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SADRŽAJ/CONTENTS

HOW NOVELTY SEEKING SHAPES THE RELATION BETWEEN PERCEIVED USEFULNESS AND ATTITUDES TOWARDS THE MOBILE BANKING

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ABSTRACT

In the banking sector, mobile banking is one in the most recent types of services introduced with an aim to retain customers. Trend of mobile banking development is strongly connected with the penetration of mobile devices in every-day life as well as with customers' behavior which is based on the transfer of activities from various spheres of their lives in virtual world. This study investigates how consumers' perceptions of mobile banking usefulness impacts the attitude towards mobile banking, conditioned by the level of novelty seeking expressed by that consumer. Based on services marketing and technology acceptance literature, we test these relationships on a sample of 581 mobile banking users. Results show that consumers' novelty seeking negatively moderates the positive relationship between perceived usefulness of the mobile banking and the attitude towards the mobile banking. Implications of the findings are considered, and the future research directions identified.

KEY WORDS: mobile banking, attitude towards the bank, novelty seeking, perceived usefulness.

1. INTRODUCTION

Technical development and increasing competition in financial sector influence on the transformation of financial services. This transformation causes development of strong connection between financial services and technological innovation. Concretely, focusing on a banking industry, new banking services and new channels are the most visible examples of this transformation. In example, Internet and mobile banking are types of electronic banking services which customer accept faster than other services. Innovation in telecommunications, escalation of wireless telecommunication and development of platform for providing services, as well as high level of mobile devices penetration, boost development of mobile value added services (Keen & Mackintosh, 2001). This makes mobile banking one of the most popular types of the new banking services.

New forms of banking services supported by technological development create challenges but also opportunities for banks and other financial companies. They have opened new area of competition on the one hand, while on the other hand created new alternatives for cost reduction and increasing customer satisfaction and consequently customer loyalty. Both categories, introducing technology in service providing and acceptance of new services, depend upon different factors related to customer personal traits.

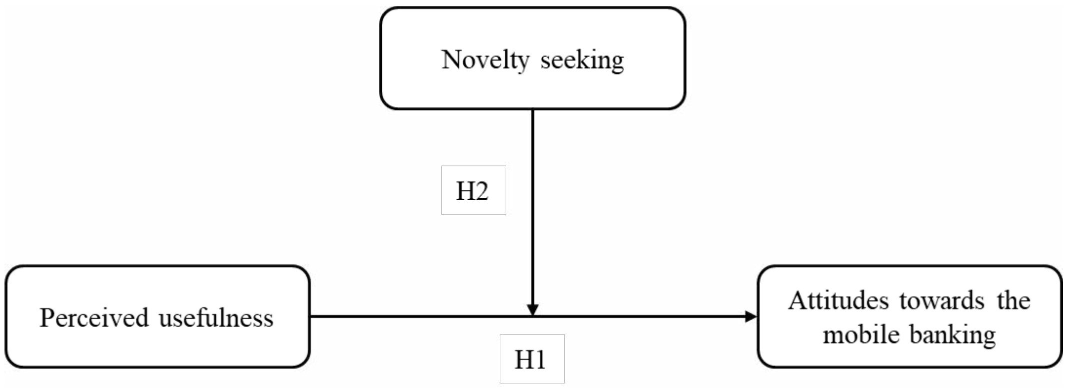
Perceived usefulness and novelty seeking between potential customers have very important roles among others have crucial importance for technology innovation adoption and innovative services acceptance. Therefore, our study is focused on understanding these two important factors for new technology acceptance for the "innovators" and "early adopters" as key segments for innovation adoption and penetration (Rogers, 2003) – perceived usefulness and novelty seeking (Agarwal & Prasad, 1998; Davis, 1986; Robinson et al, 2005). We examine following research questions in this paper: How consumers' perceptions of mobile banking usefulness impacts the attitude towards mobile banking?, and How is the above relationship conditioned by the level of novelty seeking expressed by that consumer? Based on previously developed information systems acceptance models we suggest that customers' evaluation of perceived usefulness of mobile banking sector impacts the attitude toward mobile banking (Yoon & Steege, 2012). Furthermore, we examine novelty seeking as the personal trait of consumers as the moderator of the previously defined relations between perceived usefulness and attitudes regarding mobile banking services (Dabholkar & Bagozzi, 2002).

In the following parts of the paper we will present the conceptual framework of our research as well as the theoretical background. Furthermore, we will present the methodology for the empirical part of the study, as well as the results. Finally, we will discuss the findings and provide conclusions and further research directions.

2. CONCEPTUAL FRAMEWORK AND THEORETICAL BACKGROUND

Based on the assumptions of TAM model (Davis, 1989) and also expectations of potential consumers behavior regarding adoption of technological innovation in banking we develop a conceptual framework that is presented in Figure 1.

Figure 1: Conceptual framework



Source: Authors

Our aim is to explain and better understand customer attitude towards the mobile banking. Namely, attitude towards the new technology and new products or services has an important role in understanding customer's behavior and new offer acceptance (Pavlou, 2003; Smith et al, 2008). Hence it is considered as the very important antecedent towards customer adoption of new products or services that further lead towards the loyalty to the company. In the context of banking services, mobile banking attitudes can be viewed as attitudes toward mobile banking acceptance or continuous using mobile banking services.

According Schierz et al. (2010) and Davis (1989) attitudes of an individual has a significant dimension in influencing technology acceptance and using. Yang and Yoo (2004) suggest that attitudes are related to individual's intention and decision to use new technology. Thus, attitudes can be used to anticipate individual behavior since positive attitudes lead to acceptance and continuous using of mobile banking (Karjaluoto, Mattila & Pento 2002). In order to understand how elements of the conceptual framework are related in the model, we first analyze mobile banking in general and then relate perceived usefulness and novelty seeking to consumer attitudes towards the mobile banking.

2.1. Mobile banking

Authors often stress that mobile banking (m-banking) presents one of the most important strategic changes in retail banking in last few decades (e.g. Tam & Oliveira, 2017). Mobile banking creates possibilities for banks to offer new types of services and solutions for customers' problems. In combination with other bank channels, m-banking creates an excellent base for customer-centric approach and creates the opportunity for a customer to use banking services anytime from anywhere (Lee & Chung, 2009; Martins et al, 2014). Essentially, mobile banking and Internet banking offer the same transaction for users and they are often perceived as similar alternative of self-service channels (Thakur, 2014), still mobile banking increase customer independence and mobility (Shaikh & Krjaluoto, 2015).

An interest in acceptance of mobile banking exists on both sides of the relationships. Customers are enabled with better mobility, while banks capitalize on decreasing physical encounters, collecting new information and ultimately, lowering down their costs. That is, banks often encourage customers to switch to self-service technology mostly because of the fact that online channels create benefits from cost savings and efficient cross-selling activities (Hoehle & Huff, 2012; Sharma & Govindaluri, 2014; Sharma et al, 2015). However, offering services through different channels (multi-channels or omni-channels) supports the development of strong relationships between customers and banks (Baptista & Oliveira, 2016; Komulainen & Makkonen, 2018; Laukkanen, 2007).

Authors offered a lot of definitions of mobile banking such as: channel through which customers interacts with a bank via mobile devices (Barnes & Corbitt, 2003); wireless service delivery channel providing increased value for customers' banking transactions (Laukkanen, 2007); subset of e-banking or online banking and refers to the shift of conducting financial transaction from wired networks to wireless networks (Kim, Chan & Gupta, 2007); innovative method for accessing banking services via a channel whereby the customer interacts with a bank via a mobile device (Luo et al, 2010); any form of banking transaction that is carried out through a mobile device (Koksal, 2016). After all Tam and Oliveira (2017, p 1046) proposed "broadly inclusive" definition: *"M-banking is a service or product offered by financial institutions that makes use of portable technologies."* Zhou, Lu and Wang (2010) also suggest pretty wide definition where they explain it a s the access to banking networks via wireless protocols that are used by mobile terminals.

Basically, technology development changed the paradigm of retail banking services with new services and new points of interaction between banks and customers (Ensor & Wannemacher, 2015). Thanks to mobility they have opportunity to customized services to the customers' wishes and requests on time and place they suggest (Floh & Treiblmaire, 2006). Furthermore mobile banking technology creates benefits: a) for the customer – reducing time and expenses by offering services to the customers without visiting a branch or phone calls to a bank's customer service center (Hoehle et al, 2012; Kim et al, 2007, 2009); b) for the bank – affording banks benefits as a result of attracting new customers and retaining current ones, but also cost savings (Hoehle & Huff, 2012).

When it comes to adoption of new technology, different authors suggest different antecedents: perceived usefulness (e.g. Hanafizadeha et al, 2014); novelty seeking and resistance to innovation as personal traits (e.g. Laukkanen et al., 2008); demographic factors (e.g. Amin et al, 2007; Laukkanen et al, 2007) and many others. Studies were focused on the impact that these factors have on the customer attitudes (e.g. Püschel et al, 2010), behavioral intention and usage (e. g. Luo et al, 2010). In the context of making decision about mobile banking acceptance, Hui-Yi (2014) suggests that decision to use a mobile banking services is usually personal decision rather than group decision, and that novelty seeking as a personal trait is relevant for favorable decision in this context.

When it comes to banks perspective, m-banking creates possibilities for increasing number of transactions between customers and banks, launching new services through cross-selling and up-selling in current service lines, improve service efficiency and cost effectiveness as well as increasing customer loyalty and satisfaction (Sharma & Govindaluri, 2014; Sharma et al, 2015). Furthermore, from the banks perspective m-banking have been transformed from being simply online banking to the point of differentiation and a source of potential revenue for proactive banks (Ensor & Wannemacher, 2015). It helps banks to attract potential customer and retain old ones both most important issues for their sustainability and success (Gu et al, 2009). Howeverr, all benefits and opportunities for customers or banks depend on the level of mobile banking adoption on the market which further depends on the customers' personal traits and factors affecting their behavior. Next sections include explanation of novelty seeking as customer trait and perceived usefulness as the relevant determinants of attitudes towards the mobile banking.

2.2. Perceived usefulness

Technological development causes a lot of changes between producers and providers in many industries, especially services. Innovations and new product and services are especially important for industries such as telecommunication, banking and IT software and solutions development. In that context customer perception of innovation usefulness and their interests for new technology are in the focus of this paper.

There are several different theoretical models that explain innovation and newness acceptance. Technology Acceptance Model (TAM) designed by Davis (1989) is one of the most known and applied theory in an area of information technology adoption. It is based on the Innovation Diffusion Theory (IDT) designed by Rogers (2003). TAM model includes two main factors affecting acceptance of new technology: perceived usefulness and perceive easy to use. Currently perceived usefulness seems to be more influencing factor for technology acceptance, since a lot of innovation launched last years are designed and created as very simple and user friendly options. That makes customers and users highly experienced, decreased their perception of risk and reluctance to new technology acceptance. So customers in 21st century are ready to use technological innovation without thinking of innovation complexity and challenges in their using. This is one of reasons why this study is focused on perception of usefulness but not on perception of ease to use.

In the context of technology acceptance Davis (1989, p 320) defined perceive usefulness *"as the degree to which a person believes that using a particular technology-based service will enhance his or her job performances"*. Other authors also discuss impacts of usefulness on an individual's professional performances more than personal lives and values (Rauniar et al., 2014). As a consequence, it has been recognized as an important factor related to the attitudes towards new technology acceptance (Bhatti, 2007; Kim et al, 2007; Laforet & Li, 2005) as well as its positive relations with attitudes towards various types of mobile services (Bhatti, 2007; Chau & Lai, 2003; Kim et al, 2007; Venkatesh, 2000; Venkatesh & Morris, 2000).

This definition applied to mobile banking acceptance understands perceived usefulness related to the m-banking as the mean for bank services usage. Previous studies found that perceived usefulness influence the intention to shop online (Tong, 2010) and present one of the most important dimensions affecting consumers' online experience (Chen & Barnes, 2007). Furthermore, perceived usefulness has significant effect on the users' intention towards using online banking services, primarily Internet and mobile banking adoption (Akturan & Tezcan, 2012; Amin, 2009; Chong, Ooi, Lin & Tan, 2010). Moreover, Riquelme and Rios (2010) state that perceived usefulness has a significant role for the adoption of mobile banking services. Perceived usefulness according Amin et al. (2007) is one of key variables related to a person's viewpoint towards intention to use a new technology while intention is a mediator in utilizing the system. Cheah et al. (2011) consider perceived usefulness as one of the most important factors affecting mobile banking acceptance; Igbaria and Iivari (1995) claim that it is key factors affecting mobile banking acceptance while Davis et al. (1992) insist on the fact that perceived usefulness is highly associated with the intention to use technology and that perceived usefulness influence on the customers' attitudes that further lead to technology acceptance. Therefore, we hypothesize:

H1: Perceived usefulness positively impacts attitudes towards the mobile banking.

