

# **ICESOS'18**

**International Conference on Economic and Social Studies**

**REGIONAL ECONOMIC DEVELOPMENT**

**Contemporary Trends in Tourism and Hospitality Industry in the  
Balkan Region**

## **BOOK OF ABSTRACTS**

**10-11 May, 2018**

**Sarajevo, Bosnia and Herzegovina**

**[icesos.ibu.edu.ba](http://icesos.ibu.edu.ba)**

**BOOK OF ABSTRACTS**

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International Conference on Economic and Social Studies (ICESoS)  
10 - 11 May 2018 – Bosnia and Herzegovina / Sarajevo

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## Foreword

International Conference on Economic and Social Studies (ICESoS) is a scientific platform that brings social science researchers together to discuss subjects related to regional economic development particularly in the context of Balkan region. Priority in this year's conference will be given to research papers that deal with "Contemporary Trends in Tourism and Hospitality Industry in the Balkan Region".

Conference is organized with the main purpose to attract and bring together researchers and participants with the economic and international relation backgrounds from the different countries such as: Albania, Bosnia And Herzegovina, Croatia, Hungary, Macedonia, Montenegro, Greece, Portugal, Serbia and Saudi Arabia.

The purpose of International Conference on Economic and Social Studies (ICESoS) is to bring economics and other social sciences researchers together to discuss issues related to regional economic development particularly in the context of Western Balkan countries. Regional economic development can be considered as "a process of industry support, infrastructure, labor force and market development as well as a product of economic development that covers measured jobs, wealth, investment, standard of living and working conditions." (Stimson, Stough and Roberts, 2006, p. 4).

The theme of this year's conference is "Contemporary Trends in Tourism and Hospitality Industry in the Balkan Region". It has become obvious that changes on the tourist market occur on daily basis, and are being dictated by demanding tourists who want unique and special experiences, which will make their stay in a destination unforgettable, and stimulate them to re-visit a destination. Throughout the years, numerous destinations in the Balkan Region have achieved significant growth; respectively they became more recognizable in terms of quality and diversity. However, in order to continue registering positive qualitative and quantitative growth as well as gaining the leading position on the tourist market, it is important to monitor and research contemporary trends. It is expected that papers submitted on this conference will offer various high quality solutions how to improve total tourist offer, and open new questions for future research projects and cooperations.

We would like to thank all participants, partners in organization and organizing members at the ICESoS'18 for contributing their theme, effort and skills to make this amazing event once again possible.

Following is the list of themes which conference will cover explore and discuss: Information and Communication Technology and e-business; Marketing (Consumer behavior, branding, image, etc.); Crisis Management, Risk Management, Safety and security; Destination Competitiveness; Economics and finance; Education and training; Entrepreneurship and Small and Medium Entrepreneurship; Foreign Languages; Innovations; International Tourism; Tourism and EU; Managing Service quality; Quantitative methods; Seasonality; Quantitative methods; Special interests tourism (Halal Tourism, Health Tourism, Rural Tourism, Archaeological Tourism, Heritage Tourism, Gastronomic and Wine Tourism, Cultural Tourism, Nautical Tourism, and others.); Sustainability (with a particular accent on use of renewable energy sources and green technologies); Tourism and Cultural Diplomacy; Tourism policy and other relevant topics.

Merdžana OBRALIĆ, PhD  
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## **Understanding of Creativity - Creative Teaching Factors**

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**Abstract:** *Students' possession of a variety of entrepreneurial skills, regardless of their field of study, is undisputedly the most valuable accomplishment for their oncoming future. Entrepreneurial teachers are the ones who promote these skills in their students. This paper explores creativity in teaching because creativity is regarded as one of the constituents of the entrepreneurial mindset. The paper aims to assess teachers' self-perception of the importance of creative teaching factors (CTF), show their understanding of creative people and provide suggestions to promote the culture of creativity and innovation within classrooms. In order to rate the importance of CTF an online survey was conducted. 149 teachers from various European countries who participated in the survey, gave the highest importance to the willingness to improve, commitment to teaching and acquiring new skills and knowledge. When describing a creative person, most teachers mentioned the possession of the skill of problem solving as well as out of the box thinking. As to suggestions of promoting the culture of creativity and innovation in the classroom, the majority acknowledged the use of technology, e-learning, experiential learning, and most importantly the continuous professional development of teachers. Hart and Sriprakash (2017) mentioned that students' merit is ascribed through ranking of institutions, programs of study or graduate employment outcomes and it engenders a tendency to pursue excellence which in turn dampens innovation and creativity. Our research has proven that precisely aspects such as the curriculum, lack of materials and insufficient teacher training inhibit creativity and innovation. The findings hope to raise the awareness of various ways of promoting creativity and innovation within classrooms, and thus boost the entrepreneurial potential in students.*

**Keywords:** *Creative Teaching Factors, Education, Innovation, Students, Teachers*

## **Role of Religious Events in Development of Cultural Tourism**

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**Abstract:** *Religious tourism is one of the oldest forms of travel. Religion, tourism and economics are intertwined on a relatively limited space. This represents a challenge for all stakeholders directly included in tourism development: church structures and tourism economy, but also for all stakeholders that are not directly included: merchants and communal structures. Religious tourism is one of the forms of Cultural Tourism, and represents tourist travels with religious motives. One of the products of Religious Tourism are also religious events. In the Republic of Croatia, according to the main document for tourism development, Strategy of development of Croatian tourism until the year 2020, Cultural Tourism has been recognized as one of dominant selective forms of tourism. Within the frame of Cultural Tourism it has been emphasized that one of its main forms is precisely Religious Tourism. The goal of the paper is, through quantitative and qualitative analysis, to explore cultural tourist market of the city of Sinj, with a particular accent on religious events. The authors will conduct a benchmarking analysis with the most competitive destination of Religious Tourism in the Republic of Croatia, Marija Bistrica. Based on the results of the analysis they will propose measures for improvement.*

**Keywords:** *religious tourism, religious events, destination, cultural tourism*

**Halal Tourism in Non-Muslim, Developing Countries (Case: Montenegro)**

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**Abstract:** *Halal tourism as a special form of tourism is gaining in importance every day. Halal tourism is most talked about in the countries with the largest number of Muslim inhabitants. In other countries, especially in the EU countries and in the countries in the current EU integration, halal tourism is not recognized as a tourist product despite numerous potentials for its development. The aim of this paper is to prove that the halal tourism market is not negligible, that non-Muslim countries like Montenegro can successfully and without barriers develop halal tourism. The purpose of this paper is to present an opportunity for the development of halal tourism in Montenegro. The poll was conducted among local residents in order to determine the degree of tolerance among members of different religions. Data were analyzed by statistical methods using IBM SPSS v.22. The results of the survey show that the local population supports the development of halal tourism, that Montenegro has and needs to use its potentials in order to strengthen its tourist offer. The guidelines and recommendations for the development of halal tourism in Montenegro are given, too. The development model can also serve other countries, primarily the Balkan countries and it is a special contribution of this paper. This research is the first that talks about halal tourism in Montenegro which is another significant contribution to the social science and policymakers.*

**Keywords:** *halal, tourism, development, special interest, Montenegro*

**The Relationship among Ethical Climate, Job Satisfaction and Organizational Commitment: An Empirical Study of Employees in Banking Sector**

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**Abstract:** *The performance of employees has become important in banks. Some studies have suggested that employees' perceptions of the ethical climate in their banks have relationship with higher job satisfaction and organizational commitment and thus influence organizational performance. Although a plenty of studies support this relationship in developed countries, there is a scarce empirical evidence in developing countries. This study tries to examine the relationship among the ethical climate, job satisfaction, and organizational commitment of employees in Bosnia and Herzegovina which is a developing and transitional country. Questionnaires will be distributed to 200 employees working in several banks. The relationships among variables will be evaluated by factor analysis, reliability, descriptive statistics, and correlations.*

**Keywords:** *Bosnia and Herzegovina, ethical climate, banking sector, job satisfaction, organizational commitment.*



**Impact of Online Ads & Reviews on Consumer Purchase Decision**

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***Abstract:** The social media is becoming unavoidable not just in organizations' marketing efforts, but also in ordinary people's lives. Two terms that are highly inseparable from social media include online ads and consumer reviews. A systematic literature review has been conducted in order to understand how those terms represent a significant and dominant influence that can showcase how online users are important for each other and that they need to stay connected in order to keep sales go up and company become even more profitable. There is a scarce evidence – both descriptive and empirical – on this topic, so this study tries to discover the influence of different types of social media channels, online advertisements and online customer reviews on consumers' purchase decision. 265 useful questionnaires were collected through both online and offline surveys in Bosnia and Herzegovina. The results will provide the fundamental descriptive statistics and correlations between the variables, and investigate if any of the variables have an impact on consumers' purchases.*

