislav Herceg; Irena Jankovic; Dafna Kariv; Oliver Kesar; Hilal Yildirim Keser; Mirko Klaric; Tatjana Kovac; Vladimir Kovsca; Petar Kurecic; Angelo Maia Cister; Vaidotas Matutis; Marjana Merkač Skok; Daniel Francois Meyer; Natanya Meyer; Josip Mikulic; Ljubica Milanovic Glavan; Guenter Mueller; Ivana Nacinovic Braje; Gratiela Georgiana Noja; Zsuzsanna Novak; Alka Obadic; Claudia Ogorean; Matko Pajcic; Igor Pihir; Najla Podrug; Vojko Potocan; Zeljka Primorac; Zeljko Radic; Sanda Renko; Souhaila Said; Armando Javier Sanchez Diaz; Tomislav Sekur; Lorena Skuflic; Mirko Smoljic; Petar Soric; Mario Spremic; Ana Jovancai Stakic; Matjaz Stor; Lejla Tijanic; Daniel Tomic; Boris Tusek; Mladen Vedris; Rebeka Daniela Vlahov; Ilko Vrankic; Thomas Will; Zoran Wittine; Tao Zeng; Snezana Zivkovic; Berislav Zmuk.

**Organizing Committee ■** Zeljka Primorac (President); Domagoj Cingula (Co-President); Hana Horak; Marina Klacmer Calopa; Erlino Koscak; Mirosław Przygoda; Rebeka Danijela Vlahov.

**Publishing Editor ■** Domagoj Cingula

**Publisher ■ Design ■ Print ■** Varazdin Development and Entrepreneurship Agency, Varazdin, Croatia  
Faculty of Law, University of Split, Croatia  
University North, Koprivnica, Croatia

**Printing ■** Online Edition

**ISSN 1849-7543**

The Book is open access and double-blind peer reviewed.

Our Books are indexed and abstracted by ProQuest, EconBIZ and CPCI (WoS) databases and available for download in a PDF format from the Economic and Social Development Conference website:  
<http://www.esd-conference.com>

© 2016 Varazdin Development and Entrepreneurship Agency, Varazdin, Croatia; Faculty of Law, University of Split, Croatia; University North, Koprivnica, Croatia.

All rights reserved. Authors are responsible for the linguistic and technical accuracy of their contributions.

## CONTENTS

### The Legal Challenges of Modern World

Damir Primorac, Maja Buhovac ■ CRIMINAL JUSTICE ASPECTS OF CAUSING FALSE BANKRUPTCY .....	2
Ivana Markovinovic Zunko ■ APPLICABLE LAW FOR CONSUMER CONTRACTS ACCORDING TO THE REGULATION (EC) NO 593/2008 ON THE LAW APPLICABLE TO CONTRACTUAL OBLIGATIONS (ROME I) .....	3
Dario Klasic ■ LEGAL ASPECTS OF PACKAGE TRAVEL CONTRACTS .....	4
Davor Muhvic ■ FAIR AND EQUITABLE TREATMENT STANDARD IN INVESTMENT TREATIES AND GENERAL INTERNATIONAL LAW .....	5
Ines Medic ■ LEX CONTRACTUS AND OVERRIDING MANDATORY RULES. WHAT CAN WE LEARN FROM THE CJEU CASE LAW? .....	6
Ivan Vukusic ■ CRIMINAL PROTECTION OF ENVIRONMENT - ORGANIZED CRIME AND EFFECTIVE REGRET .....	7
Katarina Knol Radoja ■ THE EFFECTIVENESS OF CIVIL PROTECTION OF THE ENVIRONMENT .....	8
Nikol Ziha ■ CROATIAN PROPERTY LAW BETWEEN TRADITION AND TRANSITION: A REVIVAL OF THE ROMAN PRINCIPLE <i>SUPERFICIES SOLO CEDIT</i> .....	9
Jelena Kasap ■ THE INFLUENCE OF LEGAL AND ECONOMIC CONDITIONS ON THE APPEARANCE OF THE INSTITUTE OF <i>PRECARIUM</i> IN MODERN REGULATION OF CIVIL-LAW .....	10
Zeljko Mirjanic, Jasna Cosabic ■ PROTECTION OF WHISTLE-BLOWER'S EMPLOYMENT STATUS .....	11

Zvonimir Jelinic ■ HOW TO ENSURE IMPARTIALITY OF ARBITRATORS? .....	12
Ivana Radic ■ SOCIAL-CRIMINAL PREVENTION PROGRAMMES FOR JUVENILES .....	13
Ratko Brnabic, Mario Ivancev ■ PECULIARITIES OF THE FORWARDING CONTRACT .....	14
Tunjica Petrasevic ■ THE RELATION OF HUMAN RIGHTS AND MARKET FREEDOMS IN CJEU CASE LAW .....	15
Ratko Brnabic ■ PRODUCTION SHARING CONTRACTS IN THE OIL AND GAS INDUSTRY .....	16
Slavko Simundic, Danijel Barbaric, Sinisa Franjic ■ SAFETY OF ELECTRONIC COMMUNICATION AND COMPUTER CRIME .....	17
Strahinja D. Miljkovic, Vanda Bozic ■ CRIMINAL RESPONSIBILITY OF LEGAL PERSONS IN THE LEGISLATION REPUBLIC OF SERBIA AND THE REPUBLIC OF CROATIA .....	18
Susana Sousa Machado ■ THE DYNAMICS BETWEEN RELIGIOUS FREEDOM AND EMPLOYMENT CONTRACT: A JURIDICAL CHRONICLE .....	19
Marija Boban ■ DIGITAL SINGLE MARKET AND EU DATA PROTECTION REFORM WITH REGARD TO THE PROCESSING OF PERSONAL DATA AS THE CHALLENGE OF THE MODERN WORLD .....	20
Visnja Lachner ■ LEGAL ASPECTS AND PROBLEMS OF ENVIRONMENTAL PROTECTION IN LATE 19th AND EARLY 20th CENTURY IN TOWN OSIJEK .....	21
Marko Dimitrijevic ■ LEGAL REGULATION OF TAX INCENTIVES FOR INVESTMENTS IN SERBIA .....	22

Paula Poretti ■ COUNCIL REGULATION (EC) NO 1206/2001 OF 28 MAY 2001 ON COOPERATION BETWEEN THE COURTS OF THE MEMBER STATES IN THE TAKING OF EVIDENCE IN CIVIL OR COMMERCIAL MATTERS AS A GUARANTEE OF THE RIGHT TO EFFECTIVE JUDICIAL PROTECTION .....	23
Merica Pletikosic, Majda Tafra Vlahovic ■ THE PUBLIC AND INTERESTED PUBLIC IN ENVIRONMENTAL PRACTICES .....	24
Lucija Sokanovic ■ FRAUD IN ECONOMIC BUSINESS OPERATIONS IN CROATIA: PRACTICAL PROBLEMS AND LEGAL SOLUTIONS .....	25
Miro Gardas, Ana Gavran ■ CONFISCATION OF THE PROPERTY OF THE JEWS IN OSIJEK AFTER WORLD WAR II .....	26
Ivana Kunda ■ JURISDICTION AND APPLICABLE LAW IN CROWDFUNDING .....	27
Ivana Markovinovic Zunko ■ IMPLEMENTATION OF THE ODR (ONLINE DISPUTE RESOLUTION) PLATFORM ACCORDING TO THE REGULATION (EU) NO 524/2013 ON ONLINE DISPUTE RESOLUTION FOR CONSUMER DISPUTES .....	28
Dejan Bodul ■ BANKRUPTCY POLICY, STATE ATTITUDE TOWARDS BANKRUPTCY AND STATE INTERVENTIONISM .....	29
Maja Proso ■ CIVIL PROTECTION OF THE HUMAN RIGHT TO A SAFE AND HEALTHY ENVIRONMENT .....	30
Dunja Duic ■ EU GLOBAL STRATEGY ON FOREIGN AND SECURITY POLICY AND THE ROLE OF HIGH REPRESENTATIVE OF THE UNION FOR FOREIGN AFFAIRS AND SECURITY .....	31
Zeljka Primorac ■ EFFECTIVE STRATEGIES FOR DETECTING FRAUDULENT CLAIMS IN MOTOR THIRD PARTY LIABILITY INSURANCE .....	32
Mara Barun ■ LEGAL EFFECTS OF THE APPLICATION OF EU DIRECTIVE 2015/2302 ON PACKAGE TRAVEL AND LINKED TRAVEL ARRANGEMENTS .....	33

Dinka Sago ■ CROSS – BORDER PRACTICE OF LAW .....	34
Dominika Bochanczyk - Kupka ■ THE MEASURES OF INTELLECTUAL PROPERTY RIGHTS PROTECTION .....	35
Biljana Cincurak Erceg ■ EUROPEAN AIMS AND CROATIAN LEGAL SOLUTIONS FOR THE PROTECTION OF THE ADRIATIC SEA FROM POLLUTION.....	36
Blanka Ivancic - Kacer ■ CROATIAN LEGISLATION AND PRACTICE - THE EFFECTS ON INVESTMENT PROCESSES .....	37
Aleksandra Vasilj ■ IMPLEMENTATION OF THE RAILWAY SYSTEM OF THE REPUBLIC OF CROATIA IN THE EU RAILWAY SYSTEM .....	38
Damir Primorac ■ ACTUAL QUESTIONS REGARDING THE CRIMINAL OFFENCE OF ABUSE OF TRUST IN BUSINESS ACTIVITY .....	39
Anton Petricevic ■ THE PROTECTION OF MENTAL HEALTH IN THE WORKPLACE .....	39
Ana Radina ■ FOSTER CARE AS THE FORM OF ALTERNATIVE CARE FOR CHILDREN .....	40
Aleksandar Erceg ■ IS ABSENCE OF REGULATION AND FRANCHISING LAW OBSTACLE FOR FRANCHISING EXPANSION IN CROATIA – COMPARISON WITH OTHER COUNTRIES .....	41

#### **Economic and Social Development**

Anetta Wasniewska, Katarzyna Olszewska ■ DETERMINANTS OF THE DEMAND FOR HIGHER EDUCATION SERVICES IN SELECTED EU COUNTRIES .....	44
Abdelatif Kerzabi ■ PUBLIC EXPENDITURE AND ECONOMIC CRISIS IN ALGERIA.....	45

Agata Mesjasz-Lech ■ SECTOR VARIATION IN THE USE OF CRM SYSTEMS FOR ENTERPRISE LOGISTICS .....	46
Agnieszka Leszczynska ■ CONCEPTUALIZATION OF GREEN HUMAN RESOURCE MANAGEMENT .....	46
Aneta Włodarczyk ■ FACTORS AFFECTING ROAD TRANSPORT CARBON DIOXIDE EMISSIONS IN THE VISEGRAD GROUP: A PANEL COINTEGRATION APPROACH .....	47
Daniela Majercakova, Lucia Kocisova ■ IMPACT INVESTING – OPPORTUNITY FOR CREATIVE INVESTMENT .....	48
Dunja Skalamera – Alilovic, Ivan Rubinic ■ THE TAX SYSTEM AS A GENERATOR OF ECONOMIC INEQUALITY IN CROATIA .....	49
Nikolaeva Ekaterina, Pletnev Dmitri ■ ANALYSIS OF THE PRACTICE OF LEADERS OF SUCCESS IN THE RUSSIAN MEDIUM-SIZED BUSINESSES: AGRICULTURE VS INDUSTRIAL PRODUCTION ..	50
Aleksandra Grobelna, Anna Tokarz - Kocik ■ “WORK–LIFE BALANCE” AND ITS IMPORTANCE FOR THE WORK PROCESS IN THE HOSPITALITY INDUSTRY. A PERSPECTIVE OF GENERATION Y EMPLOYEES .....	51
Eva Rievajova, Roman Klimko ■ THE LABOUR MARKET IN THE SLOVAK REPUBLIC – STRUCTURAL PROBLEMS .....	52
Victor Barhatov, Irina Belova ■ INFRASTRUCTURE OF STATE SUPPORT OF SMALL AND MEDIUM-SIZED BUSINESS IN RUSSIA .....	53
Izabela Konieczna ■ IMPLEMENTED ACTIVITIES IN THE SPHERE OF DISTRIBUTION – AN EXAMPLE OF DAIRY COOPERATIVES FROM SWIETOKRZYSKIE PROVINCE .....	55
Flavia Guerra ■ GOVERNANCE CHALLENGES AND SOLUTIONS FOR OFFSHORE RENEWABLE ENERGY .....	56



Florije Miftari ■ FOREIGN DIRECT INVESTMENTS AND FISCAL STIMULATION IN BALLKANS: EVIDENCE FROM ALBANIA, KOSOVO AND MACEDONIA .....	57
Joanna Kizielewicz, Katarzyna Skrzyszewska ■ THE ROLE OF NON-GOVERNMENTAL ORGANIZATIONS IN THE FIELD OF SUSTAINABLE DEVELOPMENT OF CRUISE SHIP TOURISM .....	58
Gabor Batho ■ THE IMPORTANCE OF THE HISTORICAL ASPECT IN PUBLIC ADMINISTRATION REFORMS ON THE EXAMPLES OF HUNGARY .....	59
Katarzyna Czerewacz - Filipowicz ■ NEW ECONOMIC DIMENSION OF THE EURASIAN ECONOMIC UNION.....	60
Katarzyna Skrzyszewska, Ivona Milic Beran ■ IS IGNORANCE OF POTENTIAL CAREER PATHS A DISINCENTIVE FOR STARTING A CAREER IN THE MARITIME SECTORS?.....	61
Peter Sika ■ THE RELATIONSHIP OF THE MINIMUM WAGE AND UNEMPLOYMENT IN THE SLOVAK REPUBLIC .....	62
Luka Mladineo, Toni Susak ■ DETERMINANTS OF EFFECTIVE TAX RATE .....	63
M. Ozan Saray ■ THE INFLUENCE OF HIGHER EDUCATION ON PRODUCTIVITY: AN ANALYSIS OF TURKEY AND THE EUROPEAN UNION COUNTRIES .....	64
Kosjenka Dumancic ■ POSTED WORKERS IN THE LIGHT OF THE PRINCIPLE “SAME PAY FOR THE SAME WORK AT THE SAME PLACE” .....	65
Maria Piotrowska ■ THE ELECTORAL EFFECTS OF HOUSEHOLD ECONOMIC SECURITY IN POLAND.....	66
Brigita Krizanec, Damir Dobrinic ■ CONSUMER PERCEPTION OF VIRAL MARKETING – EXAMPLE OF CROATIAN MARKET .....	67

Valentina Vuckovic, Martina Basarac Sertic, Ruzica Simic Banovic ■ RELAXED BUSINESS REGULATIONS AS A PUSH FACTOR FOR THE ENTREPRENEURIAL ACTIVITY IN THE EUROPEAN UNION? .....	68
Verheyen Wouter ■ E-COMMERCE DELIVERIES 2.0: TOWARDS A SUSTAINABLE E-COMMERCE .....	69
Milaim Berisha ■ CONCESSION PRACTICES OF PUBLIC ENTERPRISES IN KOSOVO .....	70
Jelena Vidovic, Jasenka Bubic ■ SMEs IN EU AND EMPLOYMENT – IS THERE A CONNECTION? .....	71
Vlasta Roska ■ REINVESTED PROFITS AS THE ENGINE OF GROWTH OF COMPANIES ON THE STOCK EXCHANGE IN CROATIA .....	72
Wioletta Nowak ■ THE EUROPEAN UNION'S TRADE WITH AFRICA AND LATIN AMERICA .....	73
Yulia Bystraya, Svetlana Stash, Tatiana Makarenka ■ ENTERPRISE ARCHITECTURE: THE CONFLICTS RESOLUTION INSTRUMENT OF BUSINESS MANAGEMENT .....	74
Natasa Vrh ■ WHAT DRIVES THE DIFFERENCE IN DOMESTIC VALUE ADDED OF EU EXPORTS? .....	75
Mirosław Przygoda ■ TURKEY AS THE MOST IMPORTANT FACTOR IN STABILISING THE REGION .....	76
Robert Svetlacic, Dinko Primorac, Goran Kozina ■ SUSTAINABLE DEVELOPMENT AS A STRATEGIC GUIDING PRINCIPLE .....	77
Tatiana-Camelia Dogaru ■ THE EFFECT OF PUBLIC ADMINISTRATION REFORMS UNDER THE POST-NEW PUBLIC MANAGEMENT PARADIGM .....	78
Tatiana Leshchenko, Irina Sokolova, Liubov Teplova ■ THE INEVITABILITY OF THE ALIENATION OF COMMUNICATION IN THE ERA OF GLOBALISATION .....	79

Tinatin Akhvlediani ■ IMPACT OF ICT CAPITAL SERVICES ON PRODUCTIVITY GROWTH ACROSS CENTRAL AND EASTERN EUROPEAN COUNTRIES – WHERE HAVE ALL DIGITAL BENEFITS GONE? .....	80
Davor Mance, Mario Pecaric ■ RELATIONSHIP BETWEEN PROPERTY RIGHTS ENFORCEMENT AND CORRUPTION – PANEL ANALYSIS OF EU COUNTRIES .....	81
Jan Kowalik ■ ASSUMPTIONS OF TRANSPORT POLICY IN POLAND IN THE SUSTAINABLE DEVELOPMENT ASPECT .....	82
Ibrahim Yasar Gok ■ RESERVE OPTION MECHANISM: THE NEW MONETARY POLICY TOOL OF CBRT AND ITS EFFECT ON FX RATE VOLATILITY .....	83
Dubravka Pekanov Starcevic, Josipa Mijoc, Matea Culjak ■ CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE: THE CASE OF CROATIAN COMPANIES .....	84
Candida Bussoli ■ TRADE CREDIT FINANCING: SUBSTITUTION AND MATCHING EFFECT FOR ITALIAN SMEs .....	85
Arianit Jakupi, Hasan Jakupi, Indrit Baholli ■ ANTIBIOTIC CONSUMPTION IN A TURBULENT ENVIRONMENT .....	86
Izabela Konieczna ■ THE VALIDITY OF THE FEATURES OF THE OFFER FOR CLIENTS IN THE SPHERE OF SALES MARKETING – THE ASSESSMENT OF DAIRY COOPERATIVES FROM ŚWIĘTOKRZYSKIE PROVINCE .....	87
Jarmila Vidova ■ INVESTMENTS FOR THE EFFICIENT USE OF RAW MATERIALS .....	88
Jasenska Bubic, Toni Susak ■ DISTINCTIVE FEATURES OF COMPANIES WITH OPTIMAL CAPITAL STRUCTURE .....	89

## **The Legal Challenges of Modern World**

## CRIMINAL JUSTICE ASPECTS OF CAUSING FALSE BANKRUPTCY

**Damir Primorac**

*Faculty of Law of the University of Mostar*  
*damir.primorac@primorac-partners.com*

**Maja Buhovac**

*PhD candidate*

*Faculty of Law of the University of Mostar, Bosnia and Herzegovina*  
*majabuhovac@yahoo.com.hr*