2.3. Novelty seeking

Inherent novelty seeking is explained as the degree to which a person is receptive to new ideas (Hirschman, 1980; Midgley & Dowling, 1978). In the case of new technologies, it explains individual's willingness to try and/or accept new technology (Agarwal & Prasad, 1998; Robinson et al, 2005) and it considers as a relatively stable individual trait related both to personal and professional life. Authors found highly innovative individuals being more engaged in searching information about new trends in technology and ready to start to use new products and technology before others i.e. to be leaders in acceptance new ideas and products (Dabholkar & Bagozzi 2002; Lafferty & Goldsmith, 2004; Lafferty et al, 2005; Robinson et al, 2005).

In that context, novelty seeking is associated with positive attitudes regarding technological innovation and also impulsive decision making (Cloninger et al, 1993). It is based on the predispositions that individuals looking for new services (Venkatraman & Price, 1990) which are different in comparison with already available ones. For individuals recognized as highly seekers it appears as motivation to search for originality which further affects the adoption of innovative products (Manning et al, 1995). Manning et al. (1995) also found that novelty seeking was positively correlated with the first stage of innovation acceptance (Roger, 1993, 2006) and product awareness; novelty seekers have more favorable attitudes toward innovations and higher level of adoption of new products or services. That means that novelty seeking indirectly affects customer intentions and behavior especially regarding new technological innovation (Ajzen & Fishebein, 2005). Furthermore, authors connect novelty seeking with personal traits suggesting that it is driven by curiosity and sensation seeking (Jang & Feng, 2007). Based on these findings, we expect that there will be differences in the relationship between perceived usefulness and attitudes towards the mobile banking between consumers who are novelty seekers, as opposed to the ones who are not seeking novelties in their life. Therefore, in this study novelty seeking is assessed as a conditioning factor for the relationship between the perceived usefulness and attitudes regarding mobile banking and we hypothesize:

H2: Novelty seeking moderates the relationship between perceived usefulness and attitudes towards the mobile banking.

3. METHODOLOGY

In order to test the developed conceptual model, we conducted a quantitative study by employing an online questionnaire. In setting-up the questionnaire, pre-developed scales were used to measure constructs of interest, namely: perceived usefulness (Tran & Corner, 2016), novelty seeking (Dabholkar & Bagozzi, 2002), attitude toward mobile banking (Grabner-Kräuter & Faullant, 2008). The questionnaire items were assessed by using a Likert scale from 1-7 (where 1 = strongly disagree and 7 = strongly agree).

The study was conducted in a developing European country, using a database of banks users and a random sample of 3,000 users. Use of mobile banking was an eliminatory question in the questionnaire. We received 581 valid responses (19.37% response rate). When it comes to the sample characteristics: 65% were female, with the average age being 28 years (SD = 9.38), and average income being 576 EUR (SD = 568.94). Most of the participants (50.6%) have completed undergraduate studies and are employed (59.4%).

4. RESULTS

Prior to testing the hypotheses, we conducted a confirmatory factor analysis (Anderson & Gerbing, 1988) in LISREL, as well as the discriminant validity analysis (Fornell & Larcker, 1981) to ensure psychometric properties of the measures are in line with the requirements (see Table 1).

Table 1: Confirmatory factor analysis and discriminant validity

#	Construct	Loadings	CR	1	2	3
1	Perceived usefulness (5 items)	0.79-0.89	0.94	**0.72**		
2	Novelty seeking (3 items)	0.87-0.92	0.93	0.21	**0.81**	
3	Attitude toward mobile banking (3 items)	0.90-0.94	0.95	0.64	0.17	**0.87**
Model fit: df = 137, χ^2 = 434.20, RMSEA = 0.06, NNFI = 0.98; CFI = 0.98; SRMR = 0.03; GFI = 0.92						

Notes: AVEs are on diagonal in bold, correlations are below the diagonal, CR = Composite reliability.

CFA model shows a good model fit (df = 137, χ^2 = 434.20, RMSEA = 0.06, NNFI = 0.98; CFI = 0.98; SRMR = 0.03; GFI = 0.92) and the factor loadings are within an acceptable range (lowest being 0.67, and highest begin 0.98). Furthermore, all composite reliabilities for our constructs are higher than 0.87. Average variances extracted are all higher than 0.70, and since the highest correlation between the constructs is 0.66, it is clear that AVEs are higher than squared correlations in all cases which ensures discriminant validity.

In order to test the hypotheses, we used the PROCESS routine (Hayes, 2017) and estimated a moderation model (Model 1) with 5,000 bootstrap samples and 95% confidence intervals. Results are presented in Table 2.

Table 2: Results of the study

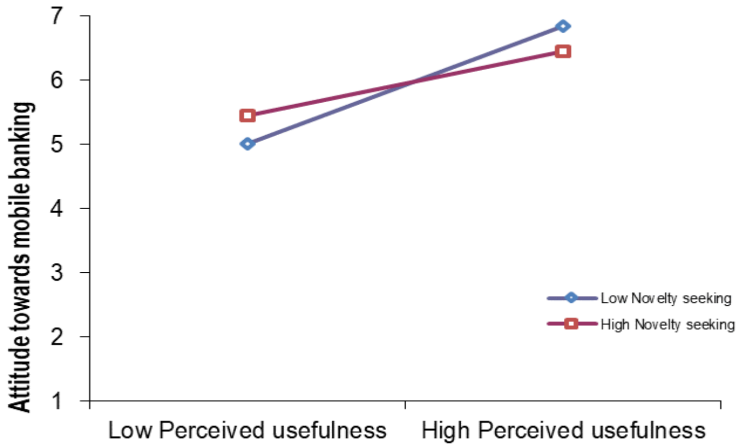
Description	**Coefficient (Standard error)**	**Confidence interval**
Dependent variables		
Perceived usefulness	0.797*** (0.034)	(0.732 - 0.863)
Novelty seeking	0.003ns (0.026)	(-0.048 - 0.055)
Interaction term		
Perceived usefulness x Novelty seeking	-0.056*** (0.016)	(-0.088 - -0.023)
R^2	0.593	

Notes: Attitudes towards mobile banking = dependent variable; *** - p < 0.001, ns – not significant.

Source: Authors

From the Table 1 we can observe that the impact of perceived usefulness positively and significantly impacts attitudes towards the mobile banking (B = 0.797, $p < 0.001$). This confirms our Hypothesis 1. We further see that novelty seeking does not have a direct effect on the attitudes towards the mobile banking, while it moderates the relationship between perceived usefulness and attitudes towards the mobile banking. The interaction effect is negative and significant (B = -0.056, $p < 0.001$) which suggests that novelty seeking suppresses the positive effect of perceived usefulness on attitudes towards the mobile banking. We further graphically present the interaction effect in focus (Figure 2).

Figure 2: Graphical presentation of the interaction effect



Source: Authors

From the graphical presentation of the effect we can see that for the individuals who are not novelty seekers higher the perceived usefulness, higher the attitude towards the mobile banking. Conversely, with the individuals who are highly willing to try new technology and hence high on novelty seeking are lowering down their attitudes towards the mobile banking as the perceived usefulness increases. From the results we can conclude that Hypothesis 2 is confirmed as well. Finally, we see that our model has great explanatory power for the attitudes towards the mobile banking as it explains 59% of its variance (R^2 = 0.593)

5. DISCUSSION AND CONCLUSIONS

This study examines the interplay between perceived usefulness, novelty seeking and attitudes towards the mobile banking. We focus on perceived usefulness as one of the important factors of technology acceptance as well as on the novelty seeking as a relevant personal trait that can also be related to the technology acceptance.

In order to understand how consumers' perceptions of mobile banking usefulness impacts the attitude towards mobile banking and how is the above relationship conditioned by the level of novelty seeking expressed by that consumer, we conducted an empirical study that shows that perceived usefulness positively and significantly impacts attitudes towards the mobile banking and that novelty seeking does not have a direct effect on the attitudes towards the mobile banking, while it negatively moderates the relationship between perceived usefulness and attitudes towards the mobile banking.

Theoretically, we have confirmed the positive link between the perceived usefulness and attitudes towards the technology acceptance on the example of mobile banking services. This helps in achieving generalizability of the theoretical link (Davis, 1989). Furthermore, it shows that mobile banking services are indeed regarded as new technologies that are to be understood through the usefulness of its characteristics. Furthermore, we show that novelty seeking does not impact attitudes directly, but that it does condition the relationship between perceived usefulness and attitudes. This shows that perceived usefulness plays more important role for forming high and positive attitudes towards the mobile banking if the customer is not a novelty seeker. While for the novelty seeking customers, the relationship between perceived usefulness and mobile banking is suppressed as the usefulness implies that the mobile banking service is getting "old" and immediately not interesting to this kind of consumers.

When it comes to managerial implications, this study is relevant for bank managers and marketers that are forming campaigns for mobile banking users. In general sense, we see that perceived usefulness is a very important characteristic that this service needs to satisfy in order to have a positive attitudinal response from customers. However, managers should take into account personal traits of customers and they may even segment the customers based on such traits. Novelty seeking degree can be a relevant base for segmentation, as we can see that customers behave differently based on the level of novelty seeking they exhibit.

Regarding research limitations, our study focuses on one determinant of well accepted TAM model and on only one individual trait. Future research should assess other individual traits (such as personality traits) and their role in the model and control for factors such as price sensitivity and advertising efforts of banks. In order to get better understanding into consumers' behavior, studies should also compare mobile banking and Internet banking users. Finally, future research should shed light on the role of potential moderators of the identified relationships.

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KAKO POTRAGA ZA INOVACIJAMA OBLIKUJE ODNOS IZMEĐU PERCIPIRANE KORISNOSTI I STAVOVA PREMA MOBILNOM BANKARSTVU

SAŽETAK

U bankarskom sektoru, mobilno bankarstvo je jedna od najnovijih vrsta usluga uvedenih s ciljem zadržavanja klijenata. Trend razvoja mobilnog bankarstva snažno je povezan s prodiranjem mobilnih uređaja u svakodnevnom životu, kao is ponašanjem korisnika koje se temelji na prijenosu aktivnosti iz različitih sfera njihovih života u virtualni svijetu. U radu se istražuje kako percepcija potrošača o korisnosti mobilnog bankarstva utječe na stav prema mobilnom bankarstvu, uvjetovan razinom traženja novosti (inovacija) koju je taj potrošač izrazio. Sukladno marketingu usluga i literaturi o prihvaćanju tehnologije testirani su ti odnose na uzorku od 581 korisnika mobilnog bankarstva. Rezultati pokazuju da traženje inovacija negativno ublažava pozitivan odnos između percipirane korisnosti mobilnog bankarstva i odnosa prema mobilnom bankarstvu. U radu se razmatraju rezultati i sugeriraju se buduća istraživanja.

KLJUČNE RIJEČI: mobilno bankarstvo, stav prema banci, traženje inovacija, percipirana korisnost.

ATTRIBUTES ASSOCIATED WITH ATHLETE TYPES IN HUNGARY

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ABSTRACT

We consider it important to examine how people think about different types of athletes, and what qualities they attach to them. Therefore we divided the athletes into five different types: hobby, professional individual, *professional team*, *non-physical*, and *e-sport* athletes. In our study, we examined the characteristics associated with athlete types, which is unique in the literature of sports consumption. The members of society perceive different types of athletes differently. Exploring the characteristics of these types can significantly help the companies daily work on the sport market to determine the various target segments and to position them appropriately. The study supports this understanding by presenting the results of a paper and pencil interview, which has a sample of 2000 people representing the 15-74 year old Hungarian population to explore the characteristics of athlete's types perceived by society, carried out in the framework of the EFOP-3.6.2-16-2017-003 project. By making a correspondence analysis, we found that the attributes associated with each athlete type are separated from each other. While some of the examined attributes are clearly related to a particular type, others do not show such a plausible relationship. Based on our findings, the type of *hobby athlete* was associated with the attributions of "free", and "humble". The attributions of "high esteem", "fast", "rich", and "successful" were connected to the type of professional individual athlete, while the type of *professional team athlete* was associated with "respect", "adventures", "interesting life" and "pay attention to others". Among the examined types, *non-physical athlete* was associated with the most attributions, which were "honest", "joy", "have a good time", "women", and "creativity". The type of *e-sport athlete* differed from the other types the most, which was associated closely with the attribute of "modern". We have assumed that further analysis of associations provides valuable information, for example focusing on specific segments of society during processing. However, the analysis of generations, gender, sporting habits, household income showed only minimal differences between associations in connection with athlete types.