***Keywords:** Digital Marketing, Online Ads, Consumer Reviews, Online Users, Social Media, Purchase Decision*

**Banking Concentration in Kosovo: Evidence from a Country in Transition**

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***Abstract:** This paper focuses on the trends in the evolution of banking concentration indexes. The Kosovo belongs to the economies in transition process to open market economy. The creation of new financial institutions and financial system in Kosovo after 1999 started from scratch governed by the private initiative and private capital investment. This paper examines the evolution of banking competition from 2006 until 2016. It apply the HHI index and the CR3 and CR5 indicators in order to estimate banking concentration on five banking variables (total assets, household deposits, corporate deposits, household loans, corporate loans). Our findings show that the market has experienced concentration deduction by leading three or five institutions whereas smaller banks have been gradually gain the market.*

***Keywords:** banking, concentration, liberalisation*

## **New Global Financial System: Contribution for New Economic Theory**

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**Abstract:** *Great recession at the beginning of this century began in the financial systems of the most developed economies of the world. It quickly spread to other financial systems and affected the global financial system. It has been a decade of struggle for the establishment of a stable and functional global financial system. The question arises is whether the reform of the existing global financial system, which is in the process, can provide a stable future or a new global financial system is needed. Did the policymakers misunderstand what is happening and the dangers we face, whether they are blocking innovative changes, or maybe even lead us in the wrong direction? The experience from 2007 indicates that financial stability was not present even in the most developed economies of the world, yet these are strong legal systems with executive contracts and functional financial regulation. Great recession slowed down global economic growth, resulting in mass unemployment that has not been seen decades ago. Problems in the euro zone, coupled with the concerns that are now spreading in emerging markets, show that global financial structures are still very fragile. After a decade of crisis, rescue and reform in the most developed economies of the world, we have a financial system in those countries and globally, like what we had in 2006. Does this mean that a new financial and economic crisis can be expected? There are long lists of reforms that have been undertaken since 2008, and especially since 2010, which included increasing capital requirements, changing rules for resolving unsuccessful financial companies, and centralizing the market for derivatives, introducing additional restrictions on the activities of banks, including some risk-taking limits. In order to eliminate the causes of the new financial crisis, a new global financial system is needed. This paper aims to demonstrate that blockchain technology and digital currencies enable the emergence of a new global financial system. The digital currency is based on the idea that we can have a better and different global financial system than we have today. Blockchain technology and digital currency are still in the development stage. Disputes based on how this could be cumbersome, and the process of updating and maintaining a slow and expensive setup is not justified.*

**Keywords:** *global financial system, financial crisis, blockchain technology, digital currency*

**Trends in E-Learning: Students Perceptions on Massive Open Online Courses (Moocs)**

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*Abstract: Education is one of the most important segment of every society. Countries with best educational systems tend to prosper faster in overall development. Through the history, education was a privilege. In recent history, a good education is a privilege. A recent development of the technology revolutionized knowledge in many aspects. The Massive Open Online Courses as one of the most prominent developments in digital education in recent years has created a totally different approach to education and it tends to revolutionize system of getting an education. Scars and unreachable knowledge for many people from all around the world become accessible, free, and reachable with the click on the computer. This shift in education has potential to solve many problems but also it is facing many challenges. The government in developed countries recognized this shift and fully supported it. The situation in Bosnia and Herzegovina is different in many aspects. The government is mostly focused on political issues and economical survivor, modernization of education is way down on the list of important things. Innovations and stressing out the importance of new trends in education is completely left to individuals or on private institutions. Still, very little scholarly research has been done on e-learning in B&H. This study has a twofold significance. Firstly to fulfill the gap in the literature and secondly to offer some theories on which government or non-government institutions can act upon. The main purpose of this research is to examine what are the factors that are influencing students to use online education. The sample for this study are high school and university students. Quantities method would be use to analyze data and more than 500 surveys have been collected.*

*If we manage to develop a culture of online learning this would save us years and years in figuring out what is wrong with traditional education. And it can bring this country on a highway when it comes to the skilled and educated population.*

**Keywords:** *MOOCs, e-Learning, online courses, education, knowledge, Bosnia and Herzegovina, courses*

**An Exploration into Motivational and Job Satisfaction Factors of Private Sector  
Employees in Serbia**

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*Abstract: The most important condition for achieving business success is the existence of a good team. That's why experienced and motivated employees in the right positions are a guarantee of success in every business. But gathering and maintaining a successful team in an organization is not a simple task at all. Since only those employees who have a positive attitude towards their own business achieve the expected work performance, thus producing positive effects on the operations of companies as a whole, in recent years special research attention has been paid to the phenomenon of "job satisfaction" in the private sector. The paper will consider the importance and ways of motivating employees for the development of a successful organization, as well as the importance of motivation to personal satisfaction of employees, their behavior, individual performance and overall success of the organization in achieving goals. The types of relationships between employees and the factors of their higher or lower performance will be analyzed. The paper will describe several examples of highly successful private companies from Serbia, showing the importance and impact that motivation has on employees in achieving goals and accomplishing tasks. The paper will show the results of the empirical research carried out among the employees in private companies in Serbia in 2018 with the aim of determining the importance of motivational factors for the construction of the overall working atmosphere and the overall satisfaction of the employees with their work. There is a direct link between productivity and level of satisfaction with the work of employees at different levels of organizational hierarchy in enterprises. Therefore, this paper aims to identify and systematise the main factors of satisfaction with the work of employees in private companies in Serbia and, in particular, investigate the influence of job design and work atmosphere on the level of satisfaction, in order to provide managers in these companies with important guidelines for better human resources management and more successful business. The contribution of the research is directed towards a closer understanding of the role of team work for the motivation and performance of employees, faced by companies in modern business conditions.*

**Keywords:** *motivation, human resources, employee performance, employee satisfaction, organizational design.*

**Quantitative Models in the Function of Programming the Optimal Investment Model of  
Tourism Projects in the Conditions of Uncertainty**

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**Abstract:** *The developing policies of socio-economic systems are in close correlation, if not identified with certain investments whose scope, dynamics, and structure correspond to financial potential of an investor. The investment system is an open and dynamic system, whose efficient functioning enables the growth of current investments, in order for the future financial inflows to provide a steady increase of the invested funds.*

*The global development of the socio-economic community represents the synergetic effect of individual contributions at the microeconomic level, whereby investment policy requires an adequate global infrastructure, both in terms of support and corrective context. The choice of objects and dynamics of the investment is the key issue of macroeconomic development.*

*The economic practice recounts a wide range of investment models in terms of volume and investment dynamics, and the optimal model is considered to be the one that provides such a business result that contributes to reaching business goals and long-term stability of business systems. The choice of investment models is the key problem of every business system, and therefore of the wider community. Investment processes have an uncertain, irreversible character, they are linked to the present consumption with business expectations of corresponding benefits in the future period. Conventional models for evaluating the cost-effectiveness of investments are based on the selection of nominated investment projects.*

*Applying the scientifically intuitive decision-making and unlocking its potential, such as game theoretic models of human nature, it allows for the optimal model to be used in the process, creating also a model for ranking the investment alternatives.*

*The potential of tourism business fosters the investment development potential in the eastern Balkan region, allowing for the decision-maker to choose the optimal model to rank the nominated tourist projects, subsequently enabling an ongoing improvement of the tourism sector.*

*Game theory models provide a development-investment "domino effect" that runs the tourism projects- it initiates a successive increase and return of invested funds through reinvestment into projects of lower model rank, where the selection of projects itself does not imply rejection, rather an investment postponement.*

**Key words:** *investment, developing policy, scientific-intuitive decision-making, game theoretic models of human nature, optimal investment model*

## The State of Demographic Factors in Serbia and the Potential Impact on Economic<sup>1</sup>

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**Abstract:** *The current topic of global research is the interdependence of demographic factors and economic development. Namely, the population and all changes that occur within demographic frameworks have a significant impact on long-term economic movements in one country. Especially this dependence is evident in countries that have distinct regional disproportions in development. In the first place, the demographic factors that affect economic development are the employment of the population, then the qualification structure which can be favorable or unfavorable, migration and many other factors. In recent decades, Serbia has experienced a change in the structure of the population in the agricultural parts of the country. The number of agro-active population and the large migration to the urban parts of the country is reduced. The authors of the paper deal with the characteristics of basic demographic concepts and the potential impact on the economic development of the country.*

**Keywords:** *demography, development, economy, Serbia*

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<sup>1</sup> The paper is part of the research at the project III-46006 “Sustainable agriculture and rural development in terms of the Republic of Serbia strategic goals realization within the Danube region”, financed by the Ministry of Education, Science and Technological Development of the Republic of Serbia.