### ABSTRACT

*Regulating of bankruptcy criminal offenses is based on a fact that there is a high dark number conditioned by structure of the very perpetrators. The bankruptcy criminal offenses are classic delicta propria and the perpetrators are either the responsible persons within a legal person or the debtors - individuals over which the bankruptcy proceedings may be instituted based on provisions of the Bankruptcy Act. However, in case of criminal offense of false bankruptcy the problem appears at the determining of a circle of persons being responsible for commitment of that offense, which is contributed to by the interpretation of a legal system for this criminal offense. The bankruptcy as a legally defined procedure that is conducted over the debtor's estate for the purpose of making a settlement to creditors indicates at the importance of the protection of creditors but also of adjudicated bankrupts as well as the protection of general public interests with the goal to prevent the commitment of bankruptcy criminal offenses. The aim of false bankruptcy regulating is to point out to the responsibility of persons which appear before and during the bankruptcy proceedings since the commitment of this offense requires a direct intention as a severe aspect of guilt. The determination of criminal responsibility of perpetrator is based, inter alia, on basic principles of obligatory commercial relations, principle of due care and diligence of a prudent businessman and principle of good faith. A specific feature of this criminal offense is that the causing of false bankruptcy is most often carried out over the corporate entities which were successfully running their business until the moment of committing the respective offense. The criminal offenses, committed in a privatisation process of public property, are committed very often but they are rarely prosecuted. For this reason the aim of this paper is to indicate at the importance of consistent implementation of legal*

*provisions in the work of bankruptcy estate managers and registrars in bankruptcy, execution of the control of business activities of corporate entities and timely actions to be taken by the competent prosecutor's office in cases when the bankruptcy proceedings are suspended due to the lacking bankruptcy estate. Proving the direct intention of responsible persons is very difficult in practice, relativizing the determination of their criminal responsibility. With the aim of preventing the commitment of bankruptcy criminal offenses it is very important to have a concept of Actio Pauliana which is used for refuting the debtor's legal activities which impair the estate of the adjudicated bankrupt and violate the principle of equality of creditors.*

**Keywords:** *criminal responsibility, false bankruptcy, Actio Pauliana, bankruptcy, bankruptcy criminal offenses.*

\*\*\*\*\*

## **APPLICABLE LAW FOR CONSUMER CONTRACTS ACCORDING TO THE REGULATION (EC) NO 593/2008 ON THE LAW APPLICABLE TO CONTRACTUAL OBLIGATIONS (ROME I)**

**Ivana Markovinovic Zunko**

*Law Firm Vedriš & Partners Ltd, Croatia  
ivana.markovinovic@vedris-partners.hr*

### **ABSTRACT**

*Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations, known as Rome I provides harmonised conflict of laws rules based on widely recognized international private law principles such as freedom of choice with the aim to ensure uniformity within EU and to eliminate uncertainty with regard to the applicable law. The position of the consumers as the weaker party in the contractual relation results with the implementation of various safe-guarding mechanisms in both national and international legislations. In cross-border transactions the position of the consumers is considered even more sensitive and the need for their protection results with numerous special provisions. Such provisions in Rome I are contained in the Article 6 that provides definition of the consumer contract (and also the exemptions) and establishes the rules for*

*determination of the law that should be applied thereon. The main principle is that consumers should be protected by such rules of the country of their habitual residence that cannot be derogated from by agreement. Such solution still enables the parties to choose the governing law for their agreement, but provides the minimum of the protection to the consumers by not depriving them from the protection of their local rules they supposed to be familiar with. The aim of this paper is to analyse whether such solution is well balanced and well harmonized with the other EU instruments adopted with the purpose to ensure protection of the consumers, particularly in the field of the increasingly present on-line commerce.*

**Keywords:** *applicable law, consumers, habitual residence, protection.*

\*\*\*\*\*

## **LEGAL ASPECTS OF PACKAGE TRAVEL CONTRACTS**

**Dario Klasic**

*Attorney-at-law; Doctoral Candidate, Institute of Air and Space Law,  
Faculty of Law, University of Cologne (Institut für Luft- und  
Weltraumrecht, Rechtswissenschaftliche Fakultät, Universität zu Köln),  
Albertus-Magnus-Platz, Cologne, Germany  
dklasic@smail.uni-koeln.de*

### **ABSTRACT**

*In the last decades the inclusive tour holiday business in Croatia and the EU has shown a significant growth. Since the adoption of Directive 90/314/EEC, back in 1990, the market has also undergone considerable changes. In arranging the various components that make up a package holiday, a tour operator enters into contracts with airlines, coach companies, hoteliers and others since it is them who actually provide the transport and accommodation which feature in the package. However, tour operators are responsible for all the elements of the package and primary liability for anything which goes wrong rests with them. In other words, the tour operators face strict liability for any of the services, facilities or goods to be supplied as component parts of the package and are not able to mount a defence on the basis that the services, facilities or goods were supplied by others over whom they had no control.*

*The new Package Travel Directive (EU) 2015/2302 adopted in November 2015 repeals the old Directive (EEC) 90/314 and aims at enhancing transparency and increasing legal certainty for travellers and tour operators alike. Having previously worked for two major Croatian tour operators with a considerable practical experience on this subject, in the following article the author will focus attention on the legal aspects of those involved in travel industry and packaged travel, be they tour operators, travel agents or travellers themselves.*

**Keywords:** Directive (EU) 2015/2302, Liability, Package holidays, Tour operators.

\*\*\*\*\*

## **FAIR AND EQUITABLE TREATMENT STANDARD IN INVESTMENT TREATIES AND GENERAL INTERNATIONAL LAW**

**Davor Muhvic**

*Faculty of Law Osijek, J.J. Strossmayer University of Osijek, Croatia  
dmuhvic@pravos.hr*

### **ABSTRACT**

*Fair and equitable treatment (FET) standard is a common part of contemporary bilateral investment treaties, as well as other international investment agreements. Indeed, in the last two decades the practice of investment treaty arbitration has revealed FET standard as the most important standard for foreign investors' international legal protection. This paper analyzes the relationship of this in principle treaty standard with general international law. Investment treaties generally do not provide a definition of FET standard and they are not uniform with regard its association with general international law. This has placed a lot of burden on investment arbitration tribunals who interpret this standard by taking into account the text and context of particular investment treaty.*

*The paper gives an overview of relevant literature and practice of investment arbitration tribunals in considering two main questions. Firstly, the author considers whether the FET standard as such represents the existing general customary international law in the form of the long time acknowledged minimum standard of treatment of aliens. Secondly, the author considers whether the very large number of contemporary*



*investment treaties, accompanied by the constantly growing arbitration practice with regard to FET standard has some sort of a rebound effect on general customary international law. The main conclusion of the paper is that the mutual influence of relevant customary and treaty law, as well as FET standard's more objective and clearer nature than the minimum standard says a lot about the potency of this standard to confirm its place in general international law.*

**Keywords:** *fair and equitable treatment standard, general (customary) international law, investment treaties, minimum standard of treatment of aliens.*

\*\*\*\*\*

## **LEX CONTRACTUS AND OVERRIDING MANDATORY RULES. WHAT CAN WE LEARN FROM THE CJEU CASE LAW?**

**Ines Medic**

*Faculty of Law, University of Split  
Domovinskog rata 8, 21 000 Split, Croatia  
ines.medic@pravst.hr*

### **ABSTRACT**

*It is generally well known that party autonomy represents a cornerstone in cross-border commercial transactions. Up to now it has become „the unquestioned primary tool to determine the applicable law in contracts“. It runs counter most of legal theories in private international law and as such does not fit well within traditional methods of private international law, which consider the question of the applicable law in terms of a conflict between the states. Some even consider it a new paradigm of private international law, a „parallel word of private transnational ordering“, since in private international law realm due to party autonomy it is the state law that is subordinate to the contract. In order to strike the balance between the party autonomy and state regulatory interests there are also some limitations to party autonomy, one of them being overriding mandatory rules. Overriding mandatory rules are dealt with in Art. 9 of the Rome I Regulation and with respect to earlier Art. 7 of the Rome Convention entail a number of modifications, some of which are either unclear or disputed.*

*The CJEU case law on this matter is scarce and not entirely clear but it still offers an important guidance on how to interpret and apply those rules. The aim of this article is to clarify the concept of overriding mandatory rules in European context as well as in the CJEU case law.*

**Keywords:** *CJEU case law, overriding mandatory rules, party autonomy.*

\*\*\*\*\*

## **CRIMINAL PROTECTION OF ENVIRONMENT - ORGANIZED CRIME AND EFFECTIVE REGRET**

**Ivan Vukusic**

*Law faculty, Ul. Domovinskog rata 8, Split, Croatia  
ivan.vukusic@pravst.hr*

### **ABSTRACT**

*This paper analyzes special criminal offences of environment endangering through national and international legislation. How social aspect is important in criminal law because of prevention of injury, legislator predicted provision of effective regret if person acts as individual perpetrator or as part of criminal organization. That is key reason why paper analyzes effective regret prescribed in Criminal Code of Croatia in Special part (Head protecting environment and Head protecting public order). Mostly, environment will be injured by act of individual, but nowadays, environment is valuable resource that enables to gain large profit and as such is aim of criminal organizations. Legislator punishes mostly stadium of environment endangering, so paper reflects nature of provisions against environment on possibility of effective regret (instrument of stopping injury of legal good (material completion of criminal offence against environment)). Paper analyzes also UN Palermo Convention and EU Framework Decision against organized crime, specially provisions about conspiracy (when exists no criminal organization) and criminal organization and on end their comparison with legislation of Croatia. De lege ferenda is noted that Framework Decision must incriminate conspiracy established for only one criminal offence, and not for only two or more, because one criminal offence can have characteristics of organized crime as well. Paper concludes that it is necessary to predict effective regret by more criminal offences of environment endangering because it represents best way of legal good*

*protection. If person acts as part of criminal organization, it should be sufficient that content of effective regret presents certainly prevention of commission of criminal offence without disclosure of criminal organization because protection of legal good (environment) should have an advantage over punishment of perpetrator.*

**Keywords:** *Criminal Code, effective regret, environment, organized crime.*

\*\*\*\*\*

## **THE EFFECTIVENESS OF CIVIL PROTECTION OF THE ENVIRONMENT**

**Katarina Knol Radoja**

*Faculty of Law, Josip Juraj Strossmayer University of Osijek  
Stjepana Radića 13, Osijek, Croatia  
kknol@pravos.hr*

### **ABSTRACT**

*The human right to a healthy environment has been frequently violated and it is necessary to protect it adequately. In theory it could be established that the civil protection of the environment in Croatia is well functioning and provides effective legal protection. However, in practice, the realization of that protection showed to the plaintiffs difficult to realize because the high procedural costs made them difficult to access to the court. Thus allegations have occurred that the current system does not provide effective protection in regard of damages suffered by the plaintiffs since litigation costs such as those for the expertise that they need to pay in advance are huge. Significant interpretation gave the EU Court of Justice in the Edwards case in which held that potential applicants should not be prevented from pursuing judicial proceedings by reason of the financial burden that might arise. National laws and courts need to safeguard rights which individuals derive from EU law, and must not make it in practice excessively difficult or impossible to exercise this rights. Therefore, the basic reason why individual citizens, natural persons, rarely decide for the filing of this lawsuits is based on the fact that these procedures are costly and long lasting and on the other hand, always with uncertain outcome. Moreover, such procedures are generally conducted against more powerful opponents that have their own legal services and resources to finance the procedure more easily.*

*The aim of this paper is to point out the problems faced by "ordinary citizens" and NGOs when they are seeking for the protection of their environment and to propose possible solutions.*

**Keywords:** *access to court, civil protection of the environment, procedural costs.*

\*\*\*\*\*

## **CROATIAN PROPERTY LAW BETWEEN TRADITION AND TRANSITION: A REVIVAL OF THE ROMAN PRINCIPLE *SUPERFICIES SOLO CEDIT***

**Nikol Ziha**

*Faculty of Law, Josip Juraj Strossmayer University of Osijek, Croatia  
nikolz@pravos.hr*

### **ABSTRACT**

*After WWII, as a part of the communist SFR Yugoslavia, Croatia adopted a distinctive concept of collective property rights, which had important consequences on the development of its legal system, gradually departing from the European legal tradition and taking over the essential features of the socialist legal circle. In order to achieve collective interests, the authorities sought to create a social, and therefore a legal order imposed "from above" by marginalizing civil law in favour of public law. Property law was affected the most by this transformation, especially the traditional rule of the legal unity of real property - everything permanently connected to the ground is considered a part of it and shares the same legal status as the ground - which originated in the Roman principle superficies solo cedit. Disregarding this legal rule, common to all European civil codes, resulted in a compromised land register system and lack of legal certainty.*

*Through reforms of the legal system after declaring its independence in 1991, Croatia started the process of returning to the civil law roots and the European identity it once had been a part of. Although the legal unity of real property was re-established and all the requirements on the normative level have been satisfied, the consequences of privatization are still present in practice due to insufficient application of law and the atavism of socialist legal reasoning and mentality. Despite some misconceptions that former socialist countries due to their communist legacy resemble a "juridical wasteland", whose legal systems are supposed to be built from the ground*

*up, the aim of the following contribution is to analyse the challenges of a transitioning legal system in its process of rebuilding the civil-style mode of legal thought by returning to its Roman legal foundations.*

**Keywords:** *Roman legal tradition, Property law, Superficies solo cedit, Transition.*

\*\*\*\*\*

## **THE INFLUENCE OF LEGAL AND ECONOMIC CONDITIONS ON THE APPEARANCE OF THE INSTITUTE OF *PRECARIUM* IN MODERN REGULATION OF CIVIL-LAW**

**Jelena Kasap**

*Faculty of Law, Osijek, Croatia  
jkasap@pravos.hr*

### **ABSTRACT**

*In the collection of legal documents from the period of the medieval Germanic law the terms *precarius* and *precaria* are used in almost identical context. It is impossible, however, not to wonder whether, in accordance with the needs of the medieval legal transactions, the original Roman-legal Institute *precarius* lost its meaning and became an alternative instrument for the realization of property rights interests or, on the other hand, the developed legal trade in the Middle Ages generated a new legal instrument suited to satisfy the requirements of feudal state government. If the relevance of the latter assumption is determined, it is particularly important to distinguish the two legal instruments. Already at first glance it is quite clear that the demarcation of the two instruments is going to be based on the border between the contracting lease of things for the use and characteristics of precarious holding of the things. Therefore, the basic objective of the proposed work is to establish the context in which, when it comes to the modern civil law regulation, the incidence of two different legal terms may be determined.*

**Keywords:** *precarius, precaria, Middle Ages, feudal law, modern system of civil law.*

\*\*\*\*\*

## PROTECTION OF WHISTLEBLOWER'S EMPLOYMENT STATUS

**Zeljko Mirjanic**

*Faculty of Law of the University of Banja Luka, Bosnia and Herzegovina  
zemirjanic@gmail.com*

**Jasna Cosabic**

*Banja Luka College, Bosnia and Herzegovina  
jasnacosabic@live.com*

### ABSTRACT

*This paper analyses a normative question of whether the whistleblower's employment status rights should be regulated in a separate manner comparing to rights of employees that are not whistleblowers. Legislative principles in this matter differ: in some states a whistleblowers' protection has been provided by a special law, and in some states the protection of persons reporting corruption and other types of misconduct of employer is provided by labor law. The status of person being a whistleblower differs as well, ranging from protection only in public service, to protection of person being engaged in either current employment, or future or past employment, according to principles of International Labor Organization. The protection of whistleblowers by the European Union, in sense of, inter alia, latest efforts by the European Parliament and Ombudsman shall be analyzed and Council of Europe recommendations and legal views as well, having especially regard to some recent key judgments of the European Court of Human Rights, which dealt with the whistleblowers' protection in scope of their right to freedom of expression, creating thus a valuable case-law in this respect. Finally the legal protection of whistleblowing in Croatia, Serbia, Montenegro and Bosnia and Herzegovina is analyzed. Being a key feature of a democratic society, the absence of adequate whistleblowers' protection from retaliation, discourages the reporting of misconduct, fraud and corruption, which is done in good faith and in public interest, and deprives the society of one essential factor of its control. Therefore, effective legal protection of whistleblowers provided for in a special law and effectively implemented in praxis is of utmost importance.*  
**Keywords:** *corruption, fraud, employment, freedom of expression, protection of rights, whistleblowers.*

\*\*\*\*\*

## HOW TO ENSURE IMPARTIALITY OF ARBITRATORS?

**Zvonimir Jelinic**

*J.J. Strossmayer University of Osijek, Croatia*

*Faculty of Law*

*zjelinic@pravos.hr*

### **ABSTRACT**

*The impartiality of party appointed arbitrators presents an issue of outmost importance in tripartite commercial and investment arbitral proceedings. In this paper, the author will question whether the problem of impartiality of arbitrators can be resolved by purely prescribing the duty of arbitrators to be impartial. Taking into account that impartiality is a subjective concept, a kind of the mental state of an arbitrator towards the parties and the dispute, in most of the cases it will be extremely difficult to establish a personal bias, particularly when it is not possible to determine one arbitrator's link with the parties, their lawyers, other arbitrators or with the subject matter of the dispute. On the other hand, being a party to the proceeding the outcome of which may be shaped according to one party's preferences rather than according to the law results with innumerable negative repercussions that may easily undermine all arguments in favor of arbitration over resorting to a court in the traditional sense.*

*The existence of numerous international and domestic principles on impartiality of arbitrators is important, however not sufficient for coming close to reaching the ideal. The mere fact that the parties appoint their own arbitrators, often those for whom parties believe that they will deeply understand the nature of the party's specific position will often, from the point of view of interested public, lead to conclusion that the parties' appointed arbitrators are partisan. That is why, if we take for granted that the quality of one arbitration is directly linked to the quality of arbitrators themselves, we may assert that professionalism and ethical obligations of arbitrators to maintain their integrity and fairness of the process present the most effective means of securing the quality of one arbitration.*

**Keywords:** *commercial arbitration, independence, impartiality, fairness, motion for challenge.*

\*\*\*\*\*

## **SOCIAL-CRIMINAL PREVENTION PROGRAMMES FOR JUVENILES**

**Ivana Radic**

*Faculty of Law in Split, Croatia  
iradic@pravst.hr*

### **ABSTRACT**

*Main purpose of every prevention programme is to prevent children and juveniles from becoming a criminal offender in the future, but the benefits from an effective prevention of juvenile delinquency are much wider because it influences not only the lives of juveniles and their families who are participating in the programmes, but it also improves the quality of life for the whole community. Prevention is promoting a positive lifestyle for juveniles by helping them overcome their problems in different aspects of life (family, peers, school, workplace) and it is also more cost effective for the state to influence the risk factors of a child and his family at an early stage than have to pay for the treatment of that same child when he enters the judicial criminal system. That is why it is necessary that every state develops an effective prevention policy that should become a part of national criminal and social policy in long-term. Prevention needs to be focused on the so called children at risk which means that prevention programmes should be used to eliminate the causes of criminal behaviour in child's life and indirectly in his family and community as well. This paper analyzes what are some of the basic principles that have to be taken into consideration when implementing an effective prevention program for juveniles regarding international documents for juvenile offenders (UN, Council of Europe, European Union) and main developments in prevention of juvenile delinquency and also what are some of the prevention programmes that were or are still being implemented in different European countries.*