KEY WORDS: sports consumption, sports marketing, athlete types, correspondence analysis.

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1. INTRODUCTION

Nowadays not only the role and importance of sport is appreciated, but athletes also receive increasing attention. The most relevant issue in this context is the interest in sport performance and sporting events which generates the demand for products, experiences, and the appeal of attractive athlete's personality and its image-transfer to brands (McCracken, 1989, Mayerhofer, 1995, Gross, 2014). It means the brand value of the professional athlete. According to the leading experts of brand equity the brand's value, and thus the financial value of the personal brand provides value which can be measured in money or in capital to the product or service provider (Kapferer, 2007). At the same time, brand equity is also linked to future consumer generated returns - a strong brand can deliver value to the consumer of that product or service (Aaker, 1996). This area, the endorsement, has led to many researches, with various authors and practitioners dealing with the advantages and disadvantages of the relationship between athletes and brands (Erfgen et al., 2015).

Whereas the professional value of a professional athlete is definitely proven, let's just think of the lists of those athletes who earn the most. It shows that, depending on the sport and the athlete, there is definitely an increase in the revenues from the sale of the personal brands compared to the revenue from sports performance. Thus, the question arises what qualities consumers appreciate in the case of athletes, but it also becomes interesting, which attributes people associate to which type of athlete.

Undoubtedly, *professional individual athletes* and *professional team athletes* are the most important to be involved in the examination of various types of athletes. Nevertheless the perceived characteristics of *hobby athletes*, *non-physical athletes*, and *e-sport athletes* are also worth of our attention. In this way, we examined these five types of athletes, assuming their connection to different attributes. *Hobby athletes* are essential because physical activity is becoming more and more widespread with a variety of motivations, with a growing range of products and services, creating and expanding markets that are particularly important. The character of *non-physical sports and athletes* is clearly distinguished even by the everyday judgement as they require other knowledge and skills than sports based on physical conditions. We have also included those who prefer technical sports in this category after we have not planned to extend the number of athlete types too much. Furthermore, there was a possibility of an extreme athlete category, which we also rejected to focus on more relevant athlete types. At the same time, we have treated the *e-sport athletes* separately, as this area poses new challenges to the athletes, bringing together the expectations of technical, physical and mental preparedness (Heinz - Ströh, 2017).

We do not claim that it is not possible to define the athlete types more precisely, but we have to start somewhere the examination into this direction after we have not identified a starting point in the literature. The case of the examined attributes may be the same, the range of selected attributes could have been expanded and changed, but we think these highlights are suitable for a first approximation.

Our study shows the results of a wide range, paper and pencil personal interview based sample of 2000 people, in addition to basic statistical processing, we conducted a correspondence analysis with a deeper explanation of the responses of various segments.

2. ATTRIBUTES ASSOCIATED WITH ATHLETE TYPES

2.1. The role of sport

Nowadays from the economic point of view, the role of sport is unquestionable. It has become a profitable market economy segment that is an integral part of the entertainment industry. Members of the population in Europe spend a large part of their leisure time on sport related services, thus in some sectors of sport companies make significant investments (Salgando-Barandela, 2017).

The economic contribution of sport is demonstrated by the fact that in 2012, according to the strict Vilnius definition of sport, 1,49% of the total employment of the European Union (3.138.350 people) was based on sport-related services. Based on the broad Vilnius definition of sport, the same value was 2,12% of total employment (4.460.888 people) due to the direct effects of sport. However, taking into account the indirect effects due to the multiplier effect, according to the narrow definition, 2,42% of the total employment (5.085.137 people) of the European Union do sports linked jobs professionally. The same value, based on the broad definition is 3,51% (7.378.671 people) due to the indirect effects (SpEA, 2012).

In addition to employment, the economic importance of sport is demonstrated by the contribution of the sport industry to GDP. According to the narrow Vilnius definition of sport in 2012, 1,13% of the European Union's GDP (€112,18 billion) was provided by sport. This value, in the broad Vilnius definition of sport reached 1,76% (€173,86 billion). If we consider the indirect effects too, sport contributed to the 1,88% of the European Union GDP (€186,2 billion) according to the narrow definition, while it contributed to the 2,98% (€294,35 billion) according to the broad definition (SpEA, 2012).

To be able to contribute to the economy to such extent, it is essential that sport becomes business. It happens when needs for doing sport activities, or for spectating sport events are perceived as consumer demands, which are satisfied by professionally-run, profit-oriented sports related companies. The starting point for this is the popularity of a particular sport, which can be measured through the number of spectators. The base of this process is the popularity of a particular sport, which can be measured through the number of spectators. At a certain level the increase in the number of spectators triggers the interest of the media, which brings the interest of the companies to approach the market. As a result, profit-oriented actors such as sport agencies, leagues and professional event organizers appear on the market of a given sport and start to develop products and services (Walker-Enz, 2006). Actually, such sporting goods and services provide people the opportunity to consume in connection with sports, which generates revenue for the profit-oriented actors and thus contributes to the whole economy. For this reason, sport consumption is essential for understanding the economic significance of sport.

2.4 The role of athletes in the sport economy

The athletes should be given high priority among the actors in the sports economy, as on the one hand they are the most important demand segment and on the other hand their role as an exemplary personality can increase today's market size. In this case, the impact of both professional and *hobby athlete*s can be interpreted. However, the case of professional athletes is different because of their wide awareness and media appearance. In case of professional athletes, we meet the practice of personal branding, i.e. athletes become brands, which goes beyond a successful sports career by opening new earning possibilities and visibility prospects (Huber – Meyer, 2008). The phenomenon is becoming more and more determinative, so it is not surprising that many researchers started to deal with it, either the name of personality marketing (Ewert, 1993), or self-marketing (Törőcsik, 2017), or the effect of stars (Pringle, 2005), highlighting visibility (Kotler et al., 2006) or with the introduction of the category of self-branding (Royston-Lee - Purkiss, 2012). Analyzing success is very close to this topic, more and more authors are publishing about it, so the examination of success has revealed a number of remarkable rules (Gladwell, 2009, Barabási, 2018).

In the process of *endorsement*, the brand and the personal brand are linked, the brand owner pays for the celebrity to use his face, reputation and the visibility which generates attention. The biggest advantage is that the celebrity who appears next to the brand will trigger the *priming effect* (Meyer - Schvandeveldt, 1971). This means, that the celebrity prepares, *preloads* the processing of the next stimulus, which is the brand's advertisement, message, so the attention is given. Basically, it is an advantageous deal for both parties, ideally, both sides close the transaction with profit. Personal brands are able to carry very clear messages and fill the brand personality of otherwise lifeless brands simply with content, characteristics, and emotions (Pringle – Binet, 2005).

However, there is an increasing impact of influencers, even micro-influencers, and experienced representatives of sports, who affect the choice of destinations, special equipment, training places, and trainers by their blogs. This draws attention to the growing importance of *hobby athlete*s, especially for the representatives of non-mainstream sports.

We also experience more and more frequently that *parasocial relationships* are formed between famous athletes and their fans. Caring the *parasocial relationship* which is built on a targeted way – mainly on social media platforms - makes the athlete a "friend" for fans, so the athlete can have a strong influencing effect, for example in brand selection (Yuan et al., 2016). If all this leads to the joining of the fans, it can multiply the effect induced by the athlete. All of these relationships are highly diverse and even psychologically complicated in the case of e-sports, for example in the connection between the avatar and the athlete behind it, in defining identity (Loyer, 2015).

In total, exciting processes take place between athletes and business, examination of all these processes and the actors involved in it are therefore actual.

2.3 Research methodology

In May-June 2018, we made a paper and pencil personal interview with 2000 people in order to examine the behaviour and opinion of the Hungarian population on several issues related to sports consumption. Our study was representative for the 15-74 year old Hungarian population by gender, age groups (10 year intervals), and region of residence. With our quantitative research, our purpose is to give a valid picture of Hungarian sports consumption habits and attitudes. In our survey special focus was given to sporting habits, sports consumption characteristics, the link between sport and tourism, and the motivation factors behind sport. We used IBM SPSS Statistics 24 and Microsoft Excel 2013 software to process and analyse the results.

In connection with this study, we asked our respondents to use 20 characteristics for describing 5 types of athletes defined by us, on the basis of which attribute is appropriate to describe which athlete type. Our 20 examined attributes were "creativity", "richness, money", "male", "appreciation", "female", "try new things", "young", "pay attention to others", "humble, modest", "traditional", "free", "slow", "successful", "fast", "adventures, interesting life", "respect", "honest", "modern", "have a good time", and" joy ". As we described previously, we examined 5 types of athletes in our study, involving *hobby athletes, individual professional athletes, professional team athletes, non-physical athletes*, and *e-sport athletes*. We added an additional category to our 5 athlete types, labeled as *none of them*. If a respondent was not able to associate a particular attribute with any type of athlete, he / she could indicate it with the answer *none of them*. The results of our paper and pencil personal interview were first analysed on the basis of the frequency of the answers. Then a correspondence analysis was performed on the data to determine which attributes belong to which athlete types the most.

In order to gain more information and to find out the differences between the perceptions of different types of athletes among the population, we examined the significant differences (in the statistical sense) which can be found in the frequency of responses (at 1% significance level) in the dimensions of genders, generations, sporting habits, and cheering habits. After that, the sample was divided into several groups based on each of these criteria we made correspondence analysis, in order to find further differences between different groups of the population. For the gender approach, we divided the sample into men and women, for the generation approach into young generation, middle generation, and old generation, for the sporting habits approach into those who do sports regularly, and those who do not do sports regularly and finally for the cheering habits approach into those who are sport team fans and those who are not sport team fans. In the case of generations, we considered that those who are younger than 30 years old are members of the young generation, those who are between 30 and 59 years old are members of the middle generation and those who are older than 59 years are the members of old generation.

2.3 Results

In our research, we would like to gain information about which characteristics our respondents connects to different types of athletes. For this purpose, we asked 5 different athlete types and 20 different attributes to evaluate which attribute is typical for which type of athlete (allowing more choices for every attribute). First, we created a frequency table of the answers of the respondents (Table 1), from which we identified which characteristics of the athletes were mentioned by the respondents in the highest proportion. We also identified which of the attributes are associated with just one type or more types of athletes

In the case of *hobby athletes*, "have a good time", "joy", "free", and "female" were mentioned at the highest rate. Our respondents could connect the terms "richness, money," "successful" and "appreciation" the least to this type. In case of *individual professional athletes* the "successful", "richness, money", "male", and "appreciation" characteristics had the highest mention rate. In connection with this type "slow" attribute was clearly identified as the least typical one. For *professional team athletes*, "successful", "pay attention to others", "male" and "richness, money" attributes were the most characteristic. Our respondents connected in the lowest rate the attribute "slow" to this type, like in the case of *professional individual athletes*.

Compared to the previously analysed three types, respondents were able to connect characteristics in a lower rate generally to *non-physical* and *e-sport athlete* types. The *non-physical athlete* type was characterized by "creativity", "male", "female", and "joy", while for *e-sport athlete* type clearly the "modern" attribute was determinative. For the type of *non-physical athletes*, respondents connected "adventures, interesting life", "pay attention to others," and "richness, money," the least. In the case of *e-athletes* "humble, modest", and "traditional" attributes were mentioned in the lowest ratio. In addition to the athlete types, we also gave our respondents the opportunity to choose a category called *none of them* if they cannot link a characteristic to any of the given athlete types. It turned out to be clear that half of our respondents (52.2%) could not connect the "slow" attribute to any of the given athlete types. 24.14% of them could not connect "humble, modest" and 22.38% of them could not link "traditional " qualities to any of the types of athletes we examined. The other 17 attributes were linked to the *none of them* category in a lower rate, so the other attributes were connected better to at least one of the athlete types.