**The Quality of Educational Outcomes and the Cost - Benefit Ratio**

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**Abstract:** *Educational effects as external (social) educational goals are realized changes in the environment that are the product of behavior which is learned through education. These educational effects can be identified, in particular, at the level of higher education during the problem solving which leads to the alignment of the curriculum content of higher education institutions and the needs of the society (environment). Numerous universities have focused their curricula on unprofessional undergraduate vocational skills and competences with which they achieve the highest employability through external goals of education, i.e. earn the most. But the greatest obstacle for all higher education institutions is finding the paths towards the educational outcomes that will make educational production (the graduates of these higher education institutions) acceptable in the educational environment. These educational outcomes of educational production are in direct relation with all elements of the curriculum system in their interrelation. If we want to improve education or achieve a higher quality of educational production, it is necessary to harmonize the changes of certain elements of the curriculum system. If we achieve the harmonization of the integral (and not partial) changes we can expect positive effects and the reduction of the cost-benefit ratio. This is the path of an internal reform of educational activity, the basis of which is the systemic analysis aimed at identifying the combination of changes in each of the elements of the curriculum system. Surely, we must keep an eye on certain limitations (internal and external) which will ultimately, with the quality analysis, show if it is possible to carry out a project of changes with verification of its cost-effectiveness.*

**Keywords:** *educational effects, educational production, changes*



## **Students Perception on Brand Impact in Purchase of Domestic Products**

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**Abstract:** *The paper deals with the results of the primary research which purpose was to examine the impact of brand on influencing consumers to purchase a product. The goal of the paper is to stress the fact that the brand has an impact on customer decision making process. Original primary data within the primary research were collected by using a quantitative method of questionnaire.*

*I have found that purchasing of branded products and preference of brand origin depends on the age of consumers. individual attitudes, professed values but also by the environment in which they spend their lives. In my opinion, brand is a factor that has got an impact on consumer purchase preferences and therefore I decided to investigate the impact of brand on consumer behavior in connection with the age category of consumers.*

*The category of age is a demographic factor which influences consumer purchase decision in choosing a certain brand and it will be considered for the purpose of our research. In this paper we undertake a survey to investigate and provide evidence on links between age and purchase preference in retail context in Bosnia and Herzegovina. It is known that age often impacts consumer behavior, so we assume that young people are easily influenced by brand image in contrast with older people. According to Richardson, Jain and Dick (1996), the older the person the more purchasing experience they have than the younger one. Older people consider diversified option through the experience they have developed. While younger ones with less experience rely on brand and price. The goal of the paper is to stress the fact that the brand has an impact on customer decision-making process and that the age category is relevant to this process.*

*“Brand is something what remains us when our factory is burned”. These are the words of David Ogilvy who is considered “the father of advertising”. Brands are important to brand owners at two quite different levels. Firstly, they serve as a focus for consumer loyalties and therefore develop as assets which ensure future demand and hence future cash flows.*

*They thus introduce stability into businesses, help guard against competitive encroachment, and allow investment and planning to take place with increased confidence. Brands are business assets, legally protected and shielded from duplication. Branding ultimately works as a signal. It allows consumers to quickly recognise a product as one they are familiar with or one they like. It acts as a memory cue, allowing consumers to retrieve relevant information from memory.*

*This information may be about past experience of the brand, brand perceptions or brand associations. The information we have stored about brands is crucial in guiding our decisions. Branding has become one of the most important aspects of business strategy. Branding is central to creating customer value, not just images and is also a key tool for creating and maintaining competitive advantage. Branding is the process of creating a relationship or a connection between a company's*

*product and emotional perception of the customer for the purpose of generating segregation among competition and building loyalty among customer.*

**Keywords:** *Brand impact, Ethnocentrism, Domestic products, Brand awareness, Country-of-origin, Consumer behavior*

**Place Branding-Bosnia Image by GCC Tourists**

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***Abstract:** Place branding strategy is a significant contributor to the economic development of the place and strongly related to the increase of potential inward investments in the tourism, industrial & commercial sectors, and employment. Therefore, this study focuses on the identity and perceived image of Bosnia by GCC tourists who have visited the country. The paper gathers critical data from various academic studies, social websites, travel forums to examine the relationship between Bosnia's communicated identity, and the perceived image among tourists attracted to visit Bosnia. Moreover, the paper focuses on the concept of country image impact on attracting tourists; the results can help in generalizing and enhancing this concept. The findings of image impact can be emphasized or eliminated to support bridge the gap between identity and the perceived image. The research concludes to recommendations for future improvements of place branding strategies that can be utilized by the Bosnian authorities and similar countries.*

***Keywords:** Place Branding, Image, Identity, Bosnia, GCC, marketing.*

**Analysis of Balance of Payments for Western Balkan Countries**

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**Abstract:** *The reason for elaborating this research is because economic stability is one of the major problems faced today by Western Balkan Countries. These countries unfortunately have very fragile and vulnerable economies, making them easily effectible by even the slightest changes in the world economy.*

*All data has been conducted form the World Bank in the Western Balkan Countries. This paper provides cross country comparison using graphs and variables such as Net trade of goods and services, FDI, remittances, etc. The results show that through the period of time that has been analysed all WBC have net trade deficit, resulting in a negative current account balance. The countries mentioned in order to decrease their budget deficits and public debts must increase the rate of tradable goods and services and recover the net exports.*

*In conclusion despite of their challenges Western Balkan Countries need to adopt new ways to improve economic growth. More attention ought to be paid to create and incorporate policies that support industrial development thus creating a more stable ground to drive economic growth. Considering the size of these countries and their economic power such polices need to be performed under high degree of economic cooperation between the region and EU.*

**Keywords:** *Analysis, Payments, Western Balkan Countries, EU*

**Air pollution in Albania**

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***Abstract:** Environment, the place where we live is in danger. The environmental pollution is a serious global issue. The harmful substances include natural pollutants such as dust and other pollutants produced due to the men activities. The urban areas have the highest air pollution concentration as a consequence of heavy traffic. The one thing that should be emphasized is that the main source of urban air pollution in Albania and especially in Tirana is transport. Also energy sector, industry, and the urban development has damage our environment. Currently in Tirana and in some other areas of Albania substances that mostly pollute the air are measured on daily basis. The number of people suffering health problems because of air pollution is increased year after year. Statistics, surveys, reporting and many press articles in blogs, newspapers or webpages report shocking news regarding environmental pollution in Albania. Studies carried out by the World Health Organization showed the capital of Albania, Tirana as a huge problem according to air pollution. Also statistics from Environment Ministry of Albania stated the same thing. By far we are conscious concerning this pollution, now we must work hard to improve our own mistakes through years.*

***Key words:** Albania, air pollution, environment, substances.*

### **Online Shopping: A cross-cultural comparison**

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**Abstract:** *There has been a significant increase in the number of Internet users worldwide. For businesses, it is an unparalleled opportunity to sell products and services through this virtual channel. Therefore, it is crucial to understand how consumers perceive online purchases. The aim of this study is to compare two different countries, Portugal and Bosnia and Herzegovina, regarding their online purchasing behaviour. Data was collected through an online survey distributed in November of 2017. A total of 180 valid responses was obtained. The percentage of Portuguese respondents who had never bought online (12%) was much lower than Bosnian respondents (35.6%). However, considering those who had already purchase online (134 respondents), there were no significant differences in the frequency of online purchases between Bosnian and Portuguese respondents. Moreover, in both Portugal and Bosnia and Herzegovina, age and level of education do not have a significant effect on the frequency of online shopping. There were no significant differences between both countries regarding perceived risk, perceived usefulness, enjoyment and trust in online shopping. However, people from Portugal recognize that there are more benefits from shopping online than Bosnian people do. In both countries, the most purchased items are clothing and travel.*

*The opinions and experiences of friends are significantly more important to the Portuguese regarding online purchase decisions. Other factors that are significantly more important to the Portuguese than for Bosnian are the website appearance, ease of navigation, product variety, special offers/discounts, detailed product information, terms and conditions of website and privacy protection.*