**Keywords:** *Juveniles, Prevention, Prevention programmes, Risk Factors.*

\*\*\*\*\*



## PECULIARITIES OF THE FORWARDING CONTRACT

**Ratko Brnabic**

*Faculty of Law in Split, Croatia  
rbrnabic@pravst.hr*

**Mario Ivancev**

*Faculty of Law in Split / Zagreb, Doctoral researcher, Croatia  
mario.ivancev@gmail.com*

### **ABSTRACT**

*Business of forwarding is a specialized economic activity connected with transport of goods. It should provide better and more professional protection of interests of its customers. Legal relations and international traffic are becoming more and more complex as it is not reasonable to suppose that the users of transport can deal with the mentioned challenges alone. That is why they use the services of professionals. On the other hand, the process of integration of different means of transport may lead to subordinate economic position of the customers so we need a person who has special knowledge and experience in this area: a forwarding agent. The forwarding agent has a better position towards the carriers since he disposes with large quantities of cargo and can negotiate lower prices of transport and other connected services. The user of this service alone does not have such negotiation power. These advantages are expressed not only in cheaper transport, but often in a faster and safer form of transport for cargo customers. It becomes clear that economic benefits lead to the more frequent engagement of forwarding agents. Services of forwarding agents are extremely diverse and heterogeneous at first glance, but ultimately they represent a unity of interests of users in the field of transport. Forwarding agent primarily protects the economic and legal interests of the customers and employs the methods and means of transport that are the best and of the highest quality. The basic purpose of the forwarding contract is the organization of transportation and not a direct implementation of particular services during its realization. For the purpose of carrying out certain services and forwarding agent enters into contracts with a number of specialized organizations. In the first instance it is a contract of carriage with a carrier, but it can be a number of other contracts with other forwarding agents, contract of storage, contracts with brokers, control of cargo, insurance etc. In principle, forwarding agent must perform these tasks with the care of an expert / professional as it is the case of the*

*enhanced professional liability. Forwarding agent could sometimes ignore the interests of his customer and therefore the Law provide for special conditions to be met by forwarding agent to be able to operate. The aim of this article is to explain legal positions of all the parties and to provide answers about some open issues on liability of the forwarding agents.*

**Keywords:** *Forwarding contract, Duties and liabilities of the Parties, Carriage of Goods.*

\*\*\*\*\*

## **THE RELATION OF HUMAN RIGHTS AND MARKET FREEDOMS IN CJEU CASE LAW**

**Tunjica Petrusevic**

*Josip Juraj Strossmayer University of Osijek, Faculty of Law, Croatia  
tpetruse@pravos.hr*

### **ABSTRACT**

*The aim of this paper is to analyse human rights standards in the case law of the Court of Justice of the EU (hereinafter: CJEU) in relation to market freedoms. It is interesting to track the development of human rights in the EU: from utter sidelining of human rights to its own Charter of Fundamental Rights. This paper is divided into four parts. The first part reviews in short the historical background of Human Rights in the EU and explains the importance of the CJEU in the human rights development in the EU. The second part presents the idea of accession of the EU to the European Convention of Human Rights and also briefly addresses the question of whether the EU should access the Convention at all; intriguing at that and one that could be the topic of a separate independent paper so the author will only voice some doubts and concerns. The third and central part of the paper analyses the case law wherein the CJEU dealt with the relation of the human rights and market freedoms. In the final part the author will give concluding remarks and outline the general attitude of the CJEU from the analysed case law.*

**Keywords:** *Court of Justice of the EU (CJEU), market freedoms, human rights, European Convention on Human Rights, European Charter of Fundamental Rights, general principles of law.*

\*\*\*\*\*

## PRODUCTION SHARING CONTRACTS IN THE OIL AND GAS INDUSTRY

**Ratko Brnabic**

*Faculty of Law in Split, Croatia  
rbrnabic@pravst.hr*

### **ABSTRACT**

*When dealing with the issues of gas and oil exploration and production, international investors and host countries can use different types of agreements: concession contracts, production sharing agreements, joint operating agreements or contracts services. Production Sharing contracts come in a variety of styles. There are two parties to the contract, a foreign oil company and a government representative which can be a head of state, a ministry or a national oil company. The latter is the more common case. On the side of the foreign contractor we frequently find joint ventures or consortia rather than an individual firm but they all are considered to be one party to the contract so they must agree on the details of their cooperation because, in the end they as partnership assume all costs and risks associated with the exploration and production of oil and gas. In the event that a commercial discovery is made, the international oil company is entitled to a share of the production in order to recover all costs as well as to have a return on the investment. One of the main objectives of the Contract is to attract multinational companies in the sector of oil and gas that are interested and willing to risk capital and utilize technological expertise to develop the reserves in the Country. Namely, most of hydrocarbons reserves are located in developing countries without technical skills (seismic surveys, drilling wells, production techniques) nor financial means (low access to capital markets) to efficiently exploit natural resources. Hence, governments often delegate the exploration and production activities to international extractive companies. Under the Concession regime the international oil company is the owner of the petroleum extracted from the soil. For the Production sharing Contract, on the other hand, the country is the owner of the oil. In this way, the contributions to the state are no longer through taxes and royalties, but the extracted oil is passed on to the state directly. Part of the petroleum is then given to the international oil company as a compensation for its activities and the risks involved with the exploration. Although the oil belongs to the State, the companies take the risks. However, the State can also take risks by allowing part of its profit to be used to develop the area.*

*In the paper special emphasis is given to the following questions: Parties and Instruments of Contracts, Ownership of Production, Ownership of Installation, Responsibilities of International oil companies and the Government.*

**Keywords:** *Production Sharing contract, Liabilities of the Parties, Production of Oil and Gas.*

\*\*\*\*\*

## **SAFETY OF ELECTRONIC COMMUNICATION AND COMPUTER CRIME**

**Slavko Simundic**

Faculty of Law, University of Split, Croatia  
*slavko.simundic@pravst.hr*

**Danijel Barbaric**

Faculty of Law, University of Split, Croatia  
*danijel.barbaric@pravst.hr*

**Sinisa Franjic**

Croatia  
*sinisa.franjic@gmail.com*

### **ABSTRACT**

*In today's world it is important to undertake all necessary measures in order to ensure the protection of electronic communication. Computer networks which make up a constituent part of human lives have also brought with them problems related to safety and have raised the issue of their safety. In the first part of this paper the protection of data and electronic data protection is analysed along with their legal regulation in the Republic of Croatia. The second part is dedicated to cyber crime and its influence on today's modern times digital and computer technologies.*

**Keywords:** *computer crime, computer networks, data, electronic communication, safety.*

\*\*\*\*\*

## CRIMINAL RESPONSIBILITY OF LEGAL PERSONS IN THE LEGISLATION REPUBLIC OF SERBIA AND THE REPUBLIC OF CROATIA

**Strahinja D. Miljkovic**

*Faculty of Law of the University of Priština,  
with the temporary seat in Kosovska Mitrovica, R. Serbia  
strahinja.miljkovic@pr.ac.rs*

**Vanda Bozic**

*Faculty of Law of the University of Zagreb,  
Department of Criminal law, R. Croatia  
vanda.bozic@pravo.hr*

### ABSTRACT

*The subject of this paper is a comparative analysis of corporate liability for offenses in the laws of the Republic of Serbia and the Republic of Croatia. In Croatia, the Law on the liability of legal persons for criminal offenses in 2004, in the Republic of Serbia, the adoption of the Law on liability of legal persons for criminal offenses in 2008, introduced the criminal liability of legal persons thus abandoning the principle *societas delinquere non potest*. The paper made a comparative and historical overview of the development of the Law Institute, and the prescribed criminal sanctions ordered the justification for its existence in the fight against economic crime since the purpose of the punishment can not be achieved only by punishing the responsible person in the legal person. The authors of the analysis will explore the legal provisions and the situation relating to reported, accused and convicted legal persons for specific types of crimes and the structure of reported crime during the period from the beginning of the application of the law to date. A special emphasis will be given to the institute confiscation of proceeds of crime. In his concluding remarks, in accordance with the legal provisions of the two countries *de lege lata*, will try to indicate possible suggestions *de lege ferenda*.*

**Keywords:** *criminal liability of legal persons, Law on liability of legal persons for criminal offenses in the Republic of Croatia, the Law on liability of legal persons for criminal offenses in the Republic of Serbia, economic crime.*

\*\*\*\*\*

## THE DYNAMICS BETWEEN RELIGIOUS FREEDOM AND EMPLOYMENT CONTRACT: A JURIDICAL CHRONICLE

**Susana Sousa Machado**  
ESTGF.IPP / CIICESI, Portugal  
scm@estgf.ipp.pt

### **ABSTRACT**

*The subject of the relationship between employment contract and religious freedom is a phenomenon which encompasses a growing conflictuality. There is already a strong awareness that the employee, when celebrating an employment contract, must not be deprived of the fundamental rights granted to all citizens. This state of affairs leads to ascertaining the relevance of protecting the employee's religious freedom. These reasons were paramount to determining the usefulness of building evaluative criteria which contribute to the conformation of religious freedom on the employment contract, a task we will develop on the special framework of labour relationships. This article intends to reflect upon the articulation of the fundamental right to religious freedom within the labour relationship and all the heterogeneous network of reflexes that occur therein. The text is based upon a generic approach to the subject, yet seeking to find connecting points and especially to enrich the dogmatic questioning of the dynamics between religious freedom and employment contract.*

**Keywords:** religious freedom, fundamental rights, workplace.

\*\*\*\*\*

## **DIGITAL SINGLE MARKET AND EU DATA PROTECTION REFORM WITH REGARD TO THE PROCESSING OF PERSONAL DATA AS THE CHALLENGE OF THE MODERN WORLD**

**Marija Boban**

*University of Split Faculty of Law, Croatia*

*Email: marija.boban@pravst.hr*

### **ABSTRACT**

*Differences in the level of protection of personal rights, in particular the right to the protection of personal data, with regard to the processing of personal data in the Member States, may prevent the free flow of personal data throughout the Union. On 15 December 2015, the European Parliament, the Council and the Commission reached the agreement on the new data protection rules, establishing a modern and harmonised data protection framework across the EU. The European Parliament's Civil Liberties committee and the Permanent Representatives Committee (Coreper) of the Council then approved the agreements and the agreements were also welcomed by the European Council of 17-18 December as a major step forward in the implementation of the Digital Single Market Strategy. On 8 April 2016 the Council adopted the Regulation and the Directive and on 14 April 2016 the Regulation and the Directive were adopted by the European Parliament. On 27th April 2016 European Parliament has brought the new regulation (EU) 2016/679 of the European parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) and Directive (EU) 2016/680 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data by competent authorities for the purposes of the prevention, investigation, detection or prosecution of criminal offences or the execution of criminal penalties, and on the free movement of such data, and repealing Council Framework Decision 2008/977/JHA. In this paper, the author will present the new EU data regulation reform, with regard to the development of informatin technologies and digital single market, processing and protection of personal data and on the free movement of such data on digital single market as well the legal challenges of modern world to the pursuit of economic activities in the field of ICT support to business acitivites, with*

*regulation overview in the Republic of Croatia and in the EU as well, potentials of effect on distortion of competition and impeding the authorities in the discharge of their responsibilities under Union law.*

**Keywords:** *data processing, data protection, digital single market, EU, information technologies, legal framework, personal data, regulation.*

\*\*\*\*\*

## **LEGAL ASPECTS AND PROBLEMS OF ENVIRONMENTAL PROTECTION IN LATE 19<sup>th</sup> AND EARLY 20<sup>th</sup> CENTURY IN TOWN OSIJEK**

**Visnja Lachner**

*Faculty of Law Osijek*

*Josip Juraj Strossmayer University of Osijek, Croatia*

*vlachner@pravos.hr*

### **ABSTRACT**

*Today one of the biggest challenges is protecting the environment through model based on waste and water utility management, a municipal water supply, waste water supply, drainage, wastewater treatment and disposal of municipal waste. Environment protection is a complex area in which local and regional self-government units are continuously gaining increased competences, obligations, and responsibilities. Based on relevant literature and archive sources, the author warns of problems with environmental protection, and its early warning signs dating back to early medieval times. Indeed, the problem receives its modern terms in Modern Era, namely, during the second half of 19<sup>th</sup> and early 20<sup>th</sup> century. Growth of economy, commerce and crafts, as well as building of roads and slow industrialization faced the town of Osijek with problems of environmental protection in various ways. Since these industries started to endanger environment, in 1884 Croatian parliament brought a Law on crafts, which, naturally, had to be put in effect in Osijek too. Articles 25-36 give ruling on environment and ecology issues, as well as possible ways to deal with problems. The paragraphs listed 45 crafts and trades, that provided hazard to the environment: slaughterhouse, tanning, lime and whitewash, brickyard, candle and foundry, mineral oil refinery, soap produce, brewery, oil mill, sugar mill, hard liquor, silk plant, etc. Beside, environmental protection and clean streets were needed, as in the late 19<sup>th</sup>*



*century Osijek had a Town embellishment society which tried to form and build up citizens' awareness of ecology issues and the need for environmental protection.*

**Keywords:** *ecology, environment protection, industrialization, legal regulation, local self-government.*

\*\*\*\*\*

## **LEGAL REGULATION OF TAX INCENTIVES FOR INVESTMENTS IN SERBIA**

**Marko Dimitrijevic**

*Faculty of Law, University of Niš, Serbia  
markod1985@prafak.ni.ac.rs*

### **ABSTRACT**

*The subject of analysis in this paper is the role of corporate tax incentives in attracting foreign investments. The only form of taxation, which, in our opinion, can contribute to an optimal attracting foreign capital (that includes the investment in knowledge, production technology and innovation), is the corporate tax. Certainly, it is not devoid of weaknesses in its structure (especially in developing countries), but it only imposes the need for its reform in order constituting the optimal tax structure. The problems that its implementation carries in domestic law (complexity and lack of transparency) and international law (the problem of unfair tax competition and legal illegitimate tax evasion) are complex, but not irresolvable. The thesis of the so-called the "inappropriateness" of tax incentives in modern tax law must be seriously reconsider, because in the conditions of financial crises tax incentives can be an effective tool for the long-term economic policies of developing countries (such as Serbia). The structure of the tax incentive was determined in the function of stimulating economic growth, development of small enterprises and employment. In order for tax incentives to be effective, it is essential that their incorporation into legal norms provide that they act as automatic stabilizers, as this reduces investment uncertainty, administrative costs and favouring less profitable investments. In the area of corporate taxation in Serbia, tax incentives are usually seen as intention of the legislator to encourage capital investment in certain area. The abolition of tax credit in Serbian tax law will affect the overall level of investment in the country*

*and prevents the undermining already undertaken investment projects. In addition, it remains unclear how these changes will affect the location of the tax base and changes firms' legal status (mergers, divisions and joint ventures agreements).*

**Keywords:** *economic development, investments, tax competition, tax incentives, Serbia.*

\*\*\*\*\*

**COUNCIL REGULATION (EC) NO 1206/2001 OF 28  
MAY 2001 ON COOPERATION BETWEEN THE  
COURTS OF THE MEMBER STATES IN THE TAKING  
OF EVIDENCE IN CIVIL OR COMMERCIAL  
MATTERS AS A GUARANTEE OF THE RIGHT TO  
EFFECTIVE JUDICIAL PROTECTION**

**Paula Poretti**

*Faculty of Law Osijek  
J.J. Strossmayer University of Osijek,  
S. Radića 13, Osijek, Croatia  
pporetti@pravos.hr*

**ABSTRACT**

*Council Regulation (EC) No 1206/2001 of 28 May 2001 on cooperation between the courts of the Member States in the taking of evidence in civil or commercial matters (hereinafter: the Regulation 1206/2001) is a part of procedural legislation with the aim of ensuring that the transmission and execution is to be made directly and by the most rapid means possible between Member States' courts and contributing to the efficiency of judicial procedures in civil or commercial matters. At the same time, the Regulation 1206/2001, as well as other EU instruments containing measures relating to judicial cooperation in civil matters, should be observed and understood in the broader context than that set out by its aim. Thus, the paper presents a judgment of the German Constitutional court from 14 September 2015 concerning violation of the right to effective judicial protection due to the Municipal court's failure to use possibilities available through the application of the Regulation 1206/2001 in order to investigate and establish the facts of the case that have good prospects of success. Namely, the decision of the German Constitutional court raises a*

*number of questions relating to the application of specific institutionalised facilities and measures of assistance of complementary character to the Regulation 1206/2001 which should be taken into account by a judge when deciding in a cross-border case. Also, it suggests that a reference for preliminary ruling to the CJEU should have been made by the German Municipal court. The paper questions to what extent the new regime of taking evidence presents not only an instrument with an aim to make easier taking evidence in another Member State but another sophisticated EU instrument with an objective to contribute to harmonization of standards of procedural guarantees in Member States.*

**Keywords:** Regulation 1206/2001, taking of evidence, judgment, German Constitutional court, procedural guarantees.

\*\*\*\*\*

## **THE PUBLIC AND INTERESTED PUBLIC IN ENVIRONMENTAL PRACTICES**

**Merica Pletikoscic**

*CEMEX, Croatia*

*merica.pletikoscic@cemex.com*

**Majda Tafra Vlahovic**

*University of Applied Sciences Baltazar, Croatia*

*majda.tafra@gmail.com*

### **ABSTRACT**

*The 21<sup>st</sup> century has seen great progress in all areas of scientific knowledge, in particular climate change and the right to participation and informing the public in making environmentally-friendly decisions. Today the right to a healthy environment is a fundamental human right. European rules provide for early public participation in environmental impact assessment procedures. The goal is early involvement, and continuous public participation in the process, creating the preconditions that allow the public to significantly affect the outcome of environmental impact assessments. This is regulated with various regulations, and their amendments. Following the adoption of the Aarhus Convention, in 2003 the EU adopted the Directive on Public Participation in the Process of Preparing Plans and Programmes Relating to the Environment. This paper*

*presents the results of empirical research on information and opinion of interested public in the Republic of Croatia according to the differences between the interested public and the public in the procedures on the assessment of environmental impact studies. Qualitative research on the target sample was conducted using in-depth interviews and participatory observation. The grounded theory method was used in the analysis of empirical material, and the quantification of qualitatively processed encrypted material was performed using Statistica 11.00. Most respondents believe that there is a difference between the interested public and the public and explain that the interested public includes the local community and stakeholders directly and immediately interested in a specific project, while the public includes stakeholders who do not belong to the community, and do not have direct interest. Slightly less than half of the respondents think that there is no difference between the public and the interested public due to the fact that this is only legally regulated, insignificant in the environmental process, and only means meeting the legal form and alignment with the EU regulations.*

**Keywords:** *the interested public and the public, the Aarhus Convention, environmental protection.*

\*\*\*\*\*

## **FRAUD IN ECONOMIC BUSINESS OPERATIONS IN CROATIA: PRACTICAL PROBLEMS AND LEGAL SOLUTIONS**

**Lucija Sokanovic**

*Faculty of Law – University of Split, Croatia  
lucija.sokanovic@pravst.hr*

### **ABSTRACT**

*Fraud in economic business operations is criminalised in Croatia in 1997. Since 2011 this offence was placed in chapter XXIV of Criminal Code, namely offences against economy. Almost 20 years after its introduction into Croatian criminal law, it represents one of the most common offences in the field of economic crimes. In the introduction of the paper development of the criminal offence of fraud in economic business operations is analysed. Recent legal regulation of the offence is criticised from the nomotechnical aspect and problems arising in practice.*