Further examining the frequency of mentioning (Table 1), it turned out that respondents were able to match the characteristics generally to the *individual professional athletes* and *professional team athletes* in the highest proportion. Based on the associations, these two types are very similar to each other because of the minimal differences in the frequency of associations compared to the other 3 athlete types. In addition to the similarity of these two types of athletes, we also identified a notable difference in the "pay attention to others" attribute, where the linking ratio was significantly higher in the case of *professional team athlete* type. The perception of *hobby* and *non-physical athletes* is also similar in terms of linking ratios, however not as much as in the case of *professional team* and *individual athletes*. In their case, there is a significant difference between the "free", the "have a good time" and the "joy" attributes, which were mentioned by respondents in a much higher proportion for *hobby athletes*. Exploring the characteristics, the type of *e-sport athletes* differs the most from all other types we examined. In their case, there was a generally low mentioning rate, almost for all the attributes, which may be due to the novelty of this athlete type, because currently it is less known among members of the population. This idea can be proven by the fact that "modern" was clearly the most mentioned attribute to this athlete type.

Table 1. Relationship between attributes and athlete types (n=2000)

„What do you think, which type of athlete have these characteristics?"

Attribute	Hobby athlete	Professional individual athlete	Professional team athlete	Non-physical athlete	E-sport athlete	None of them
Creativity	33,29%	40,14%	37,21%	39,43%	20,80%	8,57%
Richness, money	9,24%	74,07%	56,99%	17,07%	12,27%	6,61%
Male	41,74%	70,68%	61,28%	39,05%	32,31%	10,72%
Appreciation	16,10%	71,32%	52,86%	25,39%	10,12%	8,00%
Female	50,23%	62,32%	55,17%	38,92%	25,64%	11,13%
Try new things	42,60%	37,36%	28,18%	26,57%	30,69%	8,35%
Young	44,83%	60,73%	51,80%	33,56%	34,30%	9,51%
Pay attention to others	26,49%	27,12%	67,90%	16,50%	9,99%	8,03%
Humble, modest	34,31%	26,09%	29,16%	22,03%	6,65%	24,14%
Traditional	31,22%	29,63%	34,72%	19,55%	4,92%	22,38%
Free	56,49%	35,56%	24,29%	25,98%	19,78%	11,75%
Slow	19,61%	6,68%	4,35%	21,14%	7,63%	52,20%
Successful	10,97%	81,15%	62,58%	24,06%	10,87%	5,86%
Fast	18,88%	69,23%	56,58%	18,64%	15,39%	10,04%
Adventures, interesting life	27,18%	59,07%	50,99%	15,37%	10,92%	10,74%
Respect	28,22%	64,76%	54,60%	30,10%	13,49%	9,13%
Honest	48,36%	50,17%	46,37%	35,74%	21,03%	12,05%
Modern	25,78%	33,41%	27,57%	28,53%	45,97%	9,84%
Have a good time	61,94%	56,16%	49,45%	35,15%	29,19%	5,87%
Joy	61,79%	61,47%	54,95%	38,47%	30,19%	6,26%

Source: Authors

After the frequency analysis in order to determine which of the attributes connects to which athlete types the most, we have carried out a correspondence analysis. The plot of our correspondence analysis is shown in Figure 1. The validity of the correspondence analysis was tested by Chi-square test with a significance level of 0.00, which is within the limit of 0.01, so it can be stated that the value of the inertia differs significantly from 0 and the two examined parameters related. Based on the perceptual map (Figure 1), the different types of athletes and the associated attributes can be grouped, but the "slow" and "traditional" attributes could not be connected to any of the established groups. The groups we have stated are circled on the perceptual map (Figure 1).

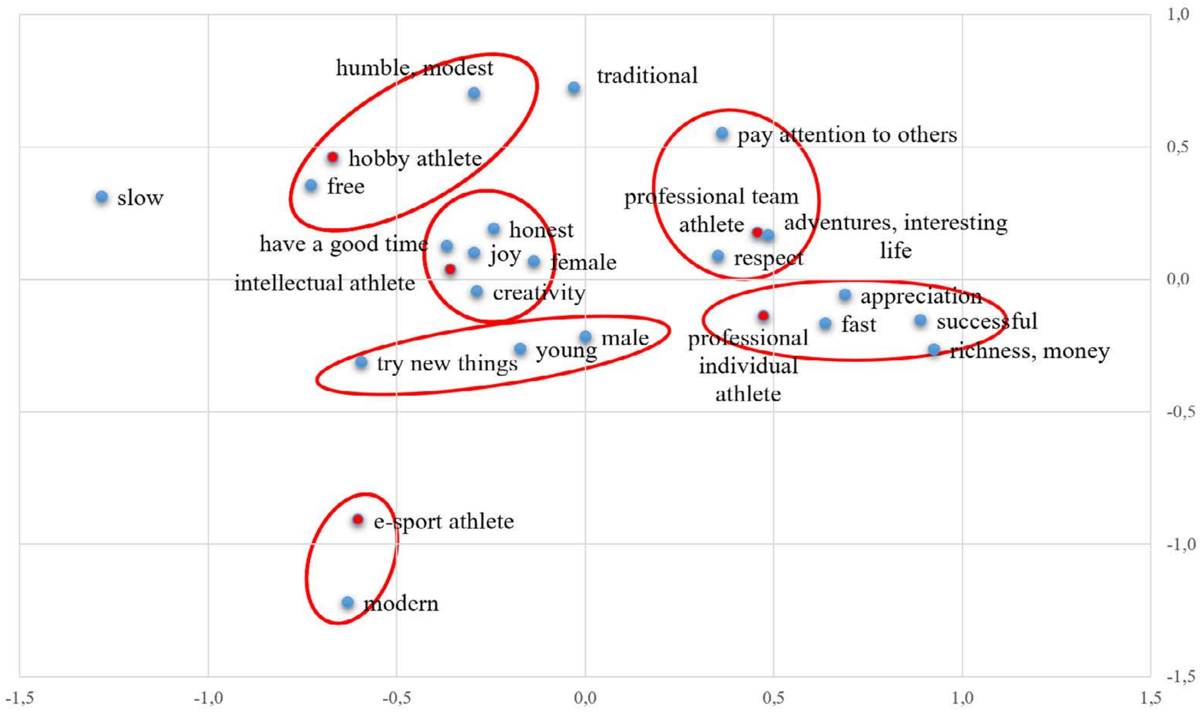
The type of *e-sport athlete* is clearly distinguished from the other types on the correspondence map and is clearly associated with the "modern" attribute for the respondents. All the other characteristics and athlete types are far away from it. In the case of a *hobby athlete* type, the connection is evident to "free" and "humble, modest" attributes, these qualities are the closest to this type of athlete. *Professional team athletes* are linked to the characteristics of "pay attention to others", "adventures, interesting life" and "respect", they form a group on the perceptual map. For respondents, the type of *individual professional athlete* is characterized by a higher rate of "fast", "appreciation", "successful " and "richness, money" compared to the average of the sample. From the examined athlete types, most associations are related to the type of *non-physical athletes* on the correspondence map. Respondents connected the attributes "have a good time", "joy", 'honest', "female", and "creativity" in a proportion above the average to this type.

"Try new things", "young", and "male" attributes are close to each other in association, so they form a group, but none of our tested athletes can be connected to this group. We haven't examined the athlete type related to extreme sports, this result may be warning of the lack of this type.

Analyzing the similarity of athlete types by the correspondence map, we came to the same conclusion as in the analysis of the frequency of answers. The *individual professional athlete* type and the *professional team athlete* type are very close to each other on the perceptual map, making them the most similar among the athlete types based on the associations. The types of *non-physical athletes* and *hobby athlete*s are also close to each other on the correspondence map, though not as much as the previous two examined groups, thus confirming the results obtained from the analysis of frequency analysis. So *non-physical athletes* and *hobby athlete*s are more similar to each other than to any of the other 3 types. Based on the correspondence map, the type of *e-sport* athletes, like in the frequency analysis results, does not show similarity with any other examined athlete type, it stays far from the other types.

Figure 1. Correspondence map – Relationship between attributes and athlete types(n=2000)

„What do you think, which type of athlete have these characteristics?"



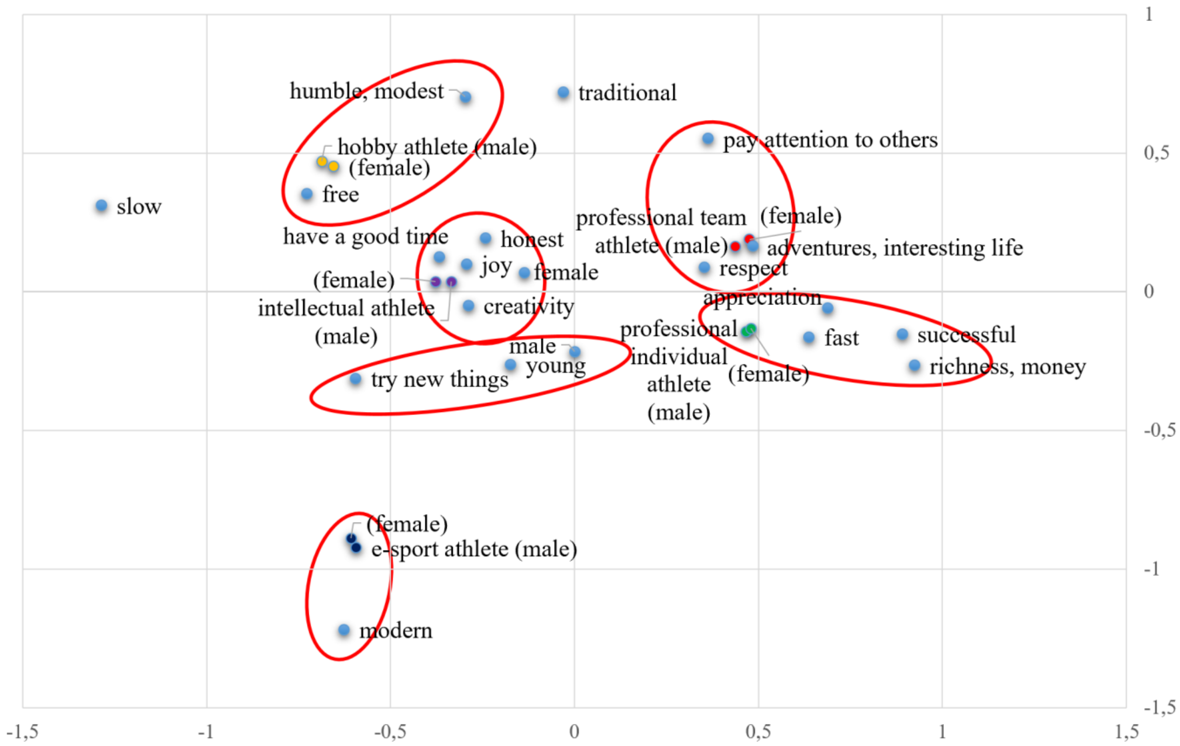
Source: Authors

In order to gain more information and to find out the differences between the perceptions of different types of athletes among the population, we examined the significant differences in the statistical sense which can be found in the frequency of responses in the dimensions of *genders*, *generations*, *sporting habits*, and *cheering habits*. After we divided the sample into several groups based on each of these criteria, we made another correspondence analysis for each of the 4 criteria, to make further findings about perceptual differences between different groups of the population.

Analysing *gender* differences, it appears that there are just only few differences between men's and women's perceptions of athlete types. Men mentioned "creativity" and "young" qualities for *professional team athletes* in a significantly higher rate and "creativity", "try new things", and "respect" attributes for *e-sport* athletes in a higher proportion than women. Women connected "humble, modest," and "traditional" characteristics for *none of them* category in a higher rate as men did. However, these significant differences we observed did not occur in those attributes, which specify the athlete types based on the frequency results. They also do not affect the linking of athlete types to attributes on the correspondence map. The perceptual map of the repeated correspondence analysis after the *gender* breakdown of the population (Figure 2) confirms that there are very little gender differences in perception of the characteristics associated with athlete types.

Figure 2. Correspondence map – Gender approach – Relationship between attributes and athlete types (n=2000)

„What do you think, which type of athlete have these characteristics?"