*The findings of this study provide useful insights for online stores selling to the Portuguese and Bosnia and Herzegovina markets. Indeed, understanding their online consumer behaviour can help them to increase online shopping in these countries.*

**Keywords:** *Online shopping, consumer behaviour*

## **How Social Network Marketing and Consumer Behavior Affect the Sales of the Products in B&H?**

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**Abstract:** *The aim of this research paper was to collect and analyze data in order to discover the most effective consumer behavior and social network that influence the sales of the products in B&H. These objectives were important for answering the research questions that require explanation of the way how social network marketing and consumer behavior affect these sales.*

**Material and methods:** *The research paper was conducted on the territory of Bosnia and Herzegovina including thirty randomly selected participants. These participants answered on thirty survey questions that are created using Google Forms. The aim was to collect participants' opinions, attitudes, and preferences. After the collection of primary data, SPSS tools were used for further analyses. Secondary data was extracted from books, journals, articles, and web pages.*

**Results:** *53,3% of participants were females and 46,7% were males. 90% of participants belong to working age population (19-59 years old) and they are single. The undergraduate level of education is the most popular within my sample (36,7% of participants). 63,3% of participants is not employed and have low monthly income (0-450 KM). Every significant change in participants' income affects the sales of products in B&H. Participants are mostly influenced by their friends (33,3%) and the same percentage of participants pay attention to user reviews. The highest impact on consumer behavior has a price of the product because 93,3% of participants constantly compare the prices of competing products. The most usable social networks among the participants are Instagram (50%) and Facebook (40%), which means that these social networks mostly influence the sales of products in B&H.*

**Conclusion:** *The most influential personal factor on the sales of the products in B&H is a monthly income. Friends' opinion and user reviews are dominant within social factors. All elements of the marketing mix are important for the consumers. Season sales are positively related to the sales of products, customers will likely buy discounted products, even they do not need them. The most effective social networks to reach new customers are Instagram and Facebook. Through these networks, customers became co-creators of company value which makes companies more successful and their reputation constantly increases. The majority of participants prefer social network marketing rather than traditional media.*

**Keywords:** *consumer behavior, social networks, marketing, products, sales, B&H*

## **Selection Criteria and Performance Measurement of Third Party Logistics: A Meta-Analysis**

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**Abstract:** *Globalization and development of information technologies have made logistics and supply chain critical for company's success. Outsourcing logistics or third party logistics (3PL) was discovered in the last century, but has shown significant expansion in the last decade.*

*Outsourcing logistics have become one of the strategies to improve a company's competitiveness. Companies use it to improve their ability to plan, take action, manage and control the products services and information flow from the supplier to the customer. It enables faster penetration on the new markets, helps to reduce inventories and gain expertise.*

*Paper addresses two elements of 3PL: (1) selection criteria used in 3PL selection process and the factors that influence their formulation, (2) and performance metrics for evaluation of 3PL's performance. Both elements explore 3PL practices in the world with a brief overview of how Bosnian economy has affected a development of such criteria and metrics in our country.*

*In this study a meta-analysis of the articles published in the area of logistics management has been done. The analyzed data are gathered from the databases which are secondary data.*

*Research can contribute to the future competitive strategy planning and the understanding of the way 3PL can contribute to corporate plans.*

*It reveals that there is lack of study of 3PLs in general, especially about criteria which outsourcers use while choosing 3PL partners.*

**Keywords:** *Third party logistics, outsourcing, selection criteria, performance*



**The Insurance Sector in the EU and its Impact on Financial Stability**

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**Abstract:** *The insurance sector plays a crucial role in the economy of a country, encouraging entrepreneurial activities and hedging against the risk of losses. The 2008 global crisis brought this sector to the attention of many policymakers and attempts to better regulate it have been put to place since. This paper studies the impact of the insurance sector in the financial stability of 28 EU member states. This is done by analysing the insurance sector assets as a percentage of GDP for each country from 2005 to 2015 and comparing it the bank z-score, the probability of default of a country's commercial banking system, which is used as a gauge of financial stability. The method used for this study is the panel EGLS (cross-section random effects), with a pooled data set of a combination of time-series and cross-country observations. Other variables like GDP, inflation, money supply, real interest rate, budget balance, government consumption, current account balance, Boone indicator, Lerner index have been controlled for. Empirical data and results of the study match the existing literature in that the insurance sector does not significantly affect domestic financial stability overall, although its impact during the 2008 crisis increased significantly.*

**Keywords:** *insurance sector, financial stability, crisis, banking system.*

**Explaining Tourist Behavior through Loss Aversion and Virtual Ownership:**

**A Case Study of Albania**

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***Abstract:** Ownership and attachment can influence our valuation of goods and services and the way we take economic decisions. Individuals anticipating ownership, even virtually, can experience pain from the thought of no longer owning a certain commodity. This phenomenon, known as loss aversion in behavioural economics, explains why people take or avoid risks when choosing between different alternatives. In this paper, we aim to shed a light on how loss aversion and virtual ownership can play an influential role in understanding tourist behaviour and choices towards a particular destination. Our analysis is based on a case study which explores tourism behaviour in Albania. We narrow down the tourists' base, referring to those with less or no knowledge about the destination country and those with negative perceptions about it. We argue that tourism policy making and branding strategies should be designed and framed in a way that takes into account these behavioural phenomena.*

***Keywords:** tourism behaviour, loss aversion, virtual ownership, Albania*

**The Role of Forensic Accounting in Preventing Tax Evasion in Bosnia and Herzegovina**

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**Abstract:** *Many countries around the globe are faced with the growing gray economy, accompanied with the lack or inadequate tax reform, what represent suitable environment for development of many illegal actions, including tax evasion which is one of the most devastating forces of a country's economy. According to the estimates of independent economic analysts, tax evasion in Bosnia and Herzegovina is approximately 4 billion BAM and as such represent a serious problem since the country is struggling with its budget deficit. The purpose of this study is to explain the role of forensic accounting in preventing tax evasion while focusing on Bosnia and Herzegovina. This study will explain the role of forensic accountants and internal and external auditors in the prevention of tax evasion. Data will be derived from various reports of government agencies, independent analysts and articles written by Bosnian authors to confirm that forensic accounting is currently the best weapon in tax evasion detection. The findings of the study will demonstrate the significance of this topic in the context of BH and the role that forensic accounting plays in accounting profession and society as a whole.*

**Key terms:** *forensic accounting, tax evasion, fraud detection, fraud prevention, forensic accountant*

**Factors that Affect Female Labour Supply in Albania**

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**Abstract:** *Female labour force participation is the prime indication of the extent to which females participate in the economic activities of society. By conducting a survey in a sample size of 312 females in Albania, living in both centre and suburb areas, this paper analysed some possible factors that can affect their willingness and desire to work. Factors such as income level, age, personal and parent's education, civil status, location and number of hours worked per day were considered. By running a multiple regression model, factors that influenced more the labour force participation of female workers were: civil status and number of hours worked per day. Female's civil status were significant at a 5% and 10% level meanwhile number of hours worked were significant at all levels. Thus, civil status and number of hours working influence a female willingness to work in Albania.*

**Keywords:** *Female Labour Supply, Multiple Regression*

**Impact of Syrian Refugee Wave on the Public Finance - Comparison Analysis Between Germany and Greece**

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**Abstract:** *The roots of the Syrian refugee crisis originate from the beginning of March 2011, when the Arab Spring started. However, the peak of the Syrian refugee wave has been considered to be 2015-2016. Germany has accepted around 500,000 Middle Eastern refugees, while Greece hosted around 50,000 refugees. According to Business Insider the Syrian refugee crisis costed Germany about 0.7% of its GDP, but the aftermath does not seem that bad as they produced an additional 0.4% of Germany's GDP. On the other hand, the refugees made the bad economic situation in Greece worse, as the cost for the refugees reached to 4 billion Euros, equal to 2% of Greece's GDP. Motivated by the above presented facts, this paper aims to investigate the difference in the public finances' impact of the Syrian refugee wave between two countries that are both part of the European Union and the EMU. The investigation takes in consideration the empirical results derived from two econometric analysis on the factors impacting the budget balance in each country. Furthermore, it continues on by evaluating the change on the Budget Balance derived from each significant factor during 2015-2016. Lastly, a comparison analysis between the two countries is conducted with the help of a cost benefit analysis for each of them. As a result, the Syrian refugee wave had a bad impact on Greece's economy, influenced by the low education level of the refugees and the 3 billion debt and the interest payments of Greece government. On the other hand, influenced by the higher level of education of the refugees, which led to a higher employment level in Germany that as a consequence is followed by higher federal income tax revenue, the refugees led to a slight increase in Germany's Budget Balance.*