*Evaluation of the final judgements of the Municipal Criminal Court in Zagreb and Municipal Court in Split is discussed next indicating diversity of the convictions and lenient imposed punishments; mostly suspended short term imprisonment. This practice suggests arbitrariness in application of the Act on the responsibility of legal persons for the criminal offences. The results are validated by the analysis of the data of the Croatian Bureau of Statistics concerning convictions of the adult persons who have committed criminal offence of fraud in economic business operations in the period from 2010-2014. Short term suspended imprisonment, restraint in imposing security measures and special obligations, overpopulation in the jails and insufficient number of qualified persons for rehabilitation and treatment of the offenders seriously cast doubt in efficiency of special and general prevention as purposes of the punishment. The paper shows that satisfactorily legal solutions confront numerous practical challenges. Only joint institutional action led by profoundly thought State criminal politics can guarantee success in fight against economic crime.*

**Keywords:** *economic business operations, economic criminal law, fraud.*

\*\*\*\*\*

## **CONFISCATION OF THE PROPERTY OF THE JEWS IN OSIJEK AFTER WORLD WAR II**

**Miro Gardas**

*Faculty of Law Osijek,  
mgardas@pravos.hr*

**Ana Gavran**

*a.gavran1989@gmail.com*

### **ABSTRACT**

*After the end of World War II, the new communist government acceded to the procedure of confiscation of property. This procedure was implemented by applying the institute of confiscation, and the excuse was economic cooperation with the occupier. In this way, many factories and workshops were confiscated as well as private properties of wealthy individuals. In these proceedings, assets of a larger number of Jews in Osijek, who were the owners of a large number of companies before World War II, were*

*confiscated. Paradoxically, the Jews were in fact punished twice, i.e. their property was confiscated twice. The first time was when their property was nationalized during the war in the NDH, and the second when after the war the new government instead of correcting the wrongs that had been done against the Jews, confiscated their assets once again. It is particularly ironic that the large number of former Jewish owners were taken in the German concentration camps and killed there, and the new government seized their property because of the economic cooperation with the German forces.*

**Keywords:** *confiscation, Jews, economic operators, concentration camps.*

\*\*\*\*\*

## **JURISDICTION AND APPLICABLE LAW IN CROWDFUNDING**

**Ivana Kunda**

*Faculty of Law of the University of Rijeka, Croatia  
ikunda@pravri.hr*

### **ABSTRACT**

*As a process of raising monetary contributions from a large number of persons, crowdfunding may take many forms: from traditional benefit events and television fundraising campaigns to increasingly popular internet platform fundraising. The online environment in which the newest forms of CF emerge facilitates its unprecedented ability to cross borders and attract persons from various countries. This having been said, the same environment complicates legal assessment. The issues that inevitably arise in cross-border dealing are particularly intricate: which court decides and which law applies? At the outset, one must differentiate between various types of CF models. Furthermore, the tripartite structure of the CF model involving the specialised internet platforms adds another layer of complexity because the conflict of laws analysis demands the preliminary identification of legal relationships and their legal characterisation. Finally, there is a constant debate about whether investors may be legally characterised as consumers or not, which may significantly affect conclusions on jurisdiction and applicable law.*

*In answering these questions, the author considers national and supranational legal instruments containing provisions on international*

*jurisdiction and applicable law, with the focus on the EU ones. In the course of legal analysis, the interpretational principles set by the Court of Justice of the European Union will be taken into account. Since no such principle is directly related to the internet-based CF, they need to be assessed in terms of their relevancy and potential to be used as starting points in analogical reasoning. Besides drawing a clearer image about the conflict of laws issues for participants in CF, the aim of this article is also to assess the validity of some of the legal terms under which these participants join the CF process.*

**Keywords:** *alternative financing, applicable law, crowdfunding, conflict of laws, European law, international jurisdiction, internet, legal characterisation.*

\*\*\*\*\*

## **IMPLEMENTATION OF THE ODR (ONLINE DISPUTE RESOLUTION) PLATFORM ACCORDING TO THE REGULATION (EU) NO 524/2013 ON ONLINE DISPUTE RESOLUTION FOR CONSUMER DISPUTES**

**Ivana Markovinovic Zunko**

*Law Firm Vedriš & Partners Ltd, Croatia  
ivana.markovinovic@vedris-partners.hr*

### **ABSTRACT**

*Efficient protection of the consumers as the weaker contractual party has always been in the focus of the EU legislation, but development of e-commerce emerged with the new challenges. One of them is widely present perception that any dispute arising from on-line cross-border transaction would remain unsolved due to expensiveness and inefficiency of potential court procedure. Such lack of confidence that often prevents consumers from on-line shopping and creates a serious obstacle to the development of the internal market corresponds with the growing understanding that the alternative dispute resolution provides numerous advantages compared to the classic litigation. Such development has been recognized in the ADR Directive 2013/11/EU of the European Parliament and of the Council of 21 May 2013 on alternative dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC which provides improved mechanisms for functioning of the ADR in the cross-*

*border transactions. One of the designated mechanism is on-line platform for dispute resolution imposed by Regulation (EU) No 524/2013 of the European Parliament and of the Council of 21 May 2013 on online dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC (Regulation on consumer ODR). In February 2016 the European Commission launched web-based platform that enables on-line submission of the disputes and their transmission to the dispute resolution entities in the Member States. The aim of this paper is to provide the insight into functioning of this mechanism and its background and to discuss the challenges of its on-going implementation in the EU countries.*

**Keywords:** *alternative dispute resolution, consumers, cross-border transaction, online dispute resolution.*

\*\*\*\*\*

## **BANKRUPTCY POLICY, STATE ATTITUDE TOWARDS BANKRUPTCY AND STATE INTERVENTIONISM**

**Dejan Bodul**

*Faculty of Law, University of Rijeka  
dbodul@pravri.hr*

### **ABSTRACT**

*In recent years, which are characterized by the crisis in the whole world, inconsistent government policies of EU member states ranged from the proclaimed liberalism to ad hoc interventionism. Doctrinal analyses indicate that this is a result of non-compliance of the state economic powers and its existing obligations towards its citizens and other economic subjects. Furthermore, they indicate that states are trying to fulfil their expected social, economic and political function by rescuing big companies, which they perceive as the “backbone” of the national development (economic and social) policy, from liquidation bankruptcy. In this context, it is the purpose of this paper to identify the paradigm for such relationship. This issue will be contemplated based on the analysis of a case study of bankruptcy/privatization/change in the status of the Institute of Immunology, Inc. Working thesis is that the modalities of bankruptcy are a necessary part of a market economy and that they can ensure the safety*



*and options for the creditors, giving them a modus operandi for the recovery of subjects with financial difficulties through bankruptcy plan or quick restorations of blocked funds on the market through the process of bankruptcy liquidation.*

**Keywords:** *bankruptcy, interventionism, intellectual capital, case study.*

\*\*\*\*\*

## **CIVIL PROTECTION OF THE HUMAN RIGHT TO A SAFE AND HEALTHY ENVIRONMENT**

**Maja Proso**

*Faculty of Law, University of Split  
Domovinskog rata 8, 21000 Split  
Republic of Croatia  
maja.proso@ gmail.com*

### **ABSTRACT**

*Third-generation human rights show that human rights are not merely legal institutions but they are developing and changing. On the other hand, through them, we can identify new problems that threaten the right to life of all people. Therefore, these rights should seek and find their place in the catalogue of human rights. Standards of human life should be based on the capabilities of natural environment without exhausting resources that should retain unchanged quality and level of exploitation for future generations. In this paper, the author reflects on one of the fundamental human rights of the third generation, the right to a safe and healthy environment, basic domestic and international legal sources of that human right. The central part of the paper is devoted to the civil law mechanisms of protection of the right to a safe and healthy environment such as responsibility for the damage and liabilities of compensation resulting from the pollution of the environment de lege lata and de lege ferenda.*

**Keywords:** *civil responsibility for pollution of the environment, damages, liabilities of compensation, right to a safe and healthy environment.*

\*\*\*\*\*

## **EU GLOBAL STRATEGY ON FOREIGN AND SECURITY POLICY AND THE ROLE OF HIGH REPRESENTATIVE OF THE UNION FOR FOREIGN AFFAIRS AND SECURITY**

**Dunja Duic**

*Faculty of Law*

*Josip Juraj Strossmayer University of Osijek, Croatia*

*dduic@pravos.hr*

### **ABSTRACT**

*The European Security Strategy (ESS) was adopted by the European Council in 2003. It provides the conceptual framework for the Common Foreign and Security Policy (CFSP). Now, more than a decade after the adoption thereof, the world has changed dramatically.*

*The European Council therefore decided to assess the challenges that come with these global challenges. In June 2015 the High Representative was asked to prepare a new EU Global Strategy on Foreign and Security Policy (EUGS) that would be presented to the European Council by June 2016. Prior to analysing the opportunities that the new Global Strategy presents it is important that the paper determine the competences of and control mechanisms for the post that is in charge of strategic planning: the post of the High Representative (the HR).*

*The Treaty of Lisbon brought substantial changes to the post of the High Representative for Common Foreign and Security Policy that was created under the Treaty of Amsterdam. The High Representative was empowered with a number of new competences. Today, the High Representative is: Vice-President of the European Commission; President of the Foreign Affairs Council; Head of the European Defence Agency; Head of the European External Action Service; responsible for the European Union Special Representatives and participant in the meetings of the European Council when foreign affairs issues are discussed.*

*The HR is appointed by the European Council and given a managing role within two other important EU institutions. Although the European Council can end the HR term of office acting by a qualified majority, the EU legislation does not define the legal requirements that can lead to this situation. Moreover, the Treaty does not provide for legal mechanisms that control the work of the High Representative.*

*This leads to the question of who or what can control the person creating the Global Strategy of EU foreign policy. This paper shall analyse the current legal regulation of the post of HR and propose possible solutions for the post of HR that can benefit EU legal order and EU as a global actor.*  
**Keywords:** *EU global strategy, EU foreign policy, EU institutions, High Representative.*

\*\*\*\*\*

## **EFFECTIVE STRATEGIES FOR DETECTING FRAUDULENT CLAIMS IN MOTOR THIRD PARTY LIABILITY INSURANCE**

**Zeljka Primorac**

*Faculty of Law University of Split, Croatia  
zeljka.primorac@pravst.hr*

### **ABSTRACT**

*Preventing, detecting and combating insurance fraud are major insurance problems. The author considers current framework combating insurance fraud. Noting on direct effect which insurance fraud have on collaps of the insurance system, the author analyzes financial losses that insurance fraud creates to the insurance industry (affecting on financial and market position of the insurance company) and the economy. The negative effects of insurance fraud are affecting the consumers – the most important factors of economic system since the financial losses developed as a result of insurance fraud carry honest policyholders by paying increased amount of insurance premiums. Pointing to the protection of the consumers economic interests as a fundamental European principles and application of the principle of good faith during the establishment and realization of the insurance relation rights, the author analyzes the legal effects of presenting fraudulent claims in Motor Third Party Liability (MTPL) insurance. In this work it was carried a comparison of the Fraud indicators or Red Flags as a warning signs and fraud alerts of a suspicious insurance claims in USA and Europe. Presenting European origins compulsory MTPL insurance it was pointed to the significance of active and systematic fights against insurance fraud by signing the „Protocol on cooperation to combat insurance fraud“ from 2011 and integration of the Fraud Risk Assessment Form (FRAF) in the claim handling to identify potential fraudulent cases*

*i.e. prove fraudulent insurance claims. Special attention is given in relation to fraudulent activity committed by policyholders - presenting fraudulent insurance claims and identifying irregular activity related to claimant according to FRAF.*

**Keywords:** *FRAF, MTPL insurance, Red Flags.*

\*\*\*\*\*

## **LEGAL EFFECTS OF THE APPLICATION OF EU DIRECTIVE 2015/2302 ON PACKAGE TRAVEL AND LINKED TRAVEL ARRANGEMENTS**

**Mara Barun**

*Faculty of Law in Split, Croatia  
mbarun@pravst.hr*

### **ABSTRACT**

*This paper is dedicated to the analysis of significant provisions of Directive (EU) 2015/2302 of the European Parliament and Council of 25 November 2015 on travel in package travel and linked travel arrangements on the amendments to Regulation (EZ) no. 2006/2004 and Directive 2011/83/EU of the European Parliament and Council and the revoking of Council Directive 90/314/EEZ, the application of which regulating the contract on organised travel will be harmonised with contemporary development of the market of organised travel. With the growing trend of online sale of tourist package arrangements and other tourist services, the way travellers organise their travel has changed. In the tourist market together with classic in advanced prepared, package-arrangements, travellers are offered untraditional forms (combined package arrangements, linked travel arrangements). As the mentioned forms are not included in the existing regulation of organised travel, the intervention of the European Legislature was necessary, with the aim of their legal regulation and establishing the balance in the interests of protection of the public interests and mutual competition of business subjects by establishing equitable conditions for all operators determining which are the forms of tourist services protected by EU rules on organised travel. The author in particular dedicates special attention to the relation of the new Directive with other EU rules regulating certain aspects of travel services with the conceptual organisation of package travel and linked travel arrangements,*

*with the characteristics related to the law, obligations and subject liability of the business relationship. She concludes that the new Directive as a modern legal instrument also represents the official entry of tourism into the digital age with the introduction of the online system for the sale and untraditional package arrangements with significant legal effects after its transposition into national legislations.*

**Key words:** *package-arrangements, linked travel arrangements, Directive (EU) 2015/2302.*

\*\*\*\*\*

## **CROSS – BORDER PRACTICE OF LAW**

**Dinka Sago**

*Faculty of Law, University of Split, Domovinskog rata 8, Split, Croatia  
dsago@pravst.hr*

### **ABSTRACT**

*This paper analyzes the profession of lawyers which are experts in their own legal systems, but do not necessarily have knowledge of other legal systems. Lawyers take up a unique position when it comes to the legal regime for free movement applicable to them in the EU. Their profession is covered by a separate system of Directives: the Lawyers' Services Directive and the Lawyers' Establishment Directive. Both Directives have largely been implemented correctly in the Member States. As far as irregularities are concerned, these are most notably encountered with regard to the administrative requirements for registration under the home title and to a lesser extent to the introduction of limitations on professional activity. Both Directives offer some discretionary room to the Member States in the implementation in national law, such as whether or not to use requirements of working in conjunction with local lawyers, and introduction to the court and Bar president. The requirement to work in conjunction with a local lawyer in court proceedings is implemented in almost all Member States including Croatia. The main problems encountered in cross - border practice of law in the EU seem to be more associated with the exercise of the right to establishment, which gives it a character of permanency. Paper analyzes some problems, first of all two legal systems existing within the territory of the EU, the continental civil law and the common law. Also, lawyers wishing to practice law in a*

*Member State outside their language speaking area are facing potential language barriers. The third problem could lie in insufficiently good knowledge of the national law of the host Member State in which one plans to set up an establishment.*

**Keywords:** *establishment, lawyer, Member State, professional title.*

\*\*\*\*\*

## THE MEASURES OF INTELLECTUAL PROPERTY RIGHTS PROTECTION

**Dominika Bochanczyk - Kupka**

*University of Economics in Katowice, Poland  
dominika.bochanczyk-kupka@ue.katowice.pl*

### ABSTRACT

*Intellectual property rights (IPRs) are nowadays one of the principal means through which companies, creators and inventors can generate returns on their investment in knowledge, innovation and creativity. Intellectual property creates incentives to search, develop, produce and distribute new and authentic products. From protection of these goods and services all citizens benefit and therefore national economies and global economy. There is no doubt that solid and predictable IPRs frameworks create environment conducive to innovation and sustainable development. Nowadays proper protection of intellectual property rights is particularly important for strengthening and accelerating economic growth and development. The increase of global attention connected with intellectual property rights) protection has caused the readiness and necessity of international comparison between countries. The most serious problem in conducting such research has been the creation of common and accurate measure (index) of IPRs protection. The specific features of intellectual property (inter alia such as its open and diversified character) have caused many problems. The paper shows the current state of knowledge connected with attempts to build such a measure of IPRs protection and describes the most well-known and popular IPRs protection measures used nowadays in international comparisons. It also tries to discuss the advantages and disadvantages of these measures.*

*It also tries to analyze the roots of measurement problems and tries to find solutions needed in creation of globally accepted measure (index) of intellectual property rights protection.*

**Keywords:** *intellectual property, intellectual property protection, measures of intellectual property protection.*

\*\*\*\*\*

## **EUROPEAN AIMS AND CROATIAN LEGAL SOLUTIONS FOR THE PROTECTION OF THE ADRIATIC SEA FROM POLLUTION**

**Biljana Cincurak Erceg**

*Josip Juraj Strossmayer University of Osijek*

*Faculty of Law Osijek, Croatia*

*biljana.cincurak@pravos.hr*

### **ABSTRACT**

*Within the European Union, there is a significant area of marine waters which are under the sovereignty and jurisdiction of the Member States. Sea and marine environment are an invaluable natural resource that must be protected and preserved from the harmful impact of human activities.*

*The Member States of the European Union are parties to the most important conventions aimed to protect the marine environment, and the European Union has adopted a number of important directives aimed at protecting the environment. The European Union has recognised the importance of protecting the marine environment and has therefore adopted Directive 2008/56/EC of the European Parliament and of the Council establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive) in 2008, establishing a framework within which Member States take the measures necessary to achieve or maintain good environmental status in the marine environment by 2020. As a Member State, the Republic of Croatia should develop a marine strategy for the Adriatic Sea and for that purpose it has to cooperate with both other Member States and third countries. The paper analyses the activities related to the implementation of the Marine Strategy Framework Directive which Croatia has carried out, legal solutions made for that purpose, the problems they faced as well as measures to be taken and the plans to be executed.*

*It also gives a brief overview of the implementation of the Directive in the European Union, the existing situation and the goals of the neighbouring countries as well as a critical review of the adopted solutions.*

**Keywords:** *Adriatic Sea, Good Environmental Status, Marine Strategy Framework Directive, Protection of the Marine Environment.*

\*\*\*\*\*

## **CROATIAN LEGISLATION AND PRACTICE - THE EFFECTS ON INVESTMENT PROCESSES**

**Blanka Ivancic - Kacer**

*Faculty of Law University of Split  
Domovinskog rata 8, 21 000 Split, Croatia  
blanka.ivancic-kacer@pravst.hr*

### **ABSTRACT**

*Investments are conditio sine qua non of economic development, and consequently the development in general. For every investor, when making final decision to invest or not, it is extremely important whether it is an environment that is characterized by legal certainty. In other words, in an environment of legal uncertainty there are no or few investments. Legal certainty primarily means that it is clear when and under what conditions something is legal or illegal. Unfortunately, in Croatia, according to the information given by the author, there are legal environment and practice that, instead of going in favorem investment, do the opposite. As a typical example, we analyzed paying property taxes in millions to the international trading corporation for the non-existing facility whose construction never started, but was only issued construction permit, later reduced. The construction was performed according to such reduced permit, but the taxes were charged as if it were several times bigger object. The examples of numerous laws abolished by the Croatian Constitutional Court are also given, of which some in full and before the entry into force (Criminal Code), some had their implementation indefinitely postponed and until then were ordered to implement the law abrogated by the legislator (Family Law), with a range of less drastic examples. In such environment it doesn't surprise the fact that the constitution has been amended several times in the short term (the offenses of transition and privatization). In recent Croatian Parliament convene more laws were passed by urgent, than the*