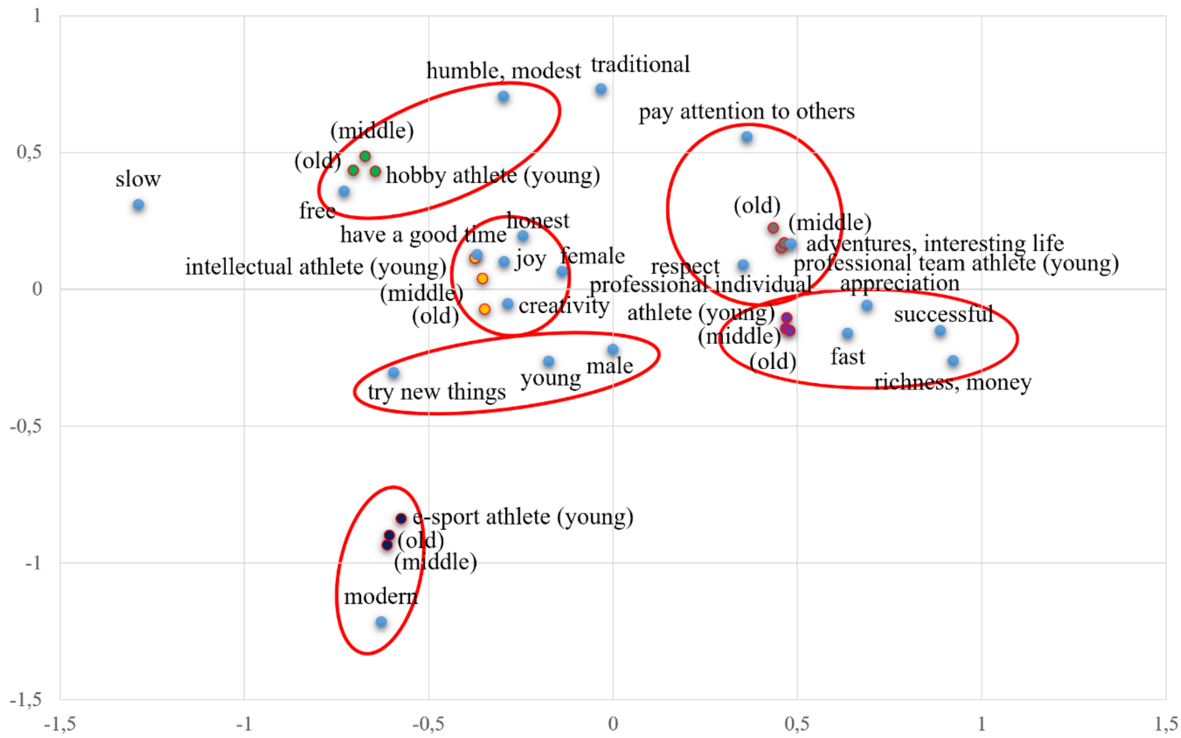
Source: Authors

Looking at the *generational* differences, we have found a number of significant differences in the attributes associated with athlete types. However, in these differences we did not find any regularity. In this analysis, we will only show those differences that have a significant impact on the perception of athlete types between *generations*. In other words, we only show significant differences between *generations* when they affect an important attribute of an athlete type on the basis of frequency analysis, or on the basis of the correspondence analysis. In the case of *hobby athlete*s, there is a significant difference in "joy", "have a good time", and "free" attributes, which according to our frequency analysis are the most characteristic of this type. On the correspondence map, *hobby athlete*s are associated with the "free", and "humble, modest" qualities, which also show significant differences between generations. The direction of these differences is the same in all four cases, the members of the younger generation and the middle generation have linked these qualities in the same proportion to the *hobby athlete*s, but the members of the old generation have evaluated them in a lower rate.

In the case of *e-sport* athletes, we have identified one significant difference. The "modern" attribute was mentioned at a smaller proportion to this group by members of the old generation than the members of young and the middle generations. In the case of *individual professional* athletes, *professional team athlete*s, and in the case of *non-physical athlete*s, we did not identify any significant differences in the dimension of the generations in connection with their defining qualities.

Figure 3. Correspondence map – Generational approach– Relationship between attributes and athlete types (n=2000)

„What do you think, which type of athlete have these characteristics?"



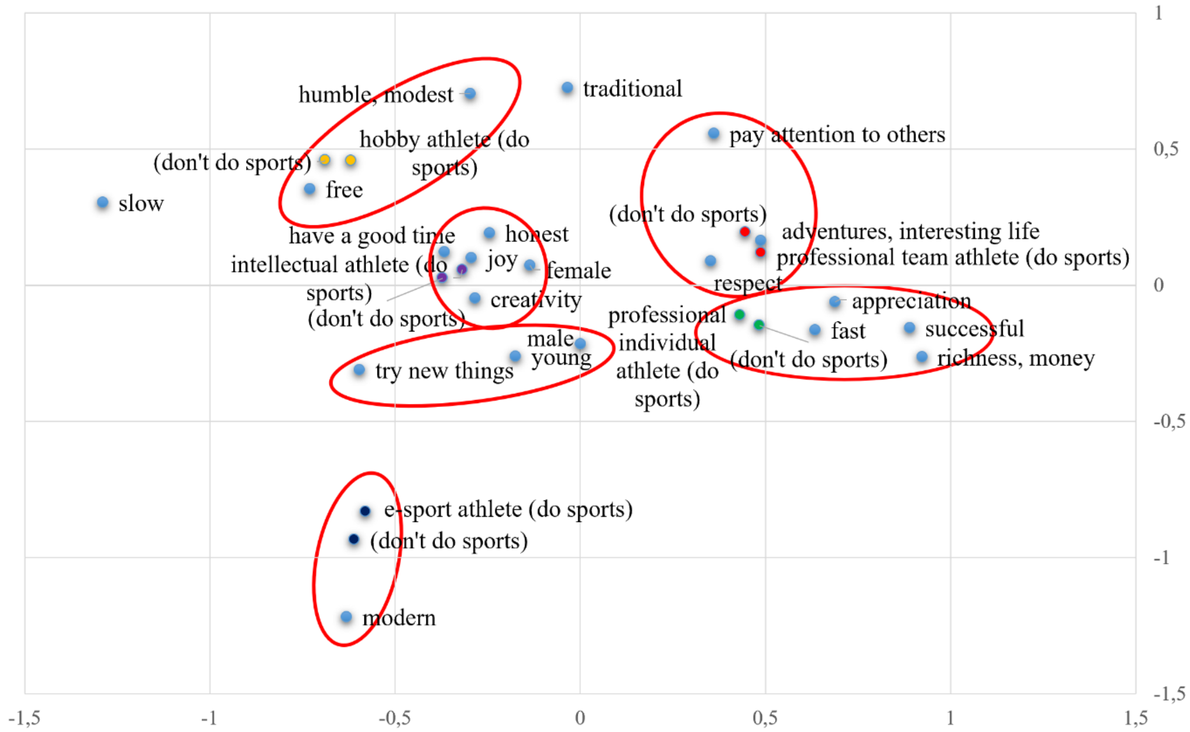
Source: Authors

By conducting the correspondence analysis on the divided sample into *generations*, it emerged that the significant differences we identified do not affect greatly the perception of athlete types among generations. The perceptual map (Figure 3) clearly shows that for each *generation* the attributes are related to the same types of athletes, like in the general correspondence analysis (Figure 1). It is also true that the distances of perception of each athlete type from the attributes show minimal differences. It is worth mentioning that for the old generation, the type of *non-physical athlete* is closer to the "young" and "male" qualities than for the young and middle generations. However, from our study's point of view, we cannot make meaningful statements in the dimension of intergenerational differences because of the slight differences of the correspondence map.

Based on these statements, we can conclude that our general findings on the overall sample are considered really stable in the case of genders and generations.

Figure 4. Correspondence map – sporting habits approach– Relationship between attributes and athlete types (n=2000)

„What do you think, which type of athlete have these characteristics?"



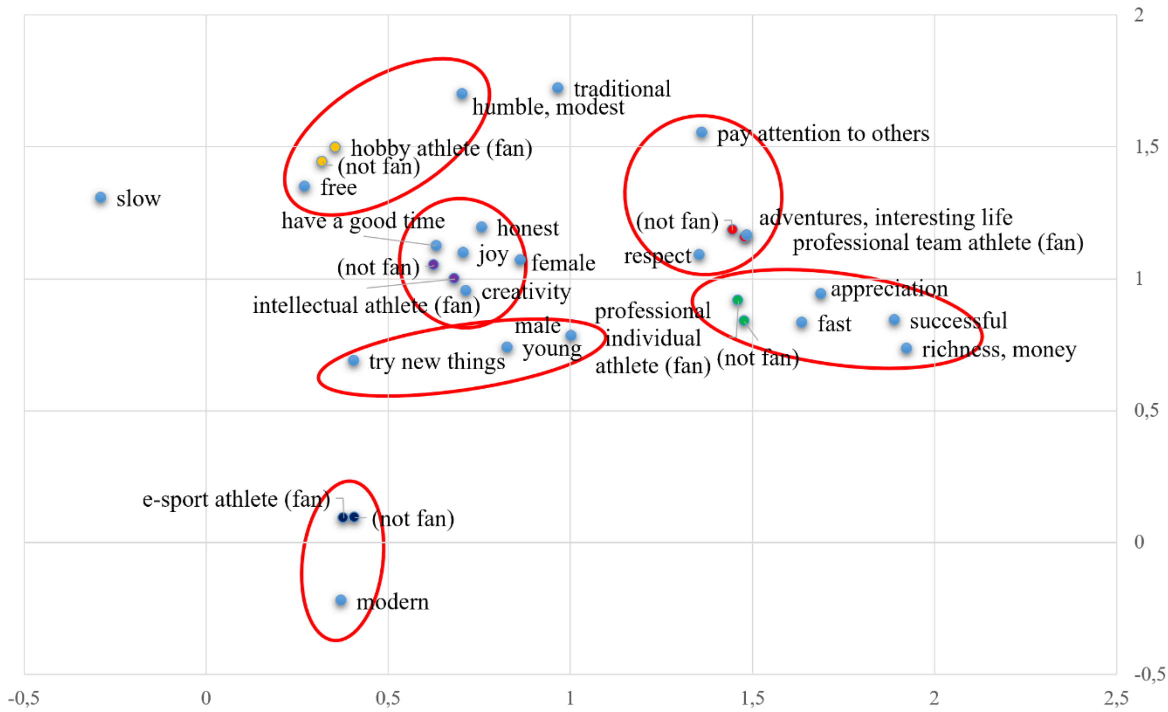
Source: Authors

When we examined the attributes associated with the athlete types in the dimensions of sporting and *cheering habits*, we gained very similar results in both cases. We divided our sample into two groups based on sporting habits, one of them became those who do sports regularly while the others are those who do not do sports regularly. Figure 4 shows that there is no significant difference in the correspondence analysis between those who perform sport activities regularly and those who do not perform them regularly in their perception of athlete type characteristics. However, it is interesting, that in the frequency analysis significant differences were found in many cases.

The 20 examined attributes associated with each of the 5 athlete types results a total of 100 frequency ratios, of which 52 were found to be significantly different in terms of sporting habits. All these 52 deviations, without exception, meant a higher ratio of the connected attributes to athlete types among those who do sports regularly. Comparing this result with the results of correspondence analysis (Figure 4), we can conclude that those who perform sports regularly and those who don't combine similar qualities to each type of athletes, but those who participate in sports regularly see these related attributes more intensively than those who do not do sports regularly. This occurence may be due to the fact, that they are involved in sporting activities themselves, and their personal involvement in sport is strong, which makes their perception of athlete types different, maybe more positive than those who do not participate in sports.

Figure 5. Correspondence map – Cheering habit approach– Relationship between attributes and athlete types (n=2000)

„What do you think, which type of athlete have these characteristics?"



Source: Authors

We got very similar results when we split the sample into two parts based on the cheering habits, to those who cheer for a sports team and those who don't. Figure 5 shows that, according to our correspondence analysis, the associations of the two groups differ only slightly from each other again. However, in our frequency analysis, we found significant differences between the two groups in 48 cases from the previously mentioned 100 association ratios. With one exception sport team fans mentioned attributes in higher ratios to athlete types. So, as in the case of cheering habits, the fans and non-fans are seeing the athlete types similarly, but those who cheer for sport teams probably could connect attributes to athlete types more intense, in a higher ratio because of their personal involvement.