**Keywords:** *Syrian Refugee Crisis; Public Finance Impact; Econometric analysis; Comparison; Germany; Greece*

**The Connection between the Notoriety of Wine Producing Areas and the Wine  
Gastronomy Supply**

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**Abstract:** *The traditions of viticulture and wine production in Hungary are deeply rooted, therefore the traditions concerning wine tourism of the country is wide and colorful. Thanks to the change of the consumer trends, attention towards wine gastronomy festival increased in recent years. These events are significant in the festival tourism of Hungary, which have the wine in the middle of the supply besides other complementary services. Wine gastronomy festivals play an important role in the increase of the notoriety of wine producing areas but the utilization of this is different in each of wine producing areas of Hungary. During the research we collected and analysed the studies concerning the notoriety of wine producing areas which were made in recent years. Based on various sources we collected the wine gastronomy festivals of Hungary then we built up a database from the acquired information and we determined the geographical characteristics of the supply. We found several examples which show connection between the notoriety of wine producing areas and the number of wine gastronomy festivals. Additional outcome of the study is that there are numerous settlements which are important centres of wine gastronomy despite the fact that they do not belong to any wine producing areas. These settlements organize many wine and gastronomy related events in every year because of the consumer market.*

**Keywords:** *Hungary, notoriety of wine producing areas, wine gastronomy, festival*

## **Determinants of the Albanian Tourism Industry**

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**Abstract:** *This paper is based on qualitative research to examine the demand and supply side of the Albanian tourism industry. In this research paper, the study shows the impact of various factors such as demographic factors, exchange rate, seasonality, investments in infrastructure. This paper identifies the important demand factors including exchange rate, business or holiday trips, the prices of tourist packages, demographic factors, promotion and seasonality, and their link with Albanian tourism industry. The policy implication of this study is to offer stronger and more inclusive range of inter-linked policy challenges in order to maximize the full economic potential of tourism. Including promotion of a policy mix to support open tourism markets and tourism growth, identification of high value sources of growth such as skills or innovation and long-term issues such as infrastructure quality, environmental degradation or changes in demography.*

**Keywords:** *Albanian tourism industry, demand and supply side, demand factors, inter-linked policy, tourism growth, long-term issues*

## **Tourism Slogans and Tourism Promotion Strategies: Albania and its Regional Competitors**

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**Abstract:** *Travel and tourism is considered as one of the most important sectors contributing to the economic growth and development of a country. Based on WTTC, even though regional competitors have a longer tradition in the tourism industry, Albania leaves behind almost all of them, regarding the long-term travel and tourism growth forecast. Tourism slogan is an important tool in the development and positioning of the national brand, and in this context Albania's most important tool of the promotion strategy is the slogan "Go your own way". So far, there is no evidence for any study conducted in the Mediterranean destinations in terms of the relation of the destination slogan and the promotion strategy. Therefore, the purpose of this study is to analyze Albania's slogan and its reflection on the tourism promotion strategy by employing a comparative approach. The study lies on secondary data and analysis all the destination cases of Albania, Montenegro, Croatia, Greece and Italy. The examination of the destination slogans, the tourism promotion strategies and coastline length of the mentioned places shows that, the most preferred countries for independent tourists are Albania and Montenegro; Croatia is characterized by the hybrid tourism type, while Greece and Italy's tourism type corresponds mostly to the mass tourism. Furthermore, the promotion strategies are reflected on their tourism slogan supported also by the coastline length of these destinations. The study recommends future analysis of the effectiveness of the slogan as element of promotion strategy in the travel intentions toward the tourist destinations.*

**Key words:** *Tourism, slogan, tourism promotion strategy, destination*



**On the Application of CAPM and Correlation Analysis for investigating risk modelling  
and prediction of the Greek Tourism Sector Performance**

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***Abstract:** Although Tourism in Greece and other Balkan or Mediterranean countries plays such a known critical role in the economy, it is quite unexplainable that apart from empirical research using descriptive statistics there exist very few, if any, research reports on the use of quantitative methods in the analysis of the tourism sector performance regarding its modelling and prediction. Issues like risk analysis, volatility, correlation analysis are largely unexplored in studying models of tourism sector performance. The goal of this paper is to investigate CAPM models and correlation analysis applicability towards introducing efficient models for the examination of the performance of the tourism sector of economy in Greece, compared to other relevant sectors too. To this end, stock market and available macroeconomic time series data of Greek economy will be thoroughly utilized to mainly explore systematic risk relating tourism firms/industries specific variables to the Capital Asset Pricing Model (CAPM). It will be, also, attempted, although data are not complete, to study tourism sector performance in relation to Greek Airlines (Aegean Airlines mainly) and Coastal Carriers relevant performance during the past five years. Panel econometric analysis will be employed with several financial variables which are explored as determinants of systematic risk in this respect. Financial indicators such as, the liquidity, debt leverage, operating efficiency, profitability, enterprise size and growth of major hotel enterprises will be also associated to their systematic risk of the tourism industry in Greece. Positive and negative associations of the systematic risk and the growth of tourism industry in Greece will be discussed. The goal of this research is obviously to show how these results should be extended to compare models and correlations of the growth of tourism industry in Mediterranean countries.*

***Keywords:** Tourism industry performance evaluation, Systematic risk (Beta), Financial Variables, Systematic risk determinants, Correlation Analysis, CAPM modeling, prediction of enterprise performance*

**Value Creation in Business Hotels: Application of Importance-Performance Analysis to assist Managers**

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**Abstract:** *The paper is based on the assumption that each consumer individually creates the expected value of a service. Confirmation of expectations can be viewed through the difference between the expected and perceived value for the customer. Thus, a perceived value for customers is the difference between all the benefits and all drawbacks of the offer and the possible alternatives considered and assessed by them. Therefore, the main goal of the study is to examine the attitudes of the respondents about the importance/performance of services provided by business hotels. For this purpose, Importance-Performance Analysis was applied to explore the importance the respondents give to certain service elements (Importance), as well as their satisfaction with them (Performance). The data was collected by a survey conducted from July-September, 2017 and the answers of 61 respondents were obtained. Finally, the results are presented in the Coordinate System of the Importance/Performance Matrix with the goal of defining strong and weak points of the services in business hotels. The main findings indicate that factor Reliability is the most important for guests and Tangibility is the least important. Regarding performance, the results are quite similar, with Reliability being the highest rated and Tangibility the lowest. Thus, the Reliability is the only factor in the matrix positioned in the quadrant Concentrate here, while there are no factors in the field Possible Overkill, which is an encouraging finding. The position of the other dimensions and the ratings of all items are discussed in the paper in the light of the practical implications.*

**Keywords:** *hotel management, business hotels, IPA analysis, service quality, value creation*

**JEL Classification:** *L83, Z39*

**Research of Environmental Responsibility among Touristic Providers in South Transdanubia**

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**Abstract:** *By the recognition of the impacts of tourism, the industry must be directed towards a more sustainable path, which is indispensable for all societies and economies. The Hungarian National Tourism Development Concept (2014-2020) also considers social responsibility as a horizontal priority – in addition to dedication towards quality, consumer protection and sustainability. The research is aimed at the survey of the issues of environmental sustainability and responsibility by service providers in a Hungarian region: South Transdanubia. Besides the analysis of secondary sources, the survey included the elaboration of a questionnaire survey and making of in-depth interviews. Initiatives promoting environmental responsibility are typical in the field of energetics, in the first place, focused on the issue of energy efficiency. Another example for the environment friendly attitude of tourism service providers is their relations to local enterprises and original producers. Environmental and social responsibility requires interventions aiming at the promotion of a change of attitude in the whole of the tourism sector.*