*regular procedure. Each of these phenomena, separately and all together, give us reason to admit with a great regret that both, the legal framework and practice in its essence, reject investments and investors.*

**Keywords:** *investments, legal certainty, legal practice, legal norm.*

\*\*\*\*\*

## **IMPLEMENTATION OF THE RAILWAY SYSTEM OF THE REPUBLIC OF CROATIA IN THE EU RAILWAY SYSTEM**

**Aleksandra Vasilj**

*Josip Juraj Strossmayer University of Osijek*

*Faculty of Law Osijek, Croatia*

*avasilj@pravos.hr*

### **ABSTRACT**

*The efficiency of the railway system is a very important issue around the world, primarily for the ministers responsible for transport, and railway infrastructure managers in countries burdened by fiscal constraints. In this paper, we show the basic guidelines for the development of railway transport in the Republic of Croatia, as well as the results of negotiations between the Republic of Croatia and the EU in the accession process related to the field of rail transport and inclusion of Pan-European corridors in the Republic of Croatia in the Trans-European Transport Network. The main problems of rail transport are related to the existing rail networks, inadequate rail and rolling stock, as well as the outdated railway signalling and electronic communication systems. On the one hand, the railways are under constant pressure to maintain low operating costs, often because of pressure from the market or due to the unavailability of public funds as a result of predetermined national economic, social and transport priorities. On the other hand, an increase in the demand for transport by rail, of both passengers and cargo, is taking place after decades of its continuous decline, which requires immediate additional investments in rail infrastructure and accompanying rolling stock, under pressure to simultaneously reduce operating costs.*

**Keywords:** *Rail transport, EU transport policy, the Croatian railway system.*

\*\*\*\*\*

## **ACTUAL QUESTIONS REGARDING THE CRIMINAL OFFENCE OF ABUSE OF TRUST IN BUSINESS ACTIVITY**

**Damir Primorac**

*“Primorac & Partners”, Law Firm, Split, Croatia  
damir.primorac@primorac-partners.com*

### **ABSTRACT**

*The criminal offence of abuse of trust in business activity is one of the most important criminal offences from Chapter Twenty-Four (XXIV.) of the Criminal Code, titled Criminal offences against the economy. From the entry into force of the Criminal Code and to this day, due to the complexity of this criminal offence, there have been numerous dubious questions, the key one being related to determining the existence of legal continuity between repealed criminal offences and the new criminal offence. It is for this reason that the author will try to offer in his work, through analysis of the criminal offence of abuse of trust in business activity, the answers which apply to these problems. An overview of how the past judicial practice answered certain dubious questions in this field is also covered.*

**Keywords:** *abuse of trust, business activity, legal continuity, repealed criminal offences.*

\*\*\*\*\*

## **THE PROTECTION OF MENTAL HEALTH IN THE WORKPLACE**

**Anton Petricevic**

*Faculty of Law, University of JJ Strossmayer  
Osijek, Republic of Croatia  
apetrice@pravos.hr*

### **ABSTRACT**

*According to the UN Convention on the Rights of Persons with Disabilities which include persons with mental defects, it is necessary To ensure the realization of all human rights for this category of persons. The Republic of Croatia and the implementation of EU legislation must persist in applying the principle of reasonable accommodation of this category of*

*employees, which is reflected in the support for life and work in the community, particularly in the area of work through the examples of good practice. The goal is to create guidelines that would be the foundation of greater involvement of people with mental disorders into the labor market and the protection of such persons in the workplace. Today, almost all people are exposed to stress that negatively affects mental health. There are campaigns against causing stress in the workplace, to raise awareness in the fight for the so-called. "Healthy Workplaces". Campaigns gather various experts, from those involved in the protection of health, safety at work as well as those involved in the organization of recreational activities. Stress is an inevitable part of human activity. The factors that cause it are called stressors. Stress can cause the development of serious illnesses (anxiety, depression, reduced functioning of the immune system). When it comes to the workplace, and today it is often the case, workers are insecure, which is an indicator of stress. Sudden changes in the workplace, necessity of performing additional tasks at home, burnout syndrome, insufficient holidays and low wages is what affects the mental health of workers. This leads to anxiety, concentration problems, constant fatigue, social isolation, bitterness and finally taking psychoactive substances. Work then becomes a heavy burden for worker. The goal is to raise awareness and the general public and especially among employers and employees about the importance of stress prevention.*

**Keywords:** *principles of reasonable adjustment, stress, mental health workers.*

\*\*\*\*\*

## **FOSTER CARE AS THE FORM OF ALTERNATIVE CARE FOR CHILDREN**

**Ana Radina**

*Faculty of Law, University of Split, Croatia  
ana.radina@pravst.hr*

### **ABSTRACT**

*Family is considered to be the natural environment for the child's development and well-being. When the family does not fulfil its essential role in caring for the child who depends on it, the state must activate its social support mechanisms and provide alternative care for such a child.*

*The importance of family and community-based forms of alternative care, as opposed to institutionalisation, is supported by all levels of governing. As one of the forms of alternative care for providing the child with domestic environment, foster care is strongly advocated by the United Nations, Council of Europe and European Union. Being bound by the Convention on the Rights of the Child as well as other relevant international agreements, and being an EU Member State, Croatia is making efforts to improve the foster care for children as part of the wider social welfare system reform. The purpose of this paper is to analyse the relevant international standards and the domestic approach to foster care in order to find out whether the practice of foster care in Croatia corresponds to legal requirements and to identify the possibilities for improvements with the purpose of protecting the foster children better.*

**Keywords:** Child, Family, Foster care, Social support.

\*\*\*\*\*

## **IS ABSENCE OF REGULATION AND FRANCHISING LAW OBSTACLE FOR FRANCHISING EXPANSION IN CROATIA – COMPARISON WITH OTHER COUNTRIES**

**Aleksandar Erceg**

*Faculty of Economics Osijek, Josip Juraj Strossmayer Osijek, Croatia  
aerceg@efos.hr*

### **ABSTRACT**

*Franchising plays important role in world economy since in the western developed countries almost 2/3 of sales are made in franchising locations and franchising create significant turn-over and influences growth and employment. Overview of the legal characteristics of the franchising points out that in most countries this form of business is not regulated by specific laws and, in case of existing legal regulations governing franchising, it is re, mainly related to the contractual relationship between the franchisor and the franchisee. Currently there are around 30 countries in the world which have specific franchising laws and there are other countries in which franchising are regulated with other laws. Although franchising is present in Croatia from mid-1960-ties it is still in its early phase of development. Croatia is also one of the countries in which franchising in not legally*

*regulated by specific franchising law or any laws at all. Aim of this paper is to make a comparative analysis between Croatia and the countries that have set a regulation system that supports franchising development. This paper tries to answer the question whether the absence of the legal regulation of franchising in Croatia represents an obstacle for its development and expansion.*

**Keywords:** Croatia, franchising, franchising law, franchisee, franchisor.

\*\*\*\*\*

## Economic and Social Development

## **DETERMINANTS OF THE DEMAND FOR HIGHER EDUCATION SERVICES IN SELECTED EU COUNTRIES**

**Anetta Wasniewska**

*Gdynia Maritime University*

*ul. Morska 81-87; 81-225 Gdynia; Poland*

*Phone: +48 605 570 568*

*a.wasniewska@wpit.am.gdynia.pl*

**Katarzyna Olszewska**

*The State University of Applied Sciences*

*ul. Wojska Polskiego 1; 82-300 Elbląg; Poland*

*Phone: +48 691 464 035*

*k.olszewska@pwsz.elblag.pl*

### **ABSTRACT**

*A sustainable development of Europe, which is discussed in the concept paper Europe 2020, is based to a large extent on a conscious and educated society, characterised by solidarity. That so, education is becoming a priority factor for the local, regional, national and EU development. On the EU level, The Directorate General for Education and Culture, responsible, among other issues, for education, trainings, sport etc., has prepared the Education and Training 2020 strategy (ET2020). Promotion of the development of the knowledge and abilities expected by the labour market is one of the fields of activities. On the national level of member states, these issues found reflection in their national development strategies. It is of importance to have a knowledge concerning those factors which most significantly motivate for constant education (life long learning), not stopping education prematurely, and increasing the level of education. A several years' period of implementation of the strategies associated with raising the level of education in the society, allows collecting experiences of selected EU countries in this respect and finding the crucial factors which determine achievement of the set educational objectives. The aim of the research was to isolate, from the set of the determinants for the demand for educational services, the stimulants and destimulants concerning the decision to take up higher education. In order to achieve the research objective, the authors have conducted an analysis of those EU documents associated with the development strategy which are related to the issue of education, particularly higher education.*

*A database was generated based on Eurostat and UNICEF data, which was used for conducting examinations involving coefficient values of Pearson's linear correlation.*

**Keywords:** *higher education, Europe 2020, society, Bologna system.*

\*\*\*\*\*

## **PUBLIC EXPENDITURE AND ECONOMIC CRISIS IN ALGERIA**

**Abdelatif Kerzabi**

*University of Tlemcen, Algeria  
kerzabi57@gmail.com*

### **ABSTRACT**

*The budget policy in Algeria is regarded as an essential factor of economic growth. For this purpose, the public authorities launched out in a vast program of public expenditure. However, in spite of the injection of important sums the economic growth remains weak. The growth costs expensive and the economic reforms are blocked owing to the fact that Algeria of share its wealth gives the impression which it can satisfy the needs for the company without passing by the market. The oil price fall has challenged this policy built on public spending. This has induced a decline in revenues, affecting both the foreign exchange reserves which cover 22.2 months of imports and the public budget. The trade balance deficit reached 13.7 billion dollars in 2015. This reversal of unexpected circumstances produced a deep economic crisis. In this work, we will try in the first part to show that public spending resulted in not only low growth rates but very expensive for the national community. Also, these expenditures have inaugurated a return of government intervention when the Algerian economy began to open up the market. In the second part, we analyze the effects of the oil prices drop on economic balances.*

**Keywords:** *public finances - the budget policy - Economic growth - receipts – the public expenditure. Economic crisis.*

\*\*\*\*\*



## SECTOR VARIATION IN THE USE OF CRM SYSTEMS FOR ENTERPRISE LOGISTICS

**Agata Mesjasz-Lech**

Czestochowa University of Technology, Poland  
agata.mesjasz@poczta.fm

### **ABSTRACT**

*The article focuses on the use of CRM systems in enterprise logistics, in relation to customer service. Maximizing customer service quality is the chief goal of logistics which can be achieved through automation of customer service processes. Hence the objective of the paper is to compare the change in the number of companies using CRM systems in the economic sectors in Poland in the 2012-2015 period with the changes in the number of businesses using computers. The shift-share analysis was used. The following elements were specified: Analyzed area potential, Enterprises structure, and Analyzed area competitiveness. Additionally the average rate of change for the number of companies using CRM software in Poland in years 2010-2015 was analysed in order to determine the trends in the development of implementation information technologies supporting the enterprise logistics in the field of customer lifetime value and profit.*

**Keywords:** Customer Relationship Management, Information Technologies, Logistics, Shift-share analysis.

\*\*\*\*\*

## CONCEPTUALIZATION OF GREEN HUMAN RESOURCE MANAGEMENT

**Agnieszka Leszczynska**

Maria Skłodowska Curie University  
Lublin, Poland  
agnieszka.leszczynska@poczta.umcs.lublin.pl

### **ABSTRACT**

*The objective of this paper is to explore green human resource management practices of organisations based on the existent literature. A survey of literature allowed the specification of functions that are realized within the GHRM framework as well as the dominant practices in this area.*

*Furthermore, the article below discusses the conceptual model of GHRM based on the functions of “traditional” HR and the concept of a company’s “black box. The contribution of this paper lies in presenting the role of HRM function towards creating a green organisation as well as the current trends of green HRM practices.*

**Keywords:** *green human resource management.*

\*\*\*\*\*

## **FACTORS AFFECTING ROAD TRANSPORT CARBON DIOXIDE EMISSIONS IN THE VISEGRAD GROUP: A PANEL COINTEGRATION APPROACH**

**Aneta Włodarczyk**

*Czestochowa University of Technology, Poland  
ul. Dabrowskiego 69, 42-201 Czestochowa  
Email aneta.w@interia.pl*

### **ABSTRACT**

*This paper investigates the existence of the long-run relationship between transport carbon dioxide (CO<sub>2</sub>) emissions and road transport energy consumption, economic growth, trade openness in the Visegrad Group countries over the period of 1992- 2012. The background of empirical research constitutes the Environmental Kuznets Curve (EKC) approach. Panel cointegration tests confirm the existence of the long-run relationship between CO<sub>2</sub> emissions in the transport sector and economic growth, but the results concerning the verification of the Environmental Kuznets Curve Hypothesis are inconclusive in the Visegrad Group countries. Moreover, the panel cointegration tests show the robustness of the EKC results on the inclusion of two important factors of transportation development, namely road transport-related energy consumption and trade openness, into the carbon dioxide emissions model.*

**Keywords:** *carbon dioxide emissions, energy consumption, Environmental Kuznets Curve, road transport, trade openness.*

\*\*\*\*\*

## IMPACT INVESTING – OPPORTUNITY FOR CREATIVE INVESTMENT

**Daniela Majercakova**

*Faculty of management, Comenius University in Bratislava, Slovakia*  
*daniela.majercakova@fm.uniba.sk*

**Lucia Kocisova**

*Faculty of management, Comenius University in Bratislava, Slovakia*  
*lucia.kocisova@fm.uniba.sk*

### **ABSTRACT**

*Innovative financing instruments complement traditional international resources flows such as aid, foreign direct investments and remittances to mobilize additional resources for development and address specific market failures and institutional barriers. Innovative financing is essential tool as the development of the community drives to eliminate poverty, raise living standards and protect the environment. The impact investment community has been expanding rapidly. Given the breadth of the impact investing market, there are significant and varied opportunities for investors working across asset classes and with a wide range of risk/return expectations to address some of the world's most pressing problems through their investment activities. Some individuals and organizations have already embarked on impact investing. Others are just starting out. Eager to learn more and start their impact investing journey, they want to find new ways to put their money to work for the things they care about. As for individual investors, the reasons for making impact investments vary widely, for many, the opportunity to make a difference locally is a strong motivating force. For the other individuals, impact investing is a logical extension of goals they have pursued in other aspects of their lives. Some investors are drawn to impact investing by the idea of helping to get an innovative start-up off the ground in a developing country and others are drawn to impact investing by its emphasis on innovation. The aim of this paper is to describe and analyse impact investing from the perspective of creativity in development of social behaviour of investors combined with new ways of investing opportunities.*

**Keywords:** *creativity, development, impact investing, opportunity, resources.*

\*\*\*\*\*

## THE TAX SYSTEM AS A GENERATOR OF ECONOMIC INEQUALITY IN CROATIA

**Dunja Skalamera - Alilovic**

*Faculty of Economics, University of Rijeka, Croatia*  
*skalamer@efri.hr*

**Ivan Rubinic**

*Faculty of Law, University of Rijeka, Croatia*  
*irubinic1@pravri.hr*

### **ABSTRACT**

*A tax system stands out as the vital instrument in a contemporary economy. Apart from being the medium for fulfillment of fiscal goals, taxes can be used for a wide spectrum of non-fiscal goals, of which the most relevant is influence on income redistribution and the creation of a righteous society. Despite this importance, the system faces a problem which arises from an economic reality and manifests in the fact that, contrary to theory, practice knows not of optimal taxation. The aforementioned generates significant implications and creates practical limitations for achieving economic growth in a modern country and, consequently, society as whole. The aim of this paper is to perceive, detect and alter the characteristics of a tax system which create income and wealth inequality. An analysis had been conducted on the Croatian tax system, which was used to show how structure can provide incentive for creating and maintaining the persistent inequality. The results have shown that the effects of negative tax practices on inequality, in recent history, are still existent and untackled. The organization of tax rates is not working toward the direction of a “positive” distribution of the tax burden. High shares of regressive taxes in Croatian budget are proof of the system’s departure from the equality principle. From the taxation aspect, capital income enjoys a privileged status when being compared to labor income. An obligation to pay lower corporate tax, instead of higher income tax, is being forced by lawmakers. The system suffers from loopholes that can be used for tax evasion and many categories are either not a subject of taxation, or their status is inadequate. Acknowledging theory and using empirical analysis of economic practice, it can be concluded that the Croatian tax system creates and deepens inequality and acts in favor of preserving a wide gap between contradictory societal structures. The latter confirms the necessity of tax system reform, taking into account the aims of curbing inequality and carrying out a*

*righteous distribution of the tax burden with a simultaneous, efficient redistribution of collected assets.*

*In order to achieve stability and create a base for future growth, the fulfillment of goals recognized under the scope of this paper need to be considered in the context of a societal priority.*

**Keywords:** *Croatia, inequality, regressive taxation, tax system.*

\*\*\*\*\*

## **ANALYSIS OF THE PRACTICE OF LEADERS OF SUCCESS IN THE RUSSIAN MEDIUM-SIZED BUSINESSES: AGRICULTURE VS INDUSTRIAL PRODUCTION**

**Nikolaeva Ekaterina**

*Chelyabinsk State University, Russia*

*nikolaeva@csu.ru*

**Pletnev Dmitri**

*Chelyabinsk State University, Russia*

*pletnev@csu.ru*

### **ABSTRACT**

*The article is devoted to a generalizing analysis of successful practices of the Russian agricultural and industrial enterprises functioning - subjects of medium business. On the basis of the case analysis of 64 most successful enterprises (leaders of success) their features that allow them to function successfully in the market were identified. The industrial, operational and financial characteristics of successful enterprises activity were researched during the analysis; on the basis of these characteristics the conclusion about success factors in the researched industries is drawn. The article provides a comparative analysis of the success factors of industrial and agricultural medium-sized enterprises, which demonstrates essential differences in the set of these factors.*

**Keywords:** *Business Success, Russian Economy, SME, Industrial Production.*

\*\*\*\*\*

## **“WORK–LIFE BALANCE” AND ITS IMPORTANCE FOR THE WORK PROCESS IN THE HOSPITALITY INDUSTRY. A PERSPECTIVE OF GENERATION Y EMPLOYEES**

**Aleksandra Grobelna**

*Gdynia Maritime University, Poland*  
*a.grobelna@wpit.am.gdynia.pl*

**Anna Tokarz - Kocik**

*University of Szczecin, Poland*  
*anna.tokarz@wznieu.pl*

### **ABSTRACT**

*The importance of people in the world economy has been emphasized in many previous studies (e.g. Skrzyszewska and Milić Beran, 2015), including the critical role of employees in successful hotel business operations (e.g. Enz and Siguaw, 2000; Davidson, 2003). However, today modern hospitality industry faces a generational change in the labor market. Although generation Y employees create an increasing pool of hospitality workforce, their characteristics may pose real challenges for human resources management (see Kong et al., 2015). This may result from the fact that work does not play a central role in their lives, thus they may be less engaged in work and more likely to leave the organization than the older generations in the hospitality workplace (Park and Gursoy, 2012; Solnet et al., 2012). Therefore, the aim of this study is to identify the importance that employees of generation Y attach to the work–life balance and what its consequences are for the work process in the hospitality setting. More specifically this study develops and tests a research model that investigates the relationships between both work–family conflict (WFC) and workplace support for work–life balance (WSWLB) with work engagement (WE) and its correlation with employees’ intention to leave (ItL). Additionally, direct correlations between WFC and WSWLB with intention to leave (ItL) are examined. The research was conducted among contact employees of hotels located in Northern Poland (Pomeranian Voivodeship). Data were collected using a questionnaire survey. The findings of this study provide empirical support that young people want to have more control over their own lives with less interference from their work. Only then will they be more likely to engage in their work and stay in a hotel organization for longer. The research value of this study may*