3. CONCLUSION

During our research, we managed to identify a field of research in sports consumption that had not been previously investigated by researchers. This issue is the topic of the attributes associated with different types of athletes by the population, which provides valuable information for sports marketing professionals to position their products and services as accurately as possible.

In our research, we examined the perceived attributes to different athlete types in Hungary by a sample of 2000 paper and pencil personal interviews. In our study, we observed in case of 5 different types of athletes which of the 20 attributes our respondents connect to particular athlete types. We analyzed the frequency of the responses to our survey, and then, using a correspondence analysis, we determined which type of athlete is close to which attribute and thereby how they are connected. According to the correspondence analysis, the type of *hobby athlete* was connected to the attributes "free" and "humble, modest" in the associations of respondents. In terms of answer frequencies, many people also mentioned the characteristics of "have a good time", "joy", and "female" in regard to this athlete type. Based on the correspondence analysis, the perception of the *non-physical athletes* was close to the perception of *hobby athletes*, but because of the distance between them on the perceptual map, other attributes can be linked to them. According to the correspondence map the characteristics of "have a good time", "joy", "honest", "female", and "creativity" were attached to this group above average. In the case of *non-physical athletes*, the mention rate of "creativity" and "male" was also high in terms of answer frequencies. On the correspondence map the type of *professional team athlete* was close to the attributes of "pay attention to others", "adventures, interesting life" and "respect", while in the case of answer frequencies, respondents mentioned the "successful", "male" and "richness, money" qualities for this type in a high ratio. On the perceptual map of the correspondence analysis the type of *professional team athlete* was very close to the type of professional individual athlete, which similarities were highlighted in the case of mentioning frequencies. According to the correspondence analysis the *individual professional athlete* type is characterized by a higher rate of "fast", "appreciation", "successful" and "richness, money" compared to the average of the sample. Based on the frequency of answers the "male" attribute also characterized this type well. The type of *e-sport* athletes was closest to the "modern" attribute on the correspondence map, and all the other tested attributes were very far from it. The same was confirmed by the high rate of mention of "modern" attributes for *e-sport* athletes in terms of answer frequencies.

Our results were also examined in cross-sections of *gender*, *generations*, *sporting habits*, and *cheering habits*, to explore the differences between groups that can be developed on the basis of these criteria in the perception of athlete types. The result of our general, full-sample analysis was found to be very stable and there was no significant difference in the structure of athlete type detection according to any of the previously mentioned criteria we examined.

This study is based on data from a representative sample in Hungary, which would make it useful to carry out an international research in this topic in order to deepen the results. For a deeper understanding of the characteristics of athlete types perceived by the population, a more specific, mainly qualitative research is needed. The results of our research, in addition to providing guidance to practical sports marketing professionals in the development of accurate positioning in their daily work, can also be a good base for attracting interest to this topic and inspiring further research.

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ATRIBUTI POVEZANI S TIPOVIMA SPORTAŠA U MAĐARSKOJ

SAŽETAK

Smatramo važnim ispitati kako ljudi razmišljaju o različitim tipovima sportaša i kakve kvalitete im pridaju. Stoga smo sportaše podijelili u pet različitih tipova: oni koji se sportom bave iz hobija, profesionalni individualni sportaši, profesionalni timski sportaši, nefizički i e-sport sportaši. U našem istraživanju ispitali smo karakteristike koje su povezane s tipovima sportaša, što je jedinstveno u literaturi o sportskoj potrošnji. Članovi društva različito doživljavaju različite tipove sportaša. Istraživanje karakteristika ovih tipova može značajno pomoći tvrtkama u svakodnevnom radu na sportskom tržištu kako bi odredili različite ciljne segmente i kako bi ih na odgovarajući način pozicionirali. Studija podržava ovo stajalište predstavljanjem rezultata istraživanja na uzorku od 2000 ispitanika, stanovnika Mađarske u dobi od 15 do 74 godine rađeno kako bi istražili karakteristike sportskih tipova koje društvo smatra karakterističnim. Istraživanje se provodi u okviru Projekta EFOP-3.6.2-16-2017-003. Korespondencijskom analizom (correespondence analysis - CA) utvrdili smo da su atributi povezani sa svakim tipom sportaša odvojeni jedan od drugog. Dok su neki od ispitivanih atributa jasno povezani s određenim tipom, drugi ne pokazuju takav uvjerljivi odnos. Na temelju naših nalaza, tipovi sportaša koji se sportom bave iz hobija bili su povezani s atributima “slobodnog” i “skromnog”. Atributi „visokog poštovanja“, „brzog“, „bogatog“ i „uspješnog“ povezane su s tipom profesionalnog sportaša pojedinca, dok je tip profesionalnog sportaša u timu povezana s „poštovanjem“, „avanturama“, „zanimljivim“ život “i„ obratite pozornost na druge “. Među ispitivanim tipovima, nefizički sportaš bio je povezan s najviše atributa, koje su bile “pošten”, “radost”, “imaju dobar provod”, “žene” i “kreativnost”. Tip sportaša e-sporta najviše se razlikovala od ostalih vrsta, što je usko povezano s atributom “modernog”. Pretpostavili smo da daljnja analiza asocijacija daje vrijedne informacije, primjerice fokusiranje na određene segmente društva tijekom obrade. Međutim, analiza prema dobi, spolu, sportskim navikama, prihodima kućanstva pokazala je samo minimalne razlike između asocijacija u vezi s vrstama sportaša.

KLJUČNE RIJEČI: sportska potrošnja, sportski marketing, tipovi sportaša, korespondencijska analiza (correspondence analysis - CA).

SUSTAINABLE DEVELOPMENT ON THE LOCAL COMMUNITY LEVEL

PRETHODNO PRIOPĆENJE/PRELIMINARY COMMUNICATION UDK: 502.131.1:332.14 JEL: Q56 ; H76

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ABSTRACT

Sustainable development starts with changes in our personal values and continues with the transfer of those changes to all areas of our life. Democracy, transparent behaviour and responsible management on national and local levels are the necessary foundation for the realisation of sustainable development. The participation of all social stakeholders in making decisions through advisory processes, dialogue and creation of partnerships is one of the key implementation tasks. A significant place in such a sustainable development concept is taken by special plans and strategic development documents of the local community, for which it is necessary to ensure the participation of all the parties interested in the decision-making processes, from the national and local authorities, civil society organisations to the business sector and promotion of dialogue and gaining of trust in order to develop social capital. In order for the local community to integrate it all in its system, it is necessary to make strategic thinking and planning with the aim of efficient connection of different sector policies, place concrete, realistic and measurable goals in medium and long-term plans and establish partner relations. This paper presents the results of the empirical research of the interested and informed public, including what their positions are with regard to the sustainable development principles and if they are applied and recognised in the process of creation and adoption of local community physical and development plans. A quality research on a target sample has been implemented by the deep interview method and participant observation. In the analysis of empirical material, the method of founded theory was used, and the quantification of qualitatively processed and encoded material was made. The majority of the examinees express a negative view and are of the opinion that the sustainable development principles are not sufficiently applied and recognised in the procedures of creating and adopting local community physical and development plans.

KEY WORDS: local community, sustainable development, informing the public.

1. INTRODUCTION

International documents and declarations of sustainable development reinforce the local community by promoting its rights, enhancing environmental management systems, advising on financial mechanisms that will support local investment and innovation for sustainability, learning and strengthening of an indigenous and public voice in national and international political processes. However, difficulties in achieving equal acceptance and implementation of the three pillars of sustainable development, i.e. an environmental, economic and social approach to sustainability, are experienced in various areas. The participation of all social stakeholders in decision-making through the processes of consultation and dialogue and the creation of a partnership is one of the key tasks for the implementation of the principles of sustainable development. Spatial plans and strategic development documents of the local community hold an important place in this concept of sustainable development, and it is, therefore, necessary to ensure the participation of all interested parties in decision-making processes, from national and local authorities to civil society organisations to the economic sector, while promoting dialogue and gaining confidence in order to generate social capital. In order for the local community to integrate all this into its system, strategic thinking and planning are needed with the aim of effectively linking different sectoral policies, setting concrete, realistic and measurable goals in medium- and long-term plans and establishing partnerships. Local communities therefore adapt the principles of sustainable development to their environment, with an emphasis on the use of energy and water, waste management, protection of natural and cultural values, where all three sectors work together to create a sustainable society. Decarbonisation, the abandonment of fossil fuel policies, the use of renewable energy sources, water management systems and food production, waste and wastewater management practices, sustainable traditional practices should be the basis for planning local community development. Change takes time, change comes from many different directions, so involving all local community governance structures as the driving force of this proposal is necessary for feasibility and success. The growing amount of produced municipal waste and the demand for clean water needed for maintenance today has reached a serious infrastructural critical point of urban but also rural agglomerations. Development documents in local communities, therefore, propose the introduction of an organised but decentralised system of integrated management centres that approach water and waste in a comprehensive and synergistic way of sustainable development.

The lack of a strong expert team dedicated to shaping public policy and advising legislators on how to apply proposed sustainable development measures that correspond to differences in local culture and tradition may result in inflexible or poorly conducted implementation in local plans. Since this is a multifaceted approach facing the society, the primary responsible stakeholders should be the state and local government. However, public contracting is a common method of implementing many of the proposals we integrate into our framework, which should present opportunities for the participation of private companies offering services or products that can provide governments with needed materials and expertise. In the implementation of the environmental, economic and social dimension of sustainable development, the emphasis is on the synergy of the public, economic and civil sector. Environmental democracy implies that all those affected by a particular decision must be involved in addressing an environmental issue, and not just the state bodies and the economic sector (Ofak, 2009). It is clear that most countries employ a nationalised, public and regulatory method to boost investment in energy, the establishment of a waste management system, agriculture, tourism, etc. Private companies will also play a role in the development of innovative technologies that are also cost effective. Encouraged by public investment, start-ups and laboratory spin-offs will serve as a means of conducting laboratory research in the real world. The local community is examined as a focal point for establishing a commitment to environmental sustainability and, thus, community dynamics play a central role in decision-making, stakeholder identification and public participation. The goal of early involvement and continuous public participation in the process is creating the preconditions that allow the public to significantly affect the outcome of the process (Cox, 2013). A risk analysis and the recognition of a possible crisis also play an important role. The rules for effective communication during a crisis are: determining the goals of crisis communication, developing sincere equal relationships with important organisations and groups, a crisis management organisation must recognise all stakeholders as partners, including the media (Tafra-Vlahović, 2011). Sustainable development through spatial planning documents at the local level links the responsibilities of public authorities and environmental protection and focuses on democratic co-operation with the public in the new process of information and implementation of international treaties (Pfeffer, 2010).

In his paper "The politics of stakeholder theory: some future directions", Freeman points out that stakeholders are well aware of how an economic activity is organised and how it could be organised (Freeman, 1994). They have knowledge of the general facts on how the corporate world functions. They know that there are or might be transaction costs, externalities and positive contracting costs in the real world, they are not sure why there are other social institutions but are aware of the scope of these institutions. They do not know whether there is a government to pay for any externalities or whether there will be watchdogs as in the libertarian theory. They know the stories of success and failure of companies around the world. Freeman emphasises the doctrine of fair contracts and introduces six fundamental rules or principles: a) the principle of entry and exit; b) the principle of governance; c) the principle of externalities; d) the principle of contracting costs; e) the agency principle; f) the principle of limited immortality. These principles, according to Freeman's recommendations, would guide actual stakeholder groups in devising a corporate constitution or charter, and the governing bodies would be required to act in accordance with a particular constitution or charter. Clearly, if the doctrine of a fair contract and its corresponding background stories has an effect on actual changes, there must be a need for changes allowed by the laws of the country. Freeman further proposes three principles that should serve as constituent elements of any attempt at corporate law reform: the stakeholder-enabling principle – corporations shall be managed in the interests of stakeholders, defined as employees, financiers, customers and the community; the principle of director responsibility – directors of the corporation shall have a duty to make reasonable decisions to define and direct the affairs of the corporation in accordance with the stakeholder-enabling principle; the principle of stakeholder recourse – stakeholders may bring an action against the directors for failing to perform the necessary obligations. It is clear that there is more work to be done to establish these principles in terms of a legislative model with regard to how business ethics should advance. They are trying to capture the intuitions that drive liberal ideals. It is equally clear that corporate constitutions that meet conditions such as the doctrine of fair contracts should allow directors and executives to manage the corporation in accordance with the same liberal ideals. Much of the business ethics has advanced under the influence of the separation thesis.