**Keywords:** *sustainability, environment, responsibility, touristic providers, South Transdanubia*

## **Sustainable Tourism as a Key Factor of Livable World Heritage Sites**

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**Abstract:** *Historical buildings and ensembles represent interlayered tangible remnants of culture, social values, way of life and identity of societies which occupied certain geographical locations. However, only a few of them which still hold a high degree of authenticity and represent outstanding universal values for the humankind fall under UNESCO World Heritage. Today, such places, architectural monuments and urban settlements attract thousands of tourists willing to witness their importance and uniqueness in the space and time for a certain nation or even world. Thus, the label of UNESCO World Heritage represents also a substantial economic impact for the given location – such as e.g. the UNESCO World Heritage Towns of Počitelj in the south of Bosnia and Herzegovina or Telč in the south of Czech Republic. On the other hand, while the historical cores of these/similar protected urbanized areas remind us of the times of a social and cultural richness and enable us to explore its structural frame, in fact they often lead to extinction of an authentic urban life. Due to the strong focus on satisfaction of needs of (often masses of) tourists and pursuit of economical profit, local inhabitants of such historical city cores diminish. Moreover, due to the strict building regulations, increased maintenance costs, higher energy consumption the historical buildings may become not affordable for young families, elderly, or people with certain disabilities. In extreme cases, “ghost towns” with little to no interest of local inhabitants can evolve gradually, leading to the famous “doughnut” effect. In order to avoid such scenarios, concepts for development of sustainable tourism and increase of livability of protected historical town cores need to be developed with involvement of local community and strategical stakeholders.*

*On the example of two case studies – the forgotten town Počitelj, located on the left bank of the river Neretva, on the main road Mostar to Metković, in the south part of Bosnia and Herzegovina, in the territory of Čapljina Municipality, which has been listed as a UNESCO heritage site and the town of Telč – the Renaissance Pearl of Vysočina region with its unique triangularly-shaped plaza encircled by man-made ponds, this research paper will focus on possibilities of urban revitalization strategies based on knowledge-tourism, educational, cultural and artistic activities as the driving force.*

**Keywords:** *Cultural Heritage, UNESCO World Heritage, Sustainable Tourism, Livability, Historical City Core, Počitelj, Telč.*

**The Impact of Exchange Rate Volatility on Economic Growth**

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**Abstract:** *The aim of this paper is to examine the effect of real effective exchange rate volatility on economic growth in eight countries of the European Union by using panel data on monthly observations of Euro/US\$ exchange rate and selected macroeconomic variables which spans from January 2000 to November 2017. The empirical findings suggest that that volatility of exchange rate has a significant positive effect on the real economic growth.*

**Key words:** *real effective exchange rate, volatility, economic growth*

### **Political Instability and Economic Growth**

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**Abstract:** *This paper studies the effect of political instability on economic growth by using a panel data for seven Mediterranean countries for the period of 1996 to 2016. The methodology used is a fixed effect model for panel data analysis where the depended variable is growth rate of GDP per capita. The main variable used to measure political instability is an index of political stability. Additionally, we have check for other macroeconomic variables such as investment, inflation, human capital, trade openness etc. Our main finding indicates that political stability index has a positive sign as expected and predicted in the literature.*

**Keywords:** *political instability, economic growth, panel data*

**The Impacts of Innovation, IT, Productivity on Albanian Exports**

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**Abstract:** Exports in Albania, compared to imports are in lower levels. Anyway, with the development of the country's economy after communism, the level and the quality of exports initiation from Albania is increasing. To study the way exports have followed to develop, it is needed to take into consideration the factors that affected international trade of this country.

*This paper is the continuing of the extension of the previous research work of the author regarding the international trade of Albania. In the previous research paper "The impacts of Albania imports on innovation, IT, productivity", focused on how imports affected innovation, IT and productivity. Meanwhile, this research paper aims to analyze how these factors have affected the exports of Albania.*

*How did Albanian exports start? How did the imports become the key factor to start the chain of the country's economy growth? Which are the main factors that led Albania to start exporting? How did these factors affect Albanian exports and economy as a whole? Where does Albania stand regarding international trade, compared to neighboring and Balkan countries? These questions and many more will get their answers in this research paper.*

**Keywords:** Exports, imports, innovation, IT, productivity, factors, economy, trade, Albania

## Heritage as a Driving Force for the Tourism and Economy

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**Abstract:** *Natural and cultural wonders represent our past and present, and belong to all. World Heritage properties are important travel destinations that if managed properly, have great potential impact for local economic development and long-term sustainability [UNESCO].*

*Both from the aspect of recent history as well the economic situation, there are a lot of similarities between LV and B&H. Both countries after WWII have huge influence from Soviet Union, both have got back independence and have to overcome different economic difficulties. BiH addition to this during agretion 1992 till 1995 face a lot of destructions and deolition.*

*Independence of Latvian Republic in 1991 regardless a lack of resources, industrial collapse and economic crisis, brought the significance of tourism industry increased. Objects of cultural and historical significance appeared to play crucial role for fast tourism development.*

*Currently there are more than 8.5 thousand objects that have been granted the status of a cultural monument in state protection in Latvia. In the last 15 years, nearly a hundred cultural monuments have been lost, but at unsatisfactory or emergency condition is still nearly a thousand. The most common reason are the owners' daily neglect or lack of funds. Additional the state funds allocated for the restoration of cultural monuments are negligible. Currently, the funds of the European Union (EU) are also available, and there are many samples of good practice where thanks to EU funds, the restoration of the cultural heritage objects has been carried out. In some cases, qualitatively restored objects have become cultural centers that have a positive effect on the development of the respective city or region in different aspects. B&H is also very rich of the recognized and much more unrecognized buildings or places that should be protected. Lack of found are maor problem for neglecture of this important values and resources for future development. EU founds are not available in full capacity in B&H due to the political reason and instability.*

*However, the attraction of European funds is not always straight forward; often there is a lack of information for potential project promoters, both finding the appropriate and open call, as well in preparation of project applications themselves (despite the fact that this information mainly is publicly available). In some cases difficulties may also arise during implementing the funds, especially if the attracted financial resources are large and terms – short. Those drawbacks can lead to depreciation of the object, ineffective or even wasteful use of resources. Thus exchange of knowledge and experience among different countries is necessary and very important and could save some future activities from unnecessary mistakes and irregularities.*

**Keywords:** *Heritage, Tourism, Economy, EU funds*



**Utilization of Local Natural Raw Sources for New Modern Thermal Insulation  
Production Related to the Reconstruction Project**

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**Abstract:** *The building construction industry is facing several major problems, among which are the fact that it spends 45% of the energy and 36% of the pollutions are coming from this sector which directly mostly influences on the climate changes. EU Climate and Energy Package was created that outlines the goals to be achieved by 2020 in energy use and environmental protection by decreasing the emissions of greenhouse gases by 20% from the level of 1990, ensuring that 20% of energy comes from renewable sources as well as by increasing the energy efficiency by 20%. All mentioned requires serious changes and adaptation in the industry and all related sectors by the responsible interdisciplinary approach.*

*Heritage protection and activities in protection and reconstruction of the old buildings today has to be in line with mentioned strategy goals. Paper will present possibilities how it is possible to use environment friendly materials based on local natural raw sources as straw, hemp, flax, wood, etc. in the future projects of the reconstruction and thermal protection of the old buildings by using of new modern thermal insulations technologies and materials. This paper will present new natural materials properties as insulation materials and will present as well practical evaluation on the existing example with one year measurement in CZ (old village house). Presented results will help countries in the process of the accession in the EU to recognize and to adopt those practices to their legislations and standards in the future. All of this will improve quality of the reconstruction work, will make healthier environment and will attract more tourists which will all together support the economy.*

**Keywords:** *building construction industry, Heritage protection, environment friendly materials*

**Measuring the Performance of the Adaptive Neuro-Fuzzy Inference System with Real World Data**

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**Abstract:** *In this study, an Adaptive Neuro-Fuzzy Inference System (ANFIS) which is a combination of artificial neural network and Fuzzy Logic used to build a model to predict foreign exchange rates movements for USD/Malaysian Ringgit exchange rate. The performance of the model built is compared with an autoregressive model by using the same data set. Result implies that fundamental analysis outperform technical analysis especially during dramatic changes in the data.*

**Keywords:** *Exchange Rate, ANN, ANFIS, Fuzz Logic, Fuzzy Rules, Chaotic Time Series, Forecasting, USD, Ringgit*

**Optimal Portfolio Choice in Croatian Tourism Sector for Long-term Investors**

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**Abstract:** *Tourism sector has a significant importance on the Croatian economic development and it has played vital role in economic recovery after six-year long recession. The main idea of this research is to analyse stock liquidity in Croatian stock industry and to construct efficient frontier which consists of tourism stocks. Currently there are 31 stocks listed on Croatian capital market in the tourism sector. According to the market capitalization tourism sector is highly placed on the Croatian capital market with current market capitalization more than HRK 22 billion. Although the statistics show that tourism sector has large market capitalization, more detailed analysis suggests that only certain stocks are eligible to be included in the optimal portfolio on the Croatian capital market due to illiquidity problems. In order to find portfolio with the best risk/return performance, authors have calculated several portfolios with different risk/return profiles.*