*result from the fact that, to the best of authors' knowledge, this is the only attempt to measure the correlations between the proposed study context taking into account generation Y employees in the context of the Polish hospitality industry.*

**Keywords:** *generation Y employees; hospitality industry; intention to leave; work engagement; work–life balance.*

\*\*\*\*\*

## **THE LABOUR MARKET IN THE SLOVAK REPUBLIC – STRUCTURAL PROBLEMS**

**Eva Rievajova**

*University of Economics in Bratislava, Faculty of National Economy,  
Dolnozemska 1, 852 35 Bratislava  
eva.rievajova@euba.sk*

**Roman Klimko**

*University of Economics in Bratislava, Faculty of National Economy,  
Dolnozemska 1, 852 35 Bratislava  
roman.klimko@euba.sk*

### **ABSTRACT**

*The labour market is sensitive and vulnerable place in the Slovak economy, as shown by the global crisis, since 2009 with significant signs in case of Slovakia compared to most EU economies. Unemployment in Slovakia has significant economic, social and political dimensions, as well as many socio-economic, regional, generational, ethnic and other specifics. Adverse effects of the crisis have affected mainly the category of disadvantaged persons, as well as some of the lagging regions of Slovakia. Unemployment in Slovakia is one of the most serious economic and social problems, which prevents the full realization of the growth potential of the economy, with regard to its structural nature. Slovakia is among the countries which are struggling with high long-term unemployment rate (over 12 months). During the whole period since in the Slovakia is real long-term unemployment known (end of 1992), its structure and causes have not been fundamentally changed. But it changed its scope and the duration of unemployment has increased as well as at the national level, and in individual regions. Serious and long-lasting economic and social*

*problems are regional differences in unemployment. Unevenness in the distribution of the unemployment in different regions is linked not only to the historical development of the Slovak economy, but also with its modern, highly differentiated development, and despite economic recovery these differences remain significant. Nowadays, young people in the age group 15-24 years are the most vulnerable group in the labour market. The youth unemployment rate is generally higher than the overall unemployment rate. Creating inequalities in access to the labour market is largely due to lack of abilities, skills and work experience in own field of study that are currently unfolding barriers in access to the labour market. The aim of this paper is to assess developments in the labour market with an emphasis on unemployment and its structural characteristics, identify persistent problems and risk factors for the employment growth.*

**Keywords:** *Labour market, Regional differences, Structural problems, Trends, Unemployment.*

\*\*\*\*\*

## **INFRASTRUCTURE OF STATE SUPPORT OF SMALL AND MEDIUM-SIZED BUSINESS IN RUSSIA**

**Victor Barhatov**

*Department of Economics of Industries and Markets  
Chelyabinsk State University, Russia  
ieo-science@csu.ru*

**Irina Belova**

*Department of Economics of Industries and Markets  
Chelyabinsk State University, Russia  
belova@csu.ru*

### **ABSTRACT**

*In the current economic conditions, the development of small and medium-sized business in Russia is impossible without the support. The national small and medium-sized businesses have especially acute need for the state support. Now it is possible to say that the state is attempting to strengthen the assistance in its turn. Special funds, corporations, agencies are set up. The support programs for various departments of the Russian Federation and development institutions are*



*being developed and implemented. The infrastructure of the state support within the establishment and functioning of such institution as JSC «Federal Corporation for Developing Small and Medium-sized Business» (SME Corporation) develops. The analysis of infrastructure development of small and medium-sized enterprises state support in modern Russian conditions is the purpose of this report. The internet portal of JSC «Federal Corporation for Developing Small and Medium-sized Business» (SME Corporation) was used as information base of the research. General scientific research methods were used in the data processing: the comparative analysis, graphical analysis, synthesis, grouping, generalization. The following results are obtained. First, the state support infrastructure of small and medium-sized businesses in five main support directions is researched: financial, property, consulting, innovative and production, legal infrastructures. Second, the analysis of presence of the regional organizations in each direction of support infrastructure in the subjects of the Russian Federation was carried out. Third, the subjects of the Russian Federation with the most developed support infrastructure both within one direction, and on a set of directions of the state support were distinguished. Our results will help in further researches to go into practice and evaluate the impact of state support infrastructure on success indicators of small and medium-sized business in Russia.*

**Keywords:** *infrastructure, medium-sized business, small and medium-sized enterprises, small business, state support.*

\*\*\*\*\*

## IMPLEMENTED ACTIVITIES IN THE SPHERE OF DISTRIBUTION – AN EXAMPLE OF DAIRY COOPERATIVES FROM ŚWIĘTOKRZYSKIE PROVINCE

**Izabela Konieczna**

*The Jan Kochanowski University in Kielce, Poland*

*izabela.konieczna@ujk.edu.pl*

### **ABSTRACT**

*Cooperatives like other enterprises operate in the market economy in the turbulent environment. Every decision, every activity before it will be implemented must be adapted to the environment, also to the turbulent one, taking into account customers' value. Therefore, the aim of the article is an analysis of market activities in the sphere of distribution, which according to managers of dairy cooperatives from Świętokrzyskie Province, have an influence on customers' value. The research of the implementation of activities in the sphere of distribution was conducted on the sample of 50% of dairy cooperatives from Świętokrzyskie Province in Poland by using an interview questionnaire. Cooperatives' representatives were asked to indicate activities that, in their opinion, have an influence on customers' value on such markets as: Świętokrzyskie Province, other Polish provinces, European Union markets, and other major markets. The activities that the representatives had to indicate include: the sale of products on the Internet, the ownership of retail chain, the ownership of warehouses, and distribution centers, the provision of easy access to the product on the market, the provision of products in a shorter time than competitors, the provision of products on time, the assurance of convenient time of purchase, the assurance of convenient place of purchase, the differentiation of distribution methods, individualization of deliveries in terms of time, size, range and method of delivery, the assurance of the reliability of supplies in terms of time, quality and quantity of delivered products, the assurance of the fast communication with the buyer (on-line), the assurance of the logistics and transport services.*

**Keywords:** *Implemented activities, Distribution, Cooperatives.*

\*\*\*\*\*

## GOVERNANCE CHALLENGES AND SOLUTIONS FOR OFFSHORE RENEWABLE ENERGY

**Flavia Guerra**

*School of Law and Politics  
The University of Hull, United Kingdom  
F.Guerra@2015.hull.ac.uk*

### **ABSTRACT**

*As potential contributors to climate change mitigation and reduction of greenhouse gas emissions, and drivers of economic growth, harnessing offshore renewable energies (ORE) depends on safe and reliable technology, appropriate policy and regulatory instruments, and stable sources of funding. However, the nature, location and maturity of ORE have led to several legal and policy challenges which condition the success of these industries.*

*Even though the ability to generate electricity from marine renewables is not in question, since technology is moving ahead of policy, its integration in wider energy networks might be problematic given the localised nature of the resources, and the high variability/low predictability of their output over multiple timescales.*

*Limited practical experience with the deployment of these technologies coupled with the difficulty of studying the marine environment represent barriers to acquiring knowledge on their impacts, particularly wave and tidal energy. These data gaps are amplified by underdeveloped regulatory frameworks regarding marine planning and sitting processes, including Environmental Impact Assessment, not adapted to manage uncertainty, and often making it too difficult for potential developers to get consent and thus invest.*

*As part of EU's Blue Growth Strategy, ORE's demand for exclusive rights over resources and a marine space creates potential conflicts by entering already congested oceans, traditionally regulated in a single-sector manner for different marine activities.*

*Previously proposed solutions to these constraints have failed to acknowledge the combined importance of all types of environmental policy instruments: evolving legal frameworks, targets and commitments; practical differences in domestic implementation of regulation, market-based and suasive instruments; and fragmentation of institutional architectures associated with constantly evolving actor networks operating for ORE governance.*

*Studying policy instrument mixes might demonstrate the changing roles of state and societal actors, and ultimately contribute for the debate surrounding the sustainability and governance transition to renewable energy.*

**Keywords:** *environmental policy instruments, marine renewable energy, multilevel governance, policy instrument mixes, regulation.*

\*\*\*\*\*

## **FOREIGN DIRECT INVESTMENTS AND FISCAL STIMULATION IN BALLKANS: EVIDENCE FROM ALBANIA, KOSOVO AND MACEDONIA**

**Florije Miftari**

*AAB University, Kosovo*

*florije.miftari@universitetiaab.com*

### **ABSTRACT**

*This paper analyzes the trends and factor determinations attracting foreign capital inflows into selected Balkan countries- Albania, Kosovo and Macedonia using a documented analysis. The study revealed that despite tax incentives and promotional activities undertaken by the governments to create investment environment, capital inflow in selected Balkan countries is still modest, reflecting a weak overall investment climate in the region. According the results of the study, reason for lower FDI in analyzed countries are several: regional political instability, absence of institutional quality and prospects of EU membership, size of their economy, threats from corruption and partial observance of regulation, was the significant investment impediment.*

*According to the theoretical findings and empirical evidence, the paper subsequently suggests that fiscal stimulus are only marginally efficient in the absence of political stability, structural reforms, strategic development policies and EU integrations.*

**Keywords:** *Balkans, foreign direct investment, tax.*

\*\*\*\*\*

## THE ROLE OF NON-GOVERNMENTAL ORGANIZATIONS IN THE FIELD OF SUSTAINABLE DEVELOPMENT OF CRUISE SHIP TOURISM

**Joanna Kizielewicz**

Gdynia Maritime University, Poland  
j.kizielewicz@wpit.am.gdynia.pl

**Katarzyna Skrzyszewska**

Gdynia Maritime University, Poland  
k.skrzyszewska@wpit.am.gdynia.pl

### ABSTRACT

*In each segment of the economy there are various non-governmental organizations whose aim is to ensure the development of a particular sector of the market, to determine the standards of products and services, to represent the interests of members affiliated to local authorities, Government and international institutions, but also to develop policies and codes of ethics in business. In recent years, a variety of activities undertaken by these organizations focuses on the idea of sustainable development and preservation of the cultural heritage and environmental protection. In the case of cruise tourism market, the natural environment of the seas and oceans and also coastal tourist destinations handling the cruise ships and passengers are subjects of the protection. In the cruise tourism sector, there are a great number of entities whose members are among the others: cruise ship-owners, tourist agents, the boards of seaports and local authorities of coastal destinations. Their objective is to develop the cruise tourism market, to promote marine voyages and tourist values of coastal destinations, but first of all to generate the largest economic revenues. However, the international law regulations regarding environmental protection of the sea and oceans and applicable standards of the CSR enforce on those entities to work out solutions for the sustainable development. The purpose of this work is to identify the entities working for the sustainable development of cruise tourism and to evaluate their commitment in this regard. The research is based on the analysis of scientific papers and reports and also source materials of leading organizations. In this study, a few methods of data collection were applied, i.e. “desk research” method, exploratory method and also a deductive reasoning. The study results may constitute a source of knowledge for territorial authorities and tourist companies in coastal areas and also for*

*cruise ship-owners about advantages arising from the membership in various non-governmental cruise tourism organizations.*

**Keywords:** *cruise tourism, NGO's, sustainable development.*

\*\*\*\*\*

## **THE IMPORTANCE OF THE HISTORICAL ASPECT IN PUBLIC ADMINISTRATION REFORMS ON THE EXAMPLES OF HUNGARY**

**Gabor Batho**

*Pázmány Péter Catholic University, Budapest, Hungary  
gabor.batho1@gmail.com*

### **ABSTRACT**

*In case of a public administration reform there are many influential factors and many challenges concerning the success of the reform. One of them is the historical aspect, the former reforms, the previous system, the history of the state and the public administration. In my paper I would like to show that the importance of tradition in public administration reforms is significant. Without paying enough attention to this aspect a public administration reform is not complete, thus it cannot be successful.*

*According to Ádám Rixer's grouping the traditional elements of a public administration system – and especially the Hungarian public administration system – are the following: the language, the traditional institutions and the practical traditions. I would like to add three more elements to this list: the self-picture of the public servants in the public administration system, the effects of the former public administration reforms and the constitutional surroundings.*

*It is easily visible that some of these elements are easily changeable, and others are hard or even impossible to change, some are only changeable through organic development, and others can be changed by the will of the government or by legislature simply.*

*The paper shows the importance and weight of the above mentioned six traditional elements of a public administration reform through some examples in the Hungarian public administration history, especially the recent Magyar-programme. The paper describes an analysis of the reforms being silent on the above traditional elements or discussing them.*

*Taking the historical aspects into consideration and paying enough attention to the traditions of public administration must be an important task during the preparation of the reform. The paper also gives examples and consequences of the proper and improper handling of the traditional elements.*

**Keywords:** *historical aspect, Hungary, Magyary-programme, public administration reform, traditions.*

\*\*\*\*\*

## **NEW ECONOMIC DIMENSION OF THE EURASIAN ECONOMIC UNION**

**Katarzyna Czerewacz - Filipowicz**

*Bialystok University of Technology, Poland*

*k.czerewacz@pb.edu.pl*

### **ABSTRACT**

*The article aims at determining the current economic dimensions of the Eurasian Economic Union (EAEU) and the EAEU impact on the economic relations of the Member states. The research instruments developed on the basis of the European integration are often not suitable for the measurement of effects in the post-Soviet space. The starting point for the Eurasian RIAs was the collapse of the USSR, the entity the researched countries were members of and not the integration of sovereign states as it was in the case of the EU. So the processes occurring at the researched area are both integrative and disintegrative. The new economic dimensions of the EAEU are: the position of the researched countries in the international division of labor, their participation in global value chains and the ability to create a common advantage in international relations. The latter criterion is researched from the perspective of land threads of the New Silk Road (One Road One Belt) between China and the European Union. The main research hypothesis regarding to the investigated effects of the EAEU is that the common international economic strategy adopted by the EAEU (in relation to the New Silk Road, the EU, China and not only) can be an actual measure of their economic impact strength. The article points out that although the cause of the institutionalization and creation of the EAEU are mainly politically motivated, the effects of their functioning strongly impact on the economy of the participating countries*

*in a positive and negative way. In addition, the article shows that the strength and character of this impact are different for the particular EAEU countries. In this article, the trade of the particular Member States within and outside the EAEU was selected as a research instrument.*

**Keywords:** *Eurasian Economic Union (EAEU), international trade, Regional Integration Agreements (RIAs).*

\*\*\*\*\*

## **IS IGNORANCE OF POTENTIAL CAREER PATHS A DISINCENTIVE FOR STARTING A CAREER IN THE MARITIME SECTORS?**

**Katarzyna Skrzyszewska**

*Gdynia Maritime University, Poland  
k.skrzyszewska@wpit.am.gdynia.pl*

**Ivona Milic Beran**

*University of Dubrovnik, Croatia  
imberan@gmail.com*

### **ABSTRACT**

*The purpose of this article is to examine the level of knowledge of young people planning to start a job at sea concerning the importance of seafarers work for the global economy (particularly with regard to the European Union) and for the national economy. The authors maintain that the knowledge of such a specific sector as the sector of the maritime economy increases the probability of finding a job in line with the education. Additionally the national economy can benefit from the employees with well-planned career paths in the maritime sectors. This is particularly important nowadays, when shortages of seamen affect especially the developed countries, including the members of the European Union. To achieve the goal of the research – the questionnaire method was used. The study was conducted at two European universities, which educate future officers for the needs of the maritime economy: Gdynia Maritime University in Gdynia (Poland) and the University of Dubrovnik (Croatia). The respondents were students of navigation and marine engineering. The point of reference for the assessment of students' knowledge was developed on the basis of the desk research of the most important benefits that the*



*development of the maritime economy based on seamen's employment brings to the EU economy and both national economies: Polish and Croatian. The most important conclusion pointed out is a general lack of awareness of the importance of seafarers for the national economy among Polish students. A slightly better situation is among Croatian students. The conclusions of the research confirmed that there is a necessity to change the approach of decision-makers to the issue of promoting maritime labour on the university level, as well as on the level of local and state authorities. Young people not realising the importance of work of seafarers and ex-seafarers do not know much about possible career paths, which are being opened by work at sea. And this is just work for shipping, rather than shipping itself, which brings bigger economic benefits for the economy. With extensive maritime education and long-standing traditions and still the largest group as far as the number of officers is concerned (among the EU countries), Poland and Croatia should skilfully exploit this competitive advantage, especially in the face of increasing shortages of officers on the sea labour market.*

**Keywords:** *maritime high education, seafarer labour market, shortages of officers.*

\*\*\*\*\*

## **THE RELATIONSHIP OF THE MINIMUM WAGE AND UNEMPLOYMENT IN THE SLOVAK REPUBLIC**

**Peter Sika**

*University of Economics in Bratislava, Faculty of National Economy,  
Department of Social Development and Labour  
peter.sika@euba.sk*

### **ABSTRACT**

*Minimum wage raises debate and controversy since its introduction. Proponents reported its justification in particular related to the task of ensuring income to workers, which guarantees them their basic needs. Opponents argue the impacts of rising unemployment. Legislative and institutional setting of the lower limit for wages in the economy does not allow the wages of certain employees to decline to the level of equilibrium wages in the event of adverse economic activity, which may cause barriers in employing particular risk groups in the labor market. The modification*

*of the minimum wage is a serious problem, since it represents the fundamental elements of the macroeconomic and macro-regulation in the country, the impact on the revenue policy, price policy, pension policy, as well as their own employees and employers and other groups. The aim of this paper is to examine the correlation between the increase in the minimum wage and the unemployment rate in the Slovak Republic with a focus on specific groups in the labor market and regional differentiation. Our contribution contains a justification of the existence and function of the minimum with a proposal for its modification, while it also focuses on the future shape of minimum wages in Slovakia within the changed socio-economic conditions. Consumption and investments are the driving force of the economy but the investment is to some extent driven by the anticipated consumption. Only household consumption accounted for a significant upward impetus to the Slovak economy, which would not be possible without increasing the employment and wage growth.*

**Keywords:** Minimum wage, Unemployment, Regional differentiation.

\*\*\*\*\*

## **DETERMINANTS OF EFFECTIVE TAX RATE**

**Luka Mladineo**

*The University Department of Professional Studies, Split, Croatia  
lmladine@oss.unist.hr*

**Toni Susak**

*The University Department of Professional Studies, Split, Croatia  
tsusak@oss.unist.hr*