Freeman points out that business theorists did not want to delve into what they consider the intellectual swamp of moral theory, but fortunately this scenario has changed with the increase in dialogue between philosophers, business academics and managers. Still, the shadow of the separation thesis lies across everything. Unless business can be invented anew, he and his associates remain open to accusations of reserving a special place for business ethicists. Thus, our task is to take metaphors such as the concept of stakeholders and incorporate them into a story of how human beings create and exchange values. In order to see the role of business ethicists as those who re-create the corporation and describe the complex people working in the corporation, one must become pragmatic. The question for the pragmatist is not so much "what is truth?" as it is "how should we live?", or better yet "how does this story allow us to live?" or "how does this way of speaking allow us to act?" Therefore, on the pragmatic basis, for example, the idea of stakeholders is a part of the story of how we live and how we could live, how we could experiment with various institutional arrangements and how we organise and how we could organise a sphere of our lives built mainly around something that we call "work". To see the idea of stakeholders as replacing some hackneyed business metaphors with new ones – such as shareholders with stakeholders, people as economic beings with people as moral beings and a whole range of corporate laws with the doctrine of fair contracts – is to deny finding a moral cornerstone for business. Finding such cornerstones required by the separation thesis is, according to Freeman, particularly unsuccessful on the pragmatic basis, because there is no foundation for either business or ethics. He emphasises that all we have is our own history, culture, institutions and our imagination. For pragmatists, "just us" is worth more than "justice" or "justification" in every sense of the cornerstone. The financial value of our metaphors and stories is precisely the way they allow us to live, and the proof is in life.

The process of aligning and satisfying the interests of different beneficiaries with often opposing interests, which have a spatial dimension, is a political process, which also adds political features to spatial planning (Bilen, 2011). Undertaking activities in space management is one of the most visible activities of the government, which is directly manifested in the local community and thus felt most directly by the residents, while decisions on the utilisation of space, i.e. its use, are made in political institutions in a complex process of political decision-making. In formulating space management policies and making decisions in relation to spatial planning in the Republic of Croatia, the local government is dominant compared to other participants, and a well-organised civil sector, primarily citizens with a stronger cognitive engagement (knowledge, interest, a sense of satisfaction that encourages them), can with various incentives and motivation, resources and existing social capital strongly affect certain solutions in the public sphere, especially those concerning public spaces (Radman, 2009).

The aim of this paper is to determine the level of information of the target groups and sector groups *according to the differences in information and attitudes between the interested public and the public about whether the principles of sustainable development are applied and recognised in the procedures of drafting and issuing spatial and development plan documents of the local community.*

Based on the obtained results of the empirical research, a **general hypothesis (H_G)** was established as follows:

there are significant differences between the target groups and sector groups according to the differences in information and attitudes between the interested public and the public about whether the principles of sustainable development are applied and recognised in the procedures of drafting and issuing spatial and development plan documents of the local community

2. MATERIAL AND METHODS

The qualitative study was carried out using a purposive sample and the methods of in-depth interview and participant observation. The method of grounded theory was used in the analysis of the empirical material. Three basic types of coding were applied: open or initial coding, axial coding, selective coding. The initial coding included the first rearranging and sorting of the data, noting similarities and forming response groups. Final analysis and categorisation of the key concepts created the conceptual matrix with the content of qualitative empirical material in the integrated theoretical framework (Holton, 2007; Charmaz, 1990). Inductive and deductive methods were used on the data, as well as the method of analysis and synthesis, comparison method, classification method, and the descriptive method (Silverman, 2006). The study was conducted in 2014. Respondent selection was done according to previously set criteria: a target sample of participants in the empirical study who are involved in the procedures relevant to the research either professionally or voluntarily (Pletikosić, 2012). The sample was defined with 100 entities, 46 males and 54 females. The average respondent age was 52.1 years. Respondents were divided into 10 subsamples (target groups) which were qualitatively defined with 10 entities:

1. STUDY MAKERS – persons authorised by the Ministry of Environmental and Nature Protection;
2. DEVELOPERS – investors;
3. MINISTRY OF ENVIRONMENT/COMMITTEE – representatives of the governing body conducting the process, and members of committees for study evaluation;

4. CITIES – representatives of the employees of the city administration for environmental protection responsible for conducting public debates, and spatial planning representatives;
5. COUNTIES – representatives of the employees of the county administration for environmental protection responsible for conducting public debates, and spatial planning representatives;
6. ASSOCIATIONS – representatives of non-governmental environmental associations;
7. CIVIL INITIATIVES – representatives of NGOs and civil society who are involved in the process, but are not environmentally oriented;
8. ECONOMIC ASSOCIATIONS – representatives of the Croatian Employers' Association, Croatian Chamber of Commerce, and other economic interest associations;
9. POLITICAL PARTIES – representatives of political structures which are included in the process;
10. SCIENTISTS/JOURNALISTS – representatives of academic institutions and journalists who are involved in the process.

Three new qualitatively defined control groups (clusters) were classified based on the above subsamples:

1. PUBLIC SECTOR – 40 respondents from target groups: MIN. OF ENVIRONMENT/COMMITTEE, CITY, COUNTY, SCIENTISTS/JOURNALISTS;
2. CIVIL SECTOR – 30 respondents from target groups: ASSOCIATIONS, CIVIC INITIATIVES, POLITICAL PARTIES;
3. ECONOMIC SECTOR – 30 respondents from target groups: STUDY MAKERS, DEVELOPERS, ECONOMIC ASSOCIATIONS.

Research material consisted of two dependent (grouping) variables according to the criteria of the target group, the criteria of the control group, and one independent variable. The respondents were asked to state their opinion on whether there were differences between the public and the interested public in environmental impact assessment procedures. The responses related to the two independent variables were coded with a measuring scale from 1 to 3. We calculated the following descriptive parameters: frequency and cumulative relative values of the responses in the whole sample, and in the predetermined focus and control groups. Processing was carried out using the Statistica Ver.11.00 software suite (Petz et al., 2012).

3. RESULTS

Quantitative processing of the variable and entity matrix was based on the given responses qualitatively defined by the question:

> *Do you believe that the principles of sustainable development are applied and recognised in the procedures of drafting and issuing spatial and development plan documents of the local community?*

The respondents expressed their attitudes and opinions about whether the principles of sustainable development are applied and recognised in the procedures of drafting and issuing spatial and development plan documents of the local community.

The respondents' responses were defined in three levels:

The *first group* was classified according to negative responses and represents those entities that replied:

> No, the principles of sustainable development are not applied or recognised in the procedures of drafting and issuing spatial and development plan documents of the local community. Spatial planning is the strongest instrument of political power at the local level, as shown by the fact that after the local elections changes to spatial plans that favour individual interests rather than general and social interests are regularly made. It is unclear what the public interest is and politicians try to present everything as a contribution to sustainable development while they actually have no vision for the development. Public participation in the entire process is insufficient, the procedures are non-transparent, the civil sector is ignored.

Quantitatively, these negative responses were coded as zero (0), for the upcoming statistical data processing.

The *second group* replied that it did not have enough information, did not know or was not sure how to respond, was undecided, and stood by the following positions:

> I am not sure, I am not familiar, I am partially familiar. I cannot estimate it because I do not know the details of the practical implementation of the procedure.

Quantitatively, these undecided responses were coded as one (1), for the upcoming statistical data processing.

The *third group* of entities responded affirmatively, and argued its views as follows:

> Yes, the principles of sustainable development are applied and recognised in the procedures of drafting and issuing spatial and development plan documents of the local community, as confirmed by significant financial resources obtained from EU funds. In order to obtain the support from EU funds for the local community, one of the main criteria is to demonstrate the principles of sustainable development and planning of these projects in the spatial planning documentation. The interested public and the civil sector are involved in the process from the very beginning and their participation lasts throughout the process until the adoption of a spatial plan.

Quantitatively, these affirmative responses were coded as two (2), for the upcoming statistical data processing.

The name of the response to a question in the statistical process was defined using a codenamed variable that reads: principles of sustainable development_local spatial plans.

Table 1 shows the frequency of all instances of entities and the variable *principles of sustainable development_local spatial plans*.

Table 1. Absolute and cumulative relative frequencies of the variable *principles of sustainable development_local spatial plans*, N=100.

Responses	Frequency	Cumulative relative frequency
0	72	72.00
1	11	83.00
2	17	100.00

Legend: **0** – no; **1** – I do not know, I am not sure; **2** – yes.

A total of 72% of respondents believe that the principles of sustainable development are not applied or recognised in the procedures of drafting and issuing spatial and development plan documents of the local community.

11% of respondents remained indecisive regarding this question, while 17% of entities expressed a positive attitude that the principles of sustainable development are applied and recognised in the procedures of drafting and issuing spatial and development plan documents of the local community.

Table 2 shows the frequency of the variable *principles of sustainable development_local spatial plans* in the 10 predefined *target groups*.

Table 2. Frequencies of the variable *principles of sustainable development_local spatial plans*, N=100.

Responses	SM	DE	ME	CI	CO	AS	CI	EA	PP	S/J	Total
0	7	8	8	6	3	10	7	5	10	8	72
1	1	2	0	0	0	0	3	4	0	1	11
2	2	0	2	4	7	0	0	1	0	1	17

Legend: **0** – no; **1** – I do not know, I am not sure; **2** – yes.

SM – STUDY MAKERS – persons authorised by the Ministry of Environmental and Nature Protection;

DE – DEVELOPERS – investors;

ME – MINISTRY OF ENVIRONMENT/COMMITTEE – representatives of the governing body conducting the process and members of committees for study evaluation;

CI – CITIES – representatives of the employees of the city administration for environmental protection responsible for conducting public debates and spatial planning representatives;

CO – COUNTIES – representatives of the employees of the county administration for environmental protection responsible for conducting public debates and spatial planning representatives;

AS – ASSOCIATIONS – representatives of non-governmental environmental associations;

CI – CIVIL INITIATIVES – representatives of NGOs and the civil sector who are involved in the process, but are not environmentally oriented;

EA – ECONOMIC ASSOCIATIONS – representatives of the Croatian Employers' Association, Croatian Chamber of Economy, and other economic interest associations;

PP – POLITICAL PARTIES – representatives of political structures which are included in the process;

S/J – SCIENTISTS/JOURNALISTS – representatives of academic institutions and journalists who are involved in the process.

Table 2 shows the difference in the frequency of the variable *principles of sustainable development_local spatial plans* depending on the target group, so some subsamples differ completely according to defined responses. Namely, the representatives of non-governmental environmental organisations (*ASSOCIATIONS*) and the representatives of political structures involved in the process (*POLITICAL PARTIES*) gave the maximum number of negative responses and expressed their opinion that the principles of sustainable development are not applied or recognised in the procedures of drafting and issuing spatial and development plan documents of the local community.

The representatives of the employees of the county administration for environmental protection responsible for conducting public debates and spatial planning representatives (*COUNTIES*) are the only target group that mostly expressed a positive attitude that the principles of sustainable development are applied and recognised in the procedures of drafting and issuing spatial and development plan documents of the local community.

Qualitative analysis of the frequency of the variable *principles of sustainable development_local spatial plans* is shown in Table 3.

Table 3. Frequencies of the variable *principles of sustainable development_local spatial plans* according to the *sector group*, N=100

Responses	PUBLIC SECTOR	CIVIL SECTOR	ECONOMIC SECTOR	Total
0	25	27	20	72
1	1	3	7	11
2	14	0	3	17
total	40	30	30	100

Legend: **0** – no; **1** – I do not know, I am not sure; **2** – yes.

Public sector – *MINISTRY OF THE ENVIRONMENT/COMMITTEE, CITIES, COUNTIES, SCIENTISTS/JOURNALISTS;*

Civil sector – *ASSOCIATIONS, CIVIL INITIATIVES, POLITICAL PARTIES;*

Economic sector – *STUDY MAKERS, DEVELOPERS, ECONOMIC ASSOCIATIONS.*

63% of the public sector representatives expressed a negative attitude and pointed out that the principles of sustainable development are not applied or recognised in the procedures of drafting and issuing spatial and development plan documents of the local community, while 35% expressed the opposite attitude.