**Keywords:** *Portfolio theory, illiquidity, stocks, efficient frontier, Croatian capital market*

**JEL Classification:** *G11; L83*

**An Insight into the Current Motives of Tourist Visitors of the Zadar County**

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**Abstract:** *The main aim of this paper is to present the main characteristics of the tourist offer in the Zadar County, as well as to determine the profile of tourists, in terms of their preferences, who choose the destinations within this county for their holiday. After a brief theoretical background in which the main characteristics of the Zadar County will be presented, the authors will conduct an analysis of the present state of tourist offer by using adequate qualitative and quantitative indicators obtained from secondary sources. Based on the determined state, the authors will present which are the strengths and opportunities that Zadar County needs to exploit, as well as which are the weaknesses and threats that need to be minimized or completely removed. Also, with a goal of achieving higher level of recognisability as well as competitiveness, the authors will present potential measures important for future tourist offer development.*

**Keywords:** *tourist offer, County of Zadar, tourist offer development*

**JEL Classification:** *L8*

**Sustainable Management of Heritage Tourism development in Croatia**

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***Abstract:** Heritage represents a unique characteristic of a past of a certain nation and space. Its preservation represents a basic task of a contemporary destination management, but also of all stakeholders in a tourist destination. Challenge of managing heritage requires possessing numerous knowledge and skills, as well as use of contemporary technological solutions, and systematic exploration of needs and desires of contemporary destination visitors, taking into consideration the heterogeneity of tourist demand and strong competition of tourist destinations in the surroundings. Sustainable heritage managing is possible through inclusion of heritage into the tourist product. Inclusion of heritage into the tourist offer must be based on sustainability postulates with strengthening positive and removing negative influences of tourism on the heritage elements. The purpose of the paper is pointing out on the developmental possibilities of a competitive tourist offer based on elements of heritage, which is possible to achieve with tourist events. The goal of the paper is, by using scientific methods and experiences of competitive destinations, to present a model of a tourist event based on heritage with a goal of achieving competitiveness of the Republic of Croatia as a tourist destination and ensuring preservation and sustainable heritage managing. Within the paper, the author will present a review of a contemporary literature, as well as recommendations for formation of tourist events based on heritage as an element for achieving innovative and sustainable tourist offer with a goal of achieving competitiveness of a tourist destination.*

***Keywords:** heritage, tourism, competitiveness, managing, Republic of Croatia*

***JEL Classification:** L8*

## **The Impact of Internal Marketing on Internal Service Quality in the Hospitality Industry**

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**Abstract:** *One of the utmost goals of any business is to provide desired service/product quality and to achieve customer satisfaction. Satisfied employees lead to satisfied customers. Conversely, low employee satisfaction and overall low employee morale can negatively affect company's operations greatly, causing dissatisfied customers and hurting profitability. The marketing approach, which is primarily focused on internal customers (employees) to create a working climate of psychological support, mutual trust and respect, improves guests' satisfaction and brings long-term success. Such approach is called internal marketing (IM). To date, the majority of researchers have been defining internal marketing differently, depending on their specialization. A link between internal marketing activities (internal market orientation – IMO) and internal service quality (ISQ) in the hospitality industry is missing. Therefore, the purpose of this study is to define dimensions of IMO, which enhance ISO, and empirically confirm the positive correlation between them in the hospitality industry. To achieve the research objectives, the first part of this study lists a literature review, which defines dimensions of internal market orientation that influence internal service quality. To obtain the information from the employees in the hotel industry, a questionnaire was designed. An adapted SERVQUAL instrument was used to measure the internal service quality while internal market orientation was implemented from the already conducted study in the hospitality industry in Spain (Ruizalba, Bermudez Gonzalez, Rodriguez Molin, Blanca, 2014). The findings from descriptive and correlation analysis imply that there is a positive correlation between internal market orientation and internal service quality in the hotel industry in Dubrovnik. The study contributes to both academics and practitioners. It defines specific dimensions of internal market orientation that could influence internal service quality. Hotel managers could use such information to enhance internal service quality. Furthermore, the results provide valuable information for the hotel management about the hotel personnel's attitudes concerning working environment.*

**Keywords:** *internal service quality, internal market orientation, hospitality industry, statistical analysis*

**Human Resources as a Factor of Nautical Tourism Development**

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***Abstract:** The main purpose of this paper was to present the role of human resources in the development of nautical tourism. Nautical tourism along with the sun and sea, business tourism and cultural tourism is a perspective form of Croatian tourism. The basic parts of the same industry are the ports of nautical tourism, charter and cruising. According to the Tourism Development Strategy of the Republic of Croatia until 2020, nautical tourism is divided into yachting (ports of nautical tourism and charter) and cruising. There are hydrographic and climatic elements and a relief suitable for the development of nautical tourism on the Croatian side of the Adriatic. The key to the development of any part of the nautical but also all other forms of tourism are people - the knowledge and skills needed to satisfy the wishes and needs of the service users of each form. As a result there are 91 high schools and 42 universities in Croatia for tourism and catering industry. Despite this, according to the research from 2015, Croatia is ranked as 80th in comparison to the 140th place, according to the Competitiveness of Human Resources in the Labor Market. In the research conducted for the purpose of this paper and compared with the research on the satisfaction of the sailors with the services of the ACI Club, the competences of the ACI marinas employees are still satisfactory. The survey respondents were ACI Marine employees, and a depth interview with the head of staff was conducted. The results can be of a great help to the future research on the employee satisfaction and the development of their competences.*

***Keywords:** Human Resources, Tourism Development, Nautical Tourism, employment, ACI Club*

**JEL Code:** JEL Code: L83, Z32

**Regional Challenges for Business Environment – Center Region, Romania**

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**Abstract:** *According to Eurostat statistics of 2017, the share of micro-enterprises in Romania in the total number of SMEs is 88%, lower than the average of 92% of the EU with 28 member states, while the small business class is more consistent than in the EU, ie 10.4% versus 6.4%. The situation is similar for the Center Region where the analyze was conducted. The business environment in Romania is still the credentials of small entrepreneurs. Relevant in this respect is the figure of micro-enterprises, with business up to 500,000 euros which represents over 90% of the companies registered. SMEs generally represent nearly 90% of all registered companies. According to the experts this situation is primarily influenced by the weak capitalization of the economy, the banking system still failing to find the optimal partnership formula to support the growth of SMEs. The purpose of this paper is to present the challenges for business environment for Central Region analyzing especially the characteristics for SMEs, the demography, productivity and efficiency of investments, aiming to identify the main barriers identified by the entrepreneurs.*

**Keywords:** *business environment, SMEs efficiency and productivity, economic challenges*

**JEL codes:** *M21, L26, L84*



**Branded cities - Alba Iulia, a Romanian Example**

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**Abstract:** *Alba Iulia, the 33th city (from 320 cities) of Romania if considered its demography, has become in 2014 the first Romanian branded city. The most important heritage of the city is the citadel – a military architectural monument that is unique in the Eastern part of Europe. The citadel is a heptagonal construction from the 18th century with more than 1 km in diameter. As it is mentioned in the Brand Manual of the city, the shape of the citadel became the source of inspiration for designing the city logo and all the visual identity of the Alba Iulia city.*

*The aim of the present paper is to emphasize the impact that the city branding had on the touristic development of Alba Iulia. The research is achieved through analyzing secondary data regarding the economic development of the city in the last years (before and after the city branding), especially the touristic indicators. The main sources of information are represented by the Romania's Statistical Yearbooks, the data gathered from accommodation facilities, touristic agencies and other internal documents from the local authorities that managed the branding project.*

*After analyzing the data we observed that there are several economic indicators that increased after the year 2014, the year of branding the city. These indicators are directly related to tourism. For example, the existent tourist accommodation capacity increased from 3858 bed seats in 2014, to 4585 bed seats in 2015, which means nearly 18% in only one year.*