### **ABSTRACT**

*Taxes are wide spread phenomenon which affects every aspect of life. Almost every person (regardless of their legal designation – natural or legal) has to pay different types of taxes depending on activity that is involved in. In world of business, taxes and how companies handle them is one of the crucial factors of their success. It is important to apply knowledge about taxation so that company can pay optimal amount of taxes or in other words, minimal amount of taxes in certain situation. In this paper, focus will be directed at corporate income tax which companies have to pay if they report profits for the current year in their financial*

*statements. Corporate income tax is one of the traditional tax revenues of the state and for companies is perhaps the biggest direct tax liability. Amount of corporate taxes paid can also be reduced (or even increased) by indirect effect through reported income because accounting standards are relatively flexible and they establish a framework within which companies can operate and choose their accounting policy. The aim of this paper is to statistically analyse determinants of effective tax rates (ETR) for corporate tax because corporate taxes are paid at same rate but ETR can differ significantly due to tax exemptions prescribed by tax laws. Sample was formed using companies listed on stock exchanges.*

**Keywords:** *Determinants, Effective tax rate, Corporate income tax, Croatia, Slovenia.*

\*\*\*\*\*

## **THE INFLUENCE OF HIGHER EDUCATION ON PRODUCTIVITY: AN ANALYSIS OF TURKEY AND THE EUROPEAN UNION COUNTRIES**

**M. Ozan Saray**

*Inonu University, Malatya, Turkey  
ozan.saray@inonu.edu.tr*

### **ABSTRACT**

*Rising productivity has been a key factor for the growth of the countries in the world whether they are developed or developing. The policy makers try to overcome basic macroeconomic problems such as unstable growth, unemployment and insufficient investment capacity with the help of increasing productivity. It is widely accepted that each economy in the world must provide a skilled work force in order to build and maintain productivity. In this context, the aim of this paper is to empirically examine the contribution of higher education level on labour productivity in European Union countries and Turkey, which is a candidate country of European Union membership. Within this scope a panel data estimator applied for 28 European Union countries and for Turkey between 2004-2013 time span. The results of Driscoll-Kraay estimator shows education level has a significant and positive effect on labour productivity. The analyse results also suggest that innovation variable has a significant and positive influence on productivity.*

**Keywords:** *Labour productivity, education, panel data.*

## **POSTED WORKERS IN THE LIGHT OF THE PRINCIPLE “SAME PAY FOR THE SAME WORK AT THE SAME PLACE”**

**Kosjenka Dumancic**

*Faculty of economics and business, Zagreb*  
*kdumancic@efzg.hr*

### **ABSTRACT**

*The European Union internal market is being fulfilled by exercising the fundamental economic freedoms that guarantee the free cross-border movement of people, goods, services and capital. While the free movement of people guarantees to any natural person who is a national of a Member State of the European Union to work and be employed in another Member State under the same conditions as nationals of that State, in the light of freedom to provide services the possibility to work in another Member State as a posted worker was established. The free movement of workers is limited by the workers' rights arising from the social systems coordination rules as defined in Regulation 1408/07 and Regulation 88/2004. These Regulations are generally based on the principle *lex loci laboris* by which the workers' rights are defined by the Member State law where the work is performed, with the exception of the posted workers. The applicable law to posted workers is that of their home Member State from which workers are sent to perform a service for their employer. In this sense, the possibility to achieve a more flexible cross-border movement of workers is the possibility of posting workers in another EU Member State by an employer in order to provide service while being protected by the home Member State law regarding social and other rights that are defined by their working contract. The right of the employer to post workers in another Member State is governed by the provisions of Directive 96/71/EC which essentially determines the rights of employees to work in another Member State. Posted workers actually represent the realization of the freedom to provide services and freedom of establishment where their rights still remain doubtful in comparison with rights guaranteed by the free movement of workers. The posted workers rules *de facto* represent an exception to the application of the coordination procedure regulated between different social security schemes in the Member States and an exception to the rules for the application of national law of the Member State in which the work is performed.*

*In the paper the author analyses the rights and obligations of workers and employers arising from the Directive 96/71/EC and its amendments introduced by the implementing Directive 2014/67/EU. It is the Directive 2014/67/EU, which was adopted after more than 20 years, that is conceived as a guarantor of protecting the rights of posted workers. The article discusses the scope and possibilities of implementation of the provisions of this directive in practice of the Member States, as well as future developments in this area with a special analysis of the relationship of these directives and directives governing the coordination of social systems in the Member States. Also, the article considers the initiative of the European Commission to amend Directive 96/71/EC in terms of the introduction of the “equal pay for equal work in the same place” principle.*

**Keywords:** Directive 96/71/EC, Directive 2014/67/EU, EU internal market, freedom to provide services, posted workers.

\*\*\*\*\*

## **THE ELECTORAL EFFECTS OF HOUSEHOLD ECONOMIC SECURITY IN POLAND**

**Maria Piotrowska**

Wroclaw University of Economics, Poland  
maria.piotrowska@ue.wroc.pl

### **ABSTRACT**

*The 2015 presidential and parliamentary elections changed the political scene in Poland. The incumbent party, the Civic Platform, shortly PO, which won two last parliamentary elections in a row lost power doubly, both in presidential and parliamentary elections. Macroeconomic conditions in 2015 in Poland were quite good. The national economy situation could not explain why voters punished the incumbent so strongly. If economic voting mattered in the 2015 parliamentary election, evaluation of personal (household) economic security could influence the electoral effects. The aim of the paper is to test pocketbook voting, or egotropic effects, in the 2015 parliamentary election in Poland, focusing on differences in economic security of a family perceived by different groups*

*of voters. It is presumed that just heterogeneity in economic voting may be crucial to reveal the importance of pocketbook effects. The research uses an exploratory analysis based on structural equation modeling (SEM) to measure economic security of a household. The questionnaire survey is a source of data for observed variables in SEMs.*

**Keywords:** *economic security, households, pocketbook voting.*

\*\*\*\*\*

## **CONSUMER PERCEPTION OF VIRAL MARKETING – EXAMPLE OF CROATIAN MARKET**

**Brigita Krizanec**

*Student*

*bkrizane@foi.hr*

**Damir Dobrinic**

*Faculty of Organization and Informatics, Varazdin, Croatia*

*ddobrinic@foi.hr*

### **ABSTRACT**

*Internet marketing has a broad range of activities eligible for promotion and one of them is viral marketing. This form of promotion appears under different names so you can talk about: viral marketing, Word of Mouth Marketing, Buzz Marketing or just Buzz. It is a type of marketing that aims to create ads that will quickly spread through the Internet and thereby gain significant popularity. It is important to note that viral marketing can be realized in any format, on any media or on any Web site.*

*To make viral marketing successful, it is necessary to devise a quality content and the same content focus to a particular demographic group for which the content is created. If we want to achieve the interest of consumers or potential user of a product or service for content that is created, content must intrigue them in a way that recognizes the passion of the one that created the content. The key to a good viral marketing is a good story that requires innovation, creativity and quality of what is offered.*

*The subject and aim of the paper is to explore the perception of the concept of viral marketing by the Croatian consumers on the one hand and the use of such forms of promotion by the Croatian companies on the other.*

*We believe that the results of the present study will contribute to the understanding of viral promotion concept and its acceptance and further development.*

**Keywords:** *Internet marketing, viral marketing, promotion, consumers.*

\*\*\*\*\*

## **RELAXED BUSINESS REGULATIONS AS A PUSH FACTOR FOR THE ENTREPRENEURIAL ACTIVITY IN THE EUROPEAN UNION?**

**Valentina Vuckovic**

*Faculty of Economics and Business, University of Zagreb, Croatia  
vvuckovic@efzg.hr*

**Martina Basarac Sertic**

*Croatian Academy of Sciences and Arts  
Economic Research Division, Croatia  
mbasarac@hazu.hr*

**Ruzica Simic Banovic**

*Faculty of Law, University of Zagreb, Croatia  
ruzica.simic@pravo.hr*

### **ABSTRACT**

*Since 2008 European Union countries have been enduring the effects of the most severe economic crisis experienced in 50 years. Consequently, since enterprises represent a principal component in creating a job-rich recovery, the European Commission, within the Europe 2020 Strategy and Entrepreneurship 2020 action plan, stressed the importance of entrepreneurial spirit in Europe. In that context, private sector development is recognized as a crucial determinant for long-term economic success. On the other side, countries' regulatory and administrative frameworks often hinder entrepreneurial initiatives. The main goal of this paper is to empirically analyse whether relaxing the constraints imposed by regulations increases the entrepreneurial activity in European Union countries. The special emphasis will be put on the effects of change in regulations on both opportunity-based and necessity-based entrepreneurship, using the GEM (Global Entrepreneurship*

*Monitor) data. In this line of research, following the analysis of van Stel et al. (2007) and Stenholm, Acs and Wuebeker (2013), the paper will encompass the quality of entrepreneurship activity in countries, not only their number. In performing the analysis, a system GMM approach will be used for the 2001-2015 period. As an indicator of business regulation, we will use the Index of Business Freedom which is part of the Heritage Foundation Index of Economic Freedom that measures barriers faced by business sector from starting to closing the business, whereas the data for the quality of entrepreneurship will be obtained from the GEM database.*

**Keywords:** *Entrepreneurship, European Union, Global Entrepreneurship Monitor, System GMM.*

\*\*\*\*\*

## **E-COMMERCE DELIVERIES 2.0: TOWARDS A SUSTAINABLE E-COMMERCE**

**Verheyen Wouter**

*Erasmus University Rotterdam, The Netherlands*

*Odisee UC Brussels, Belgium*

*verheyen@law.eur.nl*

### **ABSTRACT**

*Over the last decade e-commerce has reached the age of maturity. However, there are still some growing pains remaining. An important one is the delivery method of parcels, both the strength of e-commerce as the Achilles heel. First of all, the costs of delivery are substantial. If the cargo interest decides to use his right of withdrawal, such costs remain with the webshop. Moreover, parcels get lost or damaged during delivery, while the risk remains with the webshop and the recourse possibilities against the carrier are often very limited. Finally, e-commerce still can't provide the same consumer experience as physical sales, as consumers can't "test" their orders. Even though this is possible at home, the consumer has to pay the costs of reshipment and might see the time investment of reshipment as an obstacle. Webshops meet these concerns by providing for free reshipment, but this further increases the costs. In this paper, two alternatives to deal with these obstacles are introduced. The first one is cooperative e-commerce, whereby different specialized webshops act as mutual delivery points, where parcels of the other webshops can be picked*



*up, tested and left behind in case of a change of preferences. This creates a proximity without having to engage in expensive delivery at home. In the second model this role is performed by individual loyal consumers, who will play a role as ambassadors and accept delivery at home for consumers choosing this delivery point. Albeit such delivery methods seem to be valid complementary alternatives, there are different legal obstacles to such alternative delivery methods. In this paper, after investigating the current obstacles, we investigate the liability impact of both alternatives..*

**Keywords:** *e-commerce, damage during delivery, crowd logistics, cooperative logistics.*

\*\*\*\*\*

## CONCESSION PRACTICES OF PUBLIC ENTERPRISES IN KOSOVO

**Milaim Berisha**

*Tax Administration of Kosovo*

*Part-time Lecturer College of International Management „Globus”*

*milaim.berisha@gmail.com*

### ABSTRACT

*Public Enterprises in the Republic of Kosovo for the purpose for which they were formed, at certain periods have faced different problems in terms of business, investments, management, etc. as well as the primary purpose for which were established- for service to the citizens (public wide). In order to serve to the broad public (citizens) in much qualitative manner, it was necessary that some enterprises start doing significant investments (in industry, infrastructure etc.). Considerable capital is required in order that such investments to be carried out by those public enterprises. After noting the deficiency in capital, experience, and technology, governments decided that a part of public enterprises is given to Public Private Partnership. In this way it becomes possible that the ownership of a public enterprise becomes mixed (depending on the percentage of shares). Mixed enterprises, which are entities owned jointly by public and private sector tend to be spread throughout the Western world, and is increasingly proved that they are successful in their activity.*

**Keywords:** *public enterprises, public-private partnerships.*

\*\*\*\*\*

## **SMEs IN EU AND EMPLOYMENT – IS THERE A CONNECTION?**

**Jelena Vidovic**

*University Department of Professional Studies, Croatia  
jvidovic@oss.unist.hr*

**Jasenska Bubic**

*University Department of Professional Studies, Croatia  
jbubic@oss.unist.hr*

### **ABSTRACT**

*Small and medium enterprises (SMEs) are often perceived as an important segment of every modern economy. Through economic literature, SMEs are often seen as drivers of economic growth, new employment and it is presumed that they foster innovation. Preferential taxation of micro and small enterprises is considered as a normal feature of taxation in a number of tax systems. This paper argues the policy of preferential taxation of micro, small and medium enterprises in the context of their contribution to reduction of unemployment. We observe relationship between unemployment and four variables; value added, employment and number of enterprises in 25 EU member states and Croatia in period from 2010 to 2013. Each variable is defined as a percentage corresponding to the each of four SME categories; micro, small, medium and large enterprises. Major drawback of data is presence of missing data. Results indicate that only large and medium enterprises significantly influence on unemployment reduction. In the same time increase of value added of large and medium enterprises results in increase of unemployment. On the other hand increase of employment in micro enterprises is connected to rise of unemployment. Also, increase of value added in micro enterprises results in reduction of unemployment.*

**Keywords:** *value added, SMEs, unemployment, European Union.*

\*\*\*\*\*

## REINVESTED PROFITS AS THE ENGINE OF GROWTH OF COMPANIES ON THE STOCK EXCHANGE IN CROATIA

**Vlasta Roska**

*University North, Koprivnica, Croatia*

*University Center Varaždin*

*vlasta@vlastaroska.hr*

### **ABSTRACT**

*Tax reform in tax on profit is happened very often in Croatia. Croatian's government wants to increase a investment with a different type of tax relief. Companies can decrease of tax base in the amount of reinvested profit from 2012. In 2015, companies can reinvested profit only for the amount of investment in long term material and non-material assets. Companies increase the registered capital and have a better cash flow without the payment of taxis. Corporations who are not engaged in banking and financial not banking sector can apply for this tax benefit. Investment in long term material and non-material assets, renewed old assets, raises the productivity of companies and improvement of the business. From 2015 is also added one of very important conditions like as the preservation of number of employee at least two years after the year of the investment. Otherwise, the companies have to pay the amount of the less paid profit tax. The aim of this paper is to confirm whether adding conditions for reinvested profit in amount of investment on long term material and non-material assets and keeping the number of employees decreased overall using tax relief of reinvested profit for companies at the Zagreb Stock Exchange in relation to the previous year. This research of reinvested profit in 2014 and 2015 shows that reinvested profit cannot be the engine of growth of companies on Zagreb Stock Exchange.*

**Keywords:** *investment in long term material and non-material assets, reinvested of profit, tax base, tax relief.*

\*\*\*\*\*

## THE EUROPEAN UNION'S TRADE WITH AFRICA AND LATIN AMERICA

**Wioletta Nowak**

University of Wroclaw, Poland  
wioletta.nowak@uwr.edu.pl

### **ABSTRACT**

*The paper presents the scale of and trends in merchandise trade of the European Union with 54 African and 21 Latin American countries over the period from 2000 to 2014. Moreover, the EU-Africa trade and the EU-Latin America trade are compared with the trade in goods of the United States and China with those regions. The analysis is based on the data retrieved from the UN Comtrade Database. Africa is more significant trading partner for the European Union than Latin America. During analysed 15 years, the value of the EU's bilateral trade with Africa was 1.5 bigger than with Latin American countries. The average annual growth rate of trade with Africa was higher than with Latin America. However, the EU faster increased its trade with Latin American countries than with Africa after the outbreak of the global financial crisis. Africa and Latin America were mainly the EU's import market but the EU had a surplus in trade with Latin American countries in the years 2013-2014. The European Union is a major trading partner for Africa. It increased its advantage over the US in trade with the African continent but it has been steadily losing its advantage over China. Since 2010, China has been more significant trading partner for Africa's 34 least developed countries than the EU. The European Union is still the second (after the US) important trading partner for Latin America. However, China's trade with South America surpassed the EU's one in 2014. Besides, China has been more important trading partner for Central America than the EU since 2010.*

**Keywords:** EBA, EPA, EU-LAC summits, least developed countries, trade in goods.

\*\*\*\*\*

## ENTERPRISE ARCHITECTURE: THE CONFLICTS RESOLUTION INSTRUMENT OF BUSINESS MANAGEMENT

**Yulia Bystraya**

*Southern Federal University, Russia  
ysbystraya@gmail.com*

**Svetlana Stash**

*Southern Federal University, Russia  
lana.stash@gmail.com*

**Tatiana Makarenya**

*Southern Federal University, Russia  
tamakarenya@sfedu.ru*

### **ABSTRACT**

*The theory of business management for the scientific existence changed under the influence of environment and realities of practical activities of management. Not always leads emergence of new stages of development, opening of new instruments of management to immediate improvement, often new opening bear new contradictions. So development of information technologies became not only achievement, but also threat. The enterprise architecture is urged to solve business management contradictions on the basis of information technologies.*

**Keywords:** *Architecture of the enterprise, Contradictions, Enterprise, Evolution, Information technologies, Modeling, Theory of management, Zahman.*

\*\*\*\*\*

## WHAT DRIVES THE DIFFERENCE IN DOMESTIC VALUE ADDED OF EU EXPORTS?

**Natasa Vrh**

*PhD student; Faculty of Economics, University of Ljubljana  
natasa.vrh@ef.uni-lj.si*

### **ABSTRACT**

*The main feature of today's production chains is that different stages of production are divided between different participating countries in a way that each country adds value at certain stage of production. Consequently, a large part of today's export is not fully or originally produced in the exporting country but includes certain share of imported intermediates. Research emphasises the fact that trading countries can face an important concern regarding the part of exports created in the country and their position in global value chains (GVCs). Beside participation in GVCs, the significant importance lies in the amount of the value which is created in export-related industries, since it actually affects domestic employment (job creation) and growth (Banga, 2014).*

*Focusing on EU, share of domestic value added in exports (DVA) is in almost all industries in EU countries from Central and Eastern Europe (NMS-10) lower compared to core EU countries (EU-15). The paper looks at main drivers of the differences in DVA between this two groups of countries and it focuses on determinants of DVA. To decompose each country's exports into domestic and foreign content I use the methodology provided by Koopman et al. (2010) and industry-level data from the World Input-Output Database (WIOD). I show that there are many cases where the determinants have different effects on domestic content of export (exposure to foreign investment, capital endowment, intermediates from China etc.). Among the most evident are intangible capital investments in high knowledge intensive sectors, especially investments in economic competencies, suggesting that specific level of investments in intangible capital is required in order to even integrate in GVC.*

**Keywords:** *Global value chains, International trade, Value-added in exports.*

\*\*\*\*\*

## TURKEY AS THE MOST IMPORTANT FACTOR IN STABILISING THE REGION

**Mirosław Przygoda**

University of Warsaw, Faculty of Management  
02-678 Warszawa, ul. Szurmowa 1/3, Poland  
miroslawprzygoda@wp.pl