**Keywords:** *brand, branding cities, tourism, tourism indicators, tourism development*

**JEL Codes:** *Z32, M31, M37*

**Analysis of the state of Senior Health Tourism offer in the Republic of Croatia**

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**Abstract:** *Throughout the years, the world and European tourism industry has been registering significant demographic changes, respectively a highly growing number of senior tourists who belong to the so-called Third age group of tourists. This represents a significant challenge for the tourist offer carriers considering that in relation to the past years, today, senior tourists are more educated in many ways, and especially when using information and communication technology, which enables them to have all the necessary information about (health) tourism offer on the palm of their hand. Contemporary senior tourists have significantly higher expectations than ever before when undertaking a journey, and want a more diversified, top quality tourist offer, adapted to their preferences and likings, which will enable them to achieve experience and value for money. One of the specific forms of tourism, which has been developing significantly over the years, is health tourism, towards which services senior tourists are showing growth attention, all with a goal of health improvement, and prolonging their life expectancy. Republic of Croatia, as an EU member, and as a tourist destination with a very long tradition of providing health tourism services, has developed significantly over the years and is tracking contemporary trends on the European tourist market. But to what extent? The main purpose of this paper to provide an insight into the state and attitudes of senior tourists towards health tourism offer on the European, and the Croatian level, and possibly emphasize the improvement measures which will enable higher level of competitiveness of the Republic of Croatia as a destination of health and well-being.*

**Keywords:** *health tourism offer, senior tourists, tourist offer development*

**JEL Codes:** *L83, Z32*

**The Implications of Diet Therapy on Improvement of Health Tourism Offer**

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***Abstract:** Considering the today's contemporary way of life, preventive care for health on the holistic level has become an imperative in order to maintain, respectively, achieve sufficient health balance of the organism. Health improvement has become a more and more demanding element of contemporary tourist offer, especially emphasizing the segment of individual adequate nutrition appropriate for the state of the organism, respectively, diet therapy. According to the Developmental Strategy of Croatian Tourism up to 2020, awareness about the importance of proper nutrition, and availability of healthy food has gained serious proportions, which the Republic of Croatia, as a recognizable tourist destination, and a small country with big potential for growing and offering organic food, and services connected with it, has recognized and can base its health tourist offer. Within this paper, the authors will emphasize the importance of diet therapy within the contemporary Croatian health tourism offer.*

***Key words:** diet therapy, health tourism, Republic of Croatia*

JEL Codes: L83

**Heritage as a Factor of Achieving Competitive Cultural Tourism Offer of the Republic of Croatia**

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**Abstract:** *Continuous changes within the world tourism industry, contemporary trends indicate that cultural tourism has achieved significant growth within the European and world tourism flows. Republic of Croatia, as a competitive destination, needs to use this opportunity, especially when taken into consideration all the numerous socio-economic advantages. Republic of Croatia is a country with numerous resources which represent a key foundation for development of a top quality offer. Among these resources it is necessary to emphasize its cultural heritage, which, if properly used, can significantly contribute to the formation of a competitive cultural tourist offer. However, it is crucial to bear in mind the possibility of over-use of these resources, which is the reason why application of sustainability principles is a must. Certain developmental activities were done over the years on the state level by the tourism organizations as well as the ministries in charge of tourism and culture. However, still insufficiently in order for cultural tourist offer to reach its realistic possibilities. Within this paper the authors will emphasize the necessity of inclusion of cultural heritage into the tourist offer of the Republic of Croatia, respectively, by comparing the developmental indicators of tourist offer based on cultural heritage of Croatia and the European Union, they will emphasize the potentials for development of a new tourist offer based on unique cultural heritage, which will position the Republic of Croatia on the tourist market as a country rich in well preserved cultural heritage.*

**Key words:** *cultural heritage, tourist product, tourist offer, competitive tourist offer, Republic of Croatia*

**JEL Codes:** L83

## Contents

<b>Understanding of Creativity - Creative Teaching Factors .....</b>	<b>5</b>
<b>Role of Religious Events in Development of Cultural Tourism .....</b>	<b>6</b>
<b>Halal Tourism in Non-Muslim, Developing Countries (Case: Montenegro) .....</b>	<b>7</b>
<b>The Relationship among Ethical Climate, Job Satisfaction and Organizational Commitment: An Empirical Study of Employees in Banking Sector.....</b>	<b>8</b>
<b>Impact of Online Ads &amp; Reviews on Consumer Purchase Decision .....</b>	<b>9</b>
<b>Banking Concentration in Kosovo: Evidence from a Country in Transition .....</b>	<b>10</b>
<b>New Global Financial System: Contribution for New Economic Theory .....</b>	<b>11</b>
<b>Trends in E-Learning: Students Perceptions on Massive Open Online Courses (Moocs).....</b>	<b>12</b>
<b>An Exploration into Motivational and Job Satisfaction Factors of Private Sector Employees in Serbia ..</b>	<b>13</b>
<b>Quantitative Models in the Function of Programming the Optimal Investment Model of Tourism Projects in the Conditions of Uncertainty.....</b>	<b>14</b>
<b>The State of Demographic Factors in Serbia and the Potential Impact on Economic .....</b>	<b>15</b>
<b>The Quality of Educational Outcomes and the Cost - Benefit Ratio .....</b>	<b>16</b>
<b>Students Perception on Brand Impact in Purchase of Domestic Products .....</b>	<b>17</b>
<b>Place Branding-Bosnia Image by GCC Tourists.....</b>	<b>19</b>
<b>Analysis of Balance of Payments for Western Balkan Countries .....</b>	<b>20</b>
<b>Air pollution in Albania.....</b>	<b>21</b>
<b>Online Shopping: A cross-cultural comparison .....</b>	<b>22</b>
<b>How Social Network Marketing and Consumer Behavior Affect the Sales of the Products in B&amp;H? .....</b>	<b>23</b>
<b>Selection Criteria and Performance Measurement of Third Party Logistics: A Meta-Analysis.....</b>	<b>24</b>
<b>The Insurance Sector in the EU and its Impact on Financial Stability .....</b>	<b>25</b>
<b>Explaining Tourist Behavior through Loss Aversion and Virtual Ownership:.....</b>	<b>26</b>
<b>A Case Study of Albania.....</b>	<b>26</b>
<b>The Role of Forensic Accounting in Preventing Tax Evasion in Bosnia and Herzegovina.....</b>	<b>27</b>
<b>Factors that Affect Female Labour Supply in Albania.....</b>	<b>28</b>
<b>Impact of Syrian Refugee Wave on the Public Finance - Comparison Analysis Between Germany and Greece.....</b>	<b>29</b>
<b>The Connection between the Notoriety of Wine Producing Areas and the Wine Gastronomy Supply.....</b>	<b>30</b>
<b>Determinants of the Albanian Tourism Industry.....</b>	<b>31</b>
<b>Tourism Slogans and Tourism Promotion Strategies: Albania and its Regional Competitors .....</b>	<b>32</b>
<b>On the Application of CAPM and Correlation Analysis for investigating risk modelling and prediction of the Greek Tourism Sector Performance .....</b>	<b>33</b>
<b>Value Creation in Business Hotels: Application of Importance-Performance Analysis to assist Managers</b>	<b>34</b>
<b>Research of Environmental Responsibility among Touristic Providers in South Transdanubia .....</b>	<b>35</b>
<b>Sustainable Tourism as a Key Factor of Livable World Heritage Sites.....</b>	<b>36</b>
<b>The Impact of Exchange Rate Volatility on Economic Growth.....</b>	<b>37</b>

International Conference on Economic and Social Studies (ICESoS)  
10 - 11 May 2018 – Bosnia and Hercegovina / Sarajevo

<b>Political Instability and Economic Growth</b> .....	38
<b>The Impacts of Innovation, IT, Productivity on Albanian Exports</b> .....	39
<b>Heritage as a Driving Force for the Tourism and Economy</b> .....	40
<b>Utilization of Local Natural Raw Sources for New Modern Thermal Insulation Production Related to the Reconstruction Project</b> .....	41
<b>Measuring the Performance of the Adaptive Neuro-Fuzzy Inference System with Real World Data</b> .....	42
<b>Optimal Portfolio Choice in Croatian Tourism Sector for Long- term Investors</b> .....	43
<b>An Insight into the Current Motives of Tourist Visitors of the Zadar County</b> .....	44
<b>Sustainable Management of Heritage Tourism development in Croatia</b> .....	45
<b>The Impact of Internal Marketing on Internal Service Quality in the Hospitality Industry</b> .....	46
<b>Human Resources as a Factor of Nautical Tourism Development</b> .....	47
<b>Regional Challenges for Business Environment – Center Region, Romania</b> .....	48
<b>Branded cities - Alba Iulia, a Romanian Example</b> .....	49
<b>Analysis of the state of Senior Health Tourism offer in the Republic of Croatia</b> .....	50
<b>The Implications of Diet Therapy on Improvement of Health Tourism Offer</b> .....	51
<b>Heritage as a Factor of Achieving Competitive Cultural Tourism Offer of the Republic of Croatia</b> .....	52