### **ABSTRACT**

*Thanks to its unique geographical location on two continents, Turkey has been playing an important role in various areas of influence for a few centuries. Regardless of the past foreign policy of this country, it has always been focused on the Balkans and Central and Eastern Europe as well as on the issues related to the Middle East. The size of the country, the population, the economic potential, and the military power predispose Turkey to take the responsibility for the entire group of nations situated in this region. The privileged location of Ankara results in both the approval of loyal allies and the strong aversion of other countries that strive to dominate the region. Turkey was one of the greatest empires in the world almost to the end of the 17<sup>th</sup> century. Until World War I, it was a regional power, influential in the Mediterranean region. It lost the position of the leader after World War II. For several decades, thanks to a remarkable effort of the entire society, Turkey has been regaining its former influences and significance in the world. However, it seems that the increasingly tense situation between the nations complicates the current actions of the Turkish government aimed to achieve its goals. Based on the available economic data and the analysis of the political situation, it is possible to test whether or not Turkey is able to implement the far-reaching plans. To this end, it is necessary to analyse the opportunities for and obstacles to success. Such an analysis may trigger more detailed discussions and interesting considerations.*

**Keywords:** Turkey, region, situation, opportunities, influences.

\*\*\*\*\*

## **SUSTAINABLE DEVELOPMENT AS A STRATEGIC GUIDING PRINCIPLE**

**Robert Svetlacic**

*PhD Student at Faculty of tourism and hospitality management  
Opatija, Croatia  
rsvetlacic@gmail.com*

**Dinko Primorac**

*University North, Croatia  
dinko.primorac@unin.hr*

**Goran Kozina**

*University North, Croatia  
goran.kozina@unin.hr*

### ***ABSTRACT***

*Due to the pursuit of profit, individuals, and communities, often forget where their roots are actually coming from. It is frequently forgotten that a man is a part of the nature and that he should live in accordance with its laws. However, contrary to this idyll is the term "risk society", which characterizes today's society. The consequence of this way of thinking and living has led to the fact that there is no synthesis between the natural and social life. They are seen as two sides of human existence. While on the one hand there is a tendency for the realization of a large wealth, on the other hand nature suffers. This problem was counteracted by the introduction of a comprehensive concept of "sustainable development" that should be the main guiding principle in contemporary business.*

**Keywords:** *business, family hotels, small hotels, sustainable development.*

\*\*\*\*\*



## THE EFFECT OF PUBLIC ADMINISTRATION REFORMS UNDER THE POST-NEW PUBLIC MANAGEMENT PARADIGM

**Tatiana-Camelia Dogaru**

*National University of Political Studies and Public Administration,  
Romania  
dogaru\_tatiana@yahoo.com*

### **ABSTRACT**

*It is becoming increasingly apparent that the reform of public administration is a sort of Achilles heel of modern state especially, because the bureaucracies could not give up to the features of old public administration. However, the public administration, under the pressure of some international driving forces (global economic crisis, interaction with the EU system, Europeanization etc.) and development of several paradigms (new public management, post-new public management, corporate governance) has to adjust its policies, procedures, structures and relations with citizens and business and to function more effectively within the EU framework.*

*Today, public administration is moving in new directions. Reforms are focusing on the quality of services for citizens and business on the efficiency of administration. The focus of the paper is on selected reform area in Romanian public administration, namely de-bureaucratisation and simplification of the procedures for citizens, business and administration to achieve the European standards and to be defined by transparency, predictability, responsibility, adaptability and effectiveness. As research methodology, the study adopts a case-oriented approach to advance its arguments, using both quantitative and qualitative data, published by European and national institutions.*

**Keywords:** *post-new public management, de-bureaucratisation, public administration.*

\*\*\*\*\*

## THE INEVITABILITY OF THE ALIENATION OF COMMUNICATION IN THE ERA OF GLOBALISATION

**Tatiana Leshchenko**

*Lomonosov Moscow State University, Leninskie Gory, Moscow, 119991,  
Russian Federation  
tatvy@yandex.ru*

**Irina Sokolova**

*Russian State Social University, Wilhelm Pick str., 4, Moscow, 129226,  
Russian Federation  
piter2003vo@mail.ru*

**Liubov Teplova**

*Lomonosov Moscow State University, Leninskie Gory, Moscow, 119991,  
Russian Federation  
liubovteplova@mail.ru*

### ABSTRACT

*The paper analyses the problems of the global transformation of communication processes associated with the pervasive influence of the various communication systems on the economy, politics, culture and social system as a whole. The superfluity of such influence has given birth to a phenomenon of “the alienation of communication”, which is regarded as an objective entity of social reality. The authors adduce a typology of the alienation of communication occurring in a variety of communicative situations at any level of the social structure. This typology is primarily based on the specificity of the “clash” of individual and social in determining the meaning of communication: the original sense and the following reading of this meaning; the intention and the degree of the twisting of the meaning due to the mismatch of social needs, interests and values of the subjects of communication; the impact of this clash on the nature of social interaction. It is specified that in the social and cultural diversity context the processes of social adaptation, socialization and resocialization become of paramount importance for sustainable development of society. However, omnipresent phenomenon of the alienation of communication inhibits these processes significantly. Mass media contribute to an effect of the fractal proliferation of alienation that leads to its transformation into an indispensable attribute of the*

*information society. The authors come to a conclusion that the reality of alienated meanings inevitably comes into existence and becomes the bellicose element of social environment, which explains a necessity of scientific conceptualization of the phenomenon. The approaches to the study of the alienation of communication are suggested.*

**Keywords:** *Alienation of Communication, Fractal, Reality of Alienated Meanings.*

\*\*\*\*\*

## **IMPACT OF ICT CAPITAL SERVICES ON PRODUCTIVITY GROWTH ACROSS CENTRAL AND EASTERN EUROPEAN COUNTRIES – WHERE HAVE ALL DIGITAL BENEFITS GONE?**

**Tinatin Akhvlediani**

*University of Warsaw, Faculty of Economic Sciences  
takhvlediani@wne.uw.edu.pl*

### **ABSTRACT**

*The paper aims to examine the contribution of ICT capital services on productivity growth in the Central and Eastern European (CEE) countries relatively to the old EU member states (EU10: Austria, Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Spain, and the United Kingdom). Statistical analysis based on the EU KLEMS database clearly demonstrates that while in the EU10 ICT capital services bring the largest contribution to the labour productivity, in CEE economies non-ICT services contribute productivity growth. However, regression results of quasi-Maximum Likelihood (QML) estimator indicate that in CEE economies positive effects of ICT capital services could be hidden in the TFP contribution.*

**Keywords:** *Central and Eastern Europe, ICT, total factor productivity.*

\*\*\*\*\*

## RELATIONSHIP BETWEEN PROPERTY RIGHTS ENFORCEMENT AND CORRUPTION – PANEL ANALYSIS OF EU COUNTRIES

**Davor Mance**

*University of Rijeka, Faculty of Economics, Croatia  
davor.mance@efri.hr*

**Mario Pecaric**

*University of Split, Faculty of Economics, Croatia  
mpecaric@efst.hr*

### **ABSTRACT**

*We investigate the relationship between property rights enforcement and corruption in EU countries. Property rights are the basic economic institution enabling commerce as a form of exchange of titles. Property rights enable the building of rational expectations about the results of future actions. Therefore, by reducing insecurity, property rights provide incentives for investment, wealth formation, specialization, production, and trade. Corruption is an institutional dysfunction caused by the relationship between private and governmental sector consisting of an act of abuse of power by governmental employees for the purpose of private gain. Corruption was, until recently, mainly analysed as an independent variable. We permit for endogeneity of both variables when regressing the composite index of perception of freedom from corruption against the composite index of property rights enforcement. The choice of variables and the model follows from the theoretical background of the Economic analysis of law and property rights literature. The study is conducted as a panel data analysis of the EU28+2 countries over 21 years. The analysis suggests that corruption is a consequence of the embodiment and enforcement of a formal institution of “property rights”.*

**Keywords:** *corruption, institutions, property rights, public policy.*

\*\*\*\*\*

## ASSUMPTIONS OF TRANSPORT POLICY IN POLAND IN THE SUSTAINABLE DEVELOPMENT ASPECT

**Jan Kowalik**

*Czestochowa University of Technology, Poland  
janekowalik@yahoo.pl*

### **ABSTRACT**

*Efficiently functioning transport system is one of the key factors determining living conditions of citizens and economic development of the country and regions. It has been assumed in the programme "Transport policy of the country for the years 2006-2025", which defines the confines of the transport development in Poland, that the basic goal of the transport policy is to improve the transport system quality and its development in accordance with the sustainable development principles. Defined in this way goal can be achieved through implementation of the following tasks: improving transport accessibility and its quality, supporting competitiveness of Polish economy, improving the efficiency of transport system functioning, integrating transport system - in the branch and territorial arrangement, security improvement leading to radical reduction of the number of accidents, limiting the negative influence of transport on the environment and living conditions.*

*In the article the Author attempts to answer the question how the transport system changed in the years 2006-2013, which of the assumption of the transport policy for the years 2006-2025 have been carried out and to what extent they have been carried out so far.*

**Keywords:** *management, sustainable development, Poland, transport, transport policy.*

\*\*\*\*\*

## **RESERVE OPTION MECHANISM: THE NEW MONETARY POLICY TOOL OF CBRT AND ITS EFFECT ON FX RATE VOLATILITY**

**Ibrahim Yasar Gok**

*Suleyman Demirel University, Faculty of Economics and Administrative  
Sciences, Department of Banking and Finance, Isparta/ Turkey*

### **ABSTRACT**

*In this study, Reserve Option Mechanism (ROM) a new policy tool of Central Bank of the Republic of Turkey (CBRT) is explained and its effectiveness to decrease FX rate volatility is empirically examined. The effects of the ROM and the direct foreign exchange interventions and auctions of CBRT on the USD/TL exchange rate volatility is analysed by applying GARCH (1,1) model and using the data for the period 09.30.2011-06.03.2016. It is found that ROM decreases the FX rate volatility significantly, which indicates the effectiveness of ROM to contribute to the financial stability.*

**Keywords:** *Central Bank of the Republic of Turkey, FX Rate, Monetary Policy.*

\*\*\*\*\*

## **CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE: THE CASE OF CROATIAN COMPANIES**

**Dubravka Pekanov Starcevic**

*Josip Juraj Strossmayer University of Osijek, Faculty of Economics in  
Osijek, Republic of Croatia  
dpekan@efos.hr*

**Josipa Mijoc**

*Josip Juraj Strossmayer University of Osijek, Faculty of Economics in  
Osijek, Republic of Croatia  
jmijoc@efos.hr*

**Matea Culjak**

*Josip Juraj Strossmayer University of Osijek, Faculty of Economics in  
Osijek, Republic of Croatia  
matea.culjak2@gmail.com*

### **ABSTRACT**

*Corporate social responsibility (CSR) refers to involving innovative ideas in everyday business that benefit society and community in which the company operates. It is a concept perceived as a great company advantage which has intrigued corporate stakeholders for many years. Reporting on corporate social responsibility involves indicators related to the environment, society and economy (triple bottom line). The main purpose of this paper is to explore corporate social responsibility disclosure in the Republic of Croatia. Although non-financial reporting in Croatia is voluntary, this will change on January 1st 2017 due to EU Directive 2014/95 by which non-financial reporting will become mandatory for Member States. With the aim of analysing how Croatian companies report on corporate social responsibility and sustainability, authors analysed the non-financial reports of Croatian companies referring to the year 2014, which were available on the official websites of the companies. Authors analysed the content, form and the extent of the reports and gave an overview of the most common used indicators, as well as variations across industry sectors. Some of the analysed companies used indicators suggested by the Global Reporting Initiative (GRI), and therefore the way and the extent of that use was also analysed.*

**Keywords:** *corporate social responsibility, content analysis, Global Reporting Initiative, indicators, Croatia.*

## TRADE CREDIT FINANCING: SUBSTITUTION AND MATCHING EFFECT FOR ITALIAN SMEs

**Candida Bussoli**

University LUM Jean Monnet  
bussoli@lum.it

### **ABSTRACT**

*The paper focuses on the relevance of financial motivation in the use of trade credit. The analysis considers Italian SMEs over the years 2005-2012. Using GMM models, the study aims to test whether accounts payable may follow a model of partial adjustment, and aims to find empirical evidence that supports the financial function of trade credit.*

*Results support the hypothesis of the existence of a model of partial adjustment, since accounts payable of the previous year affect accounts payable of the following year. Results also support the matching hypotheses, since firms that grant extended payment terms to their customers tend to demand delayed accounts payable from their suppliers. The empirical evidence reveals the existence of a substitution function between accounts payable and debts to banks and suggests that SMEs increase their accounts payable terms when short or medium and long bank credit is less available.*

**Keywords:** *trade credit, SMEs, accounts payable.*

\*\*\*\*\*



## ANTIBIOTIC CONSUMPTION IN A TURBULENT ENVIRONMENT

**Arianit Jakupi**

A2 – Pharmaceutical Consulting, Kosovo  
arianiti@gmail.com

**Hasan Jakupi**

ORL private ordinance, Kosovo  
hjakupi@gmail.com

**Indrit Baholli**

European University Tirana, Albania  
indrit.baholli@uet.edu.al

### ABSTRACT

*Drug consumption in Kosovo is now for few year being analyzed in Kosovo with a comparison also with other countries with the results showing many differences in between. Antibiotics as a particular group of drugs also in Kosovo is defined as a group of drugs that should be dispensed in pharmacies as a prescription only medicines. The legal aspect of this particular issue is defined in the Law 04/L-190 for medicinal products and devices (previously Law 03/L-188) while the details about the prescription are set in the sublegal act 01/2010. The analysis period of the antibiotic consumption is 2011-2013 or after the entry into force of these legal aspects that defined this issue. The Ministry of Health according to the law has supplied all the health institutions with the prescription form but in the absence of the adequate supervision from the inspectorates in order that this particular aspect of the law finds the complete fulfillment has made possible that the dispensing from the pharmacists to be done also with the simple request from the patients.*

*Analysis of the antibiotic consumption is chosen with the aim of documenting that doing business in a turbulent environment surpasses the ethics, law or public health protection and in this case this is done with the complete consciousness in many levels including pharmacists that are a category of people with superior qualification.*

**Keywords:** Drug Consumption, Antibiotics, Turbulent environment business.

\*\*\*\*\*

## THE VALIDITY OF THE FEATURES OF THE OFFER FOR CLIENTS IN THE SPHERE OF SALES MARKETING – THE ASSESSMENT OF DAIRY COOPERATIVES FROM ŚWIĘTOKRZYSKIE PROVINCE

**Izabela Konieczna**

*The Jan Kochanowski University in Kielce, Poland  
izabela.konieczna@ujk.edu.pl*

### **ABSTRACT**

*The features of the offer are important for customers, and the knowledge of their validity is extremely important for every kind of enterprise, including cooperatives, especially in the turbulent environment. Every decision before it will be implemented must be adapted to the environment, also to turbulent one, taking into account features of the offer, which clients consider to be important. Therefore, the aim of the article is an analysis of the features of the offer in the sphere of sales marketing, which according to managers of dairy cooperatives from Świętokrzyskie Province are for clients important, and have an influence on clients' value. The research of the validity of the features of the offer in the sphere of sales marketing was conducted on the sample of 50% of dairy cooperatives from Świętokrzyskie Province in Poland by using an interview questionnaire. Cooperatives' representatives were asked to indicate features of the offer that, in their opinion, have an influence on value of such clients as: consumers, companies-users (gastronomy), wholesalers, independent retail grocery stores, large retail chains, local retail chains, intermediary agents in food trade, other dairies, and other institutional purchasers. The features that the representatives had to indicate include: the individualization of the offer, the price of the product, the range of pre-, peri-, and after-sales services, the price of pre-, peri-, and after-sales services, the payment terms, the crediting of purchases, the special sales conditions (discounts), the promotional prices, the novelty prices, advertisement, the loyalty programs, the consumer promotion (e.g. samples, coupons, contests, lotteries, gifts, etc.), public relations, publicity, and the availability of information about the offer / product.*

**Keywords:** *Features of the offer, Sales marketing, Cooperatives.*

\*\*\*\*\*

## INVESTMENTS FOR THE EFFICIENT USE OF RAW MATERIALS

**Jarmila Vidova**

*University of Economy, Faculty of National Economy, Department of  
Economic Policy, Dolnozemska cesta 1,  
851 04 Bratislava, Slovak republic  
vidova@euba.sk*

### **ABSTRACT**

*The traditional economy is characterized by a direct linear process "resources - products - waste", with a focus on maximizing social wealth and profit. This line of business is over-consuming natural resources, produces uncontrollable amount of waste, which has a negative impact on natural resources and the environment. Natural resources are a prerequisite for the functioning of the European and global economy and our quality of life. Price of natural resources used in industry has increased over the last 10 years, it's doubled, which represents a historic shift compared to the 20th century, when the price of resources decreased and wages increased. Pressure on natural resources is growing. If current trends will continue, it is expected that by 2050 the population worldwide will increase by 30% to around 9 billion people. To ensure growth and jobs in Europe is vital increase resource efficiency, which is also one of the objectives of Europe 2020. Investments for the efficient use of raw materials to ensure increased productivity, reducing costs and enhancing competitiveness in Europe are necessary. Circular (closed) economy as a scientific concept model of sustainable development economically, which is a kind of green economy. This article deals with the issue of circular economy, which is characterized in saving, efficient use of scarce natural resources, waste management. At present, the company preferred and innovative entrepreneurship in innovation, the emphasis is on the fact that the ability to develop new products, processes and other innovations is becoming less and less constrained by limits of human intelligence. The problem now does not lie in our ability to develop something new, but is based on our responsibility for possible effects of the introduction of these innovations.*

**Keywords:** *Critical raw material efficiency, Circular economy, Sustainable development.*

\*\*\*\*\*

## **DISTINCTIVE FEATURES OF COMPANIES WITH OPTIMAL CAPITAL STRUCTURE**

**Jasenka Bubic**

*The University Department of Professional Studies, Split, Croatia  
jbubic@oss.unist.hr*

**Toni Susak**

*The University Department of Professional Studies, Split, Croatia  
tsusak@oss.unist.hr*

### **ABSTRACT**

*Capital structure, due to its significant impact on the vitally important business activities, is often subject of economic researches. One of the most important areas which affects the daily operations of a company includes effects that capital structure can have on tax liability of a company. It is because of the differences in the tax treatment of fundamental capital structure categories as well as the creditor's perception of a company which is the groundwork for making a decision whether to approve funds allocation necessary to finance business activities. That is the reason why it is important to determine the appropriate ratio of own and borrowed funds, which is often characterised by tendency of finding optimal value that is not always easy to identify because it can be done in different ways. As the basis for determining the optimal value, dichotomous business continuity variable is used because profitability is not necessarily a reliable indicator of real value and stability of a company. Furthermore, the next question that arises is - what distinguishes companies which do not have an optimal capital structure from those companies that have an optimal capital structure? The aim of this research is to, by applying statistical methodology, determine which financial ratios represent key distinctive characteristics of the two groups of companies. Sample is comprised of small and medium enterprises based in Republic of Croatia. They are divided in two subsamples – first subsample includes companies which have had optimal capital structure and second subsample includes companies which haven't had optimal capital structure. Financial data was gathered from Croatian Financial Agency official website.*

**Keywords:** Bankruptcy, Determinants, Optimal Capital Structure, SME.

\*\*\*\*\*

**16<sup>th</sup> International Scientific Conference on Economic and Social Development**  
**“The Legal Challenges of Modern World”**