The civil sector and the economic sector also mostly gave negative responses for the variable *principles of sustainable development_local spatial plans* according to the *sector group* with the relative share of 90% (*ASSOCIATIONS, CIVIL INITIATIVES, POLITICAL PARTIES*) and 67% (*STUDY MAKERS, DEVELOPERS, ECONOMIC ASSOCIATIONS*) of the total number of respondents.

Table 4. The results of the post hoc analysis of the variable *principles of sustainable development_local spatial plans* between the *target groups*, N=100

	SM	DE	ME	CI	CO	AS	CI	EA	PP	S/J
SM		0.99	1.00	0.99	0.12	0.84	1.00	1.00	0.84	1.00
DE	0.99		1.00	0.64	0.01	1.00	1.00	0.95	1.00	1.00
ME	1.00	1.00		0.95	0.05	0.95	1.00	1.00	0.95	1.00
CI	0.99	0.64	0.95		0.64	0.24	0.84	1.00	0.24	0.84
CO	0.12	0.01	0.05	0.64		0.00	0.02	0.24	0.00	0.02
AS	0.84	1.00	0.95	0.24	0.00		0.99	0.64	1.00	0.99
CI	1.00	1.00	1.00	0.84	0.02	0.99		0.99	0.99	1.00
EA	1.00	0.95	1.00	1.00	0.24	0.64	0.99		0.64	0.99
PP	0.84	1.00	0.95	0.24	0.00	1.00	0.99	0.64		0.99
S/J	1.00	1.00	1.00	0.84	0.02	0.99	1.00	0.99	0.99	

Legend:

SM – STUDY MAKERS – persons authorised by the Ministry of Environmental and Nature Protection;

DE – DEVELOPERS – investors;

ME – MINISTRY OF ENVIRONMENT/COMMITTEE – representatives of the governing body conducting the process and members of committees for study evaluation;

CI – CITIES – representatives of the employees of the city administration for environmental protection responsible for conducting public debates and spatial planning representatives;

CO – COUNTIES – representatives of the employees of the county administration for environmental protection responsible for conducting public debates and spatial planning representatives;

AS – ASSOCIATIONS – representatives of non-governmental environmental associations;

CI – CIVIL INITIATIVES – representatives of NGOs and the civil sector who are involved in the process, but are not environmentally oriented;

EA – ECONOMIC ASSOCIATIONS – representatives of the Croatian Employers' Association, Croatian Chamber of Economy, and other economic interest associations;

PP – POLITICAL PARTIES – representatives of political structures which are included in the process;

S/J – SCIENTISTS/JOURNALISTS – representatives of academic institutions and journalists who are involved in the process.

The Table 4 results of the post hoc analysis of the Tukey HSD test of the variable *principles of sustainable development_ local spatial plans* between the target groups show that there is a statistically significant difference between the six target groups except for the representatives *STUDY MAKERS* – persons authorised by the Ministry of Environmental and Nature Protection, *MINISTRY OF ENVIRONMENT/COMMITTEE* – representatives of the governing body conducting the process and members of committees for study evaluation, *CITIES* – representatives of the employees of the city administration for environmental protection responsible for conducting public debates and spatial planning representatives and *ECONOMIC ASSOCIATIONS* – representatives of the Croatian Employers' Association, Croatian Chamber of Economy, and other economic interest associations.

Based on the obtained results of the empirical research, a general hypothesis (HG) which reads:

there are significant differences between the target groups and sector groups according to the differences in information and attitudes between the interested public and the public about whether the principles of sustainable development are applied and recognised in the procedures of drafting and issuing spatial and development plan documents of the local community is fully confirmed and accepted.

4. CONCLUSION

This paper presents the results of empirical research conducted with the target groups and sector groups according to the differences in information and attitudes between the interested public and the public about whether the principles of sustainable development are applied and recognised in the procedures of drafting and issuing spatial and development plan documents of the local community. A total of 72% of respondents believe that the principles of sustainable development are not applied or recognised in the procedures of drafting and issuing spatial and development plan documents of the local community. 11% of respondents remained indecisive regarding this question, while 17% of entities expressed a positive attitude that the principles of sustainable development are applied and recognised in the procedures of drafting and issuing spatial and development plan documents of the local community. The representatives of non-governmental environmental organisations (*ASSOCIATIONS*) and the representatives of political structures involved in the process (*POLITICAL PARTIES*) gave the maximum number of negative responses and expressed their opinion that the principles of sustainable development are not applied or recognised in the procedures of drafting and issuing spatial and development plan documents of the local community. The representatives of the employees of the county administration for environmental protection responsible for conducting public debates and spatial planning representatives (*COUNTIES*) are the only target group that mostly expressed a positive attitude that the principles of sustainable development are applied and recognised in the procedures of drafting and issuing spatial and development plan documents of the local community. 63% of the *public sector* representatives expressed a negative attitude and pointed out that the principles of sustainable development are not applied or recognised in the procedures of drafting and issuing spatial and development plan documents of the local community, while 35% expressed the opposite attitude. The civil sector and the economic sector also mostly gave negative responses for the variable *principles of sustainable development_local spatial plans* according to the sector group with the relative share of 90% (*ASSOCIATIONS, CIVIL INITIATIVES, POLITICAL PARTIES*) and 67% (*STUDY MAKERS, DEVELOPERS, ECONOMIC ASSOCIATIONS*) of the total number of respondents. The results of the post hoc analysis of the Tukey HSD test of the variable principles of sustainable development_local spatial plans between the target groups show that there is a statistically significant difference between the six target groups except for the representatives *STUDY MAKERS* – persons authorised by the Ministry of Environmental and Nature Protection, *MINISTRY OF ENVIRONMENT/COMMITTEE* – representatives of the governing body conducting the process and members of committees for study evaluation, *CITIES* – representatives of the employees of the city administration for environmental protection responsible for conducting public debates and spatial planning representatives and *ECONOMIC ASSOCIATIONS* – representatives of the Croatian Employers' Association, Croatian Chamber of Economy, and other economic interest associations.

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ODRŽIVI RAZVOJ NA RAZINI LOKALNE ZAJEDNICE

SAŽETAK

Održivi razvoj počinje s promjenama naših osobnih vrijednosti i nastavlja se prijenosom tih promjena u sva područja našeg života. Demokracija, transparentno ponašanje i odgovorno upravljanje na nacionalnoj i lokalnoj razini nužan su temelj za ostvarivanje održivog razvoja. Sudjelovanje svih društvenih dionika u donošenju odluka putem savjetodavnih procesa, dijaloga i stvaranja partnerstava jedan je od ključnih zadataka provedbe. Značajno mjesto u takvom konceptu održivog razvoja zauzimaju posebni planovi i strateški razvojni dokumenti lokalne zajednice, za koje je potrebno osigurati sudjelovanje svih zainteresiranih strana u procesima donošenja odluka, od nacionalnih i lokalnih vlasti. organizacije civilnog društva do poslovnog sektora i promicanje dijaloga i stjecanje povjerenja kako bi se razvio društveni kapital. Da bi lokalna zajednica sve to integrirala u svoj sustav, potrebno je strateško razmišljanje i planiranje s ciljem učinkovitog povezivanja različitih sektorskih politika, postavljanja konkretnih, realnih i mjerljivih ciljeva u srednjoročnim i dugoročnim planovima i uspostavljanja partnerske odnose. U radu su prezentirani rezultati empirijskog istraživanja zainteresirane i informirane javnosti, te njihova stajališta o principima održivog razvoja te njihova primjena i prepoznavanje u procesu kreiranja i usvajanja prostornih i razvojnih planova lokalne zajednice. Kvalitativno istraživanje na ciljnom uzorku provedeno je metodom dubinskog intervjua i promatranjem sudionika. Pri analizi empirijskog materijala uvažavane su teorijske spoznaje te je napravljena kvantifikacija kvalitativno obrađenog i kodiranog materijala. Većina ispitanika izražava negativno stajalište i smatra da se načela održivog razvoja ne primjenjuju i ne prepoznaju u postupcima izrade i usvajanja prostornih i razvojnih planova lokalne zajednice.

KLJUČNE RIJEČI: lokalna zajednica, održivi razvoj, informiranje javnosti.

SOCIAL ENTREPRENEUR AS POSSIBLE FUTURE OF CSR AND MEASURING SOCIAL ENTREPRENEURIAL ATTITUDE AMONG STUDENTS

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ABSTRACT

CSR is becoming more and more popular and fashionable nowadays, but in many cases the responsible actions or activities are not about serving the social good; these are just simply new marketing tools for companies. At the same time, with the emergence of social entrepreneurs, a possible new vision for the real responsibility seems to emerge. It gives the impression that the new generation of entrepreneurs can save the CSR concept.

The aim of the study is to present the concept of a social entrepreneur(ship) and to interpret it in the framework of CSR, and based on these to develop a questionnaire as an instrument for measuring social entrepreneurial attitude. According to the conceptual clarification and the analysis of social enterprises in the entrepreneurial spectrum, I determine what aspects of the social entrepreneurial attitude should be taken into consideration. A questionnaire, which is suitable for measuring university students' social entrepreneurial attitude, is developed using secondary research. I explored and integrated applied and validated scales for measuring the three main question blocks (entrepreneurial attitudes, social sensitivity, and CSR attitudes). The research has relevant importance both at domestic and international level, the results is going to give the basis and implication for further research connected to deeper analysis and understanding of social enterprises.

KEY WORDS: social entrepreneur, entrepreneurial attitude, social sensitivity, CSR attitude, primary research.

1. INTRODUCTION

Nowadays CSR is becoming more and more popular and fashionable, but there are more and more practices that shows CSR is not always really responsible. It is called greenwashing or whitewashing when companies use CSR activity to gloss over or cover up something that is immoral, illegal, or otherwise bad, not responsible. CSR activities are not about serving the social good; these are just simply new marketing tools for companies. It means that in practice there are different levels of CSR. According to Wolff and Barth (2005) bolt-on and built-in activities can be separated. Bolt-on activities contain responsible actions that are not integrated into companies' strategy and business as usual like sponsorship, donation, CRM, while built-in activities like corporate social marketing, socially responsible business practices are important parts of companies' vision and affect the whole operation process from supplying to serving customers. The Hungarian corporations' attitude towards CSR is not so positive, CSR is seen as a must and as an opportunity. Therefore Hungarian companies carry out shallow activities and the main motivation factors are communication value, influencing the most important stakeholders, financial benefits and altruism. (Putzer 2016)

At the same time, with the emergence of social entrepreneurs, a possible new vision for the real responsibility seems to emerge. It gives the impression that the new generation of entrepreneurs can save the CSR concept. Therefore one of the aims of this study is to present the concept of a social entrepreneur(ship) and to interpret it in the framework of CSR. The other aim is to develop a tool for measuring social entrepreneurial attitude among students. In order to this second aim first I determine what aspects of the social entrepreneurial attitude should be taken into consideration. In the next phase using secondary research validated attitude statements are going to be compared and contrasted which are suitable for measuring university students' social entrepreneurial attitude.

Finally the study shows the main results of the trial questionnaire. The research has relevant importance both at domestic and international level, the results is going to give the basis and implication for further research connected to deeper analysis and understanding of social enterprises.

2. AT THE TOP OF THE CSR PYRAMID, THE SOCIAL ENTREPRENEURS

Why social entrepreneurs can be the rescuers of CSR? To answer this question first the definition of social entrepreneurship is need to be considered. Chell's (2007) general definition highlights that social entrepreneurs are engaged in business activities that have social mission, aim or value. This explanation becomes specified by Chell et al. (2010) as innovative business actions that can be for-profit, CSR or non-profit activities.

But being responsible and serving social mission is not the only requirement, social entrepreneurs' activities should be economically sustainable, so profitable, because this is the only way to support continuously the social aim and mission. Therefore Di Domenico et al. (2010) integrate not just the social but also the financial sustainability in their definition. Thompson (2002) and Cheney and Roper (2005) summarized formerly this as a third type of business next to for-profit and non-profit and it was called not-for-profit. Based on Thompson (2002) and Cheney and Roper (2005) social entrepreneurs combine the social aims and societal orientation (like NGOs) and the economic view (like for-profit companies) appropriately. From this it follows that NGOs without market-based orientation are not social enterprises because theirs products and services are unsellable.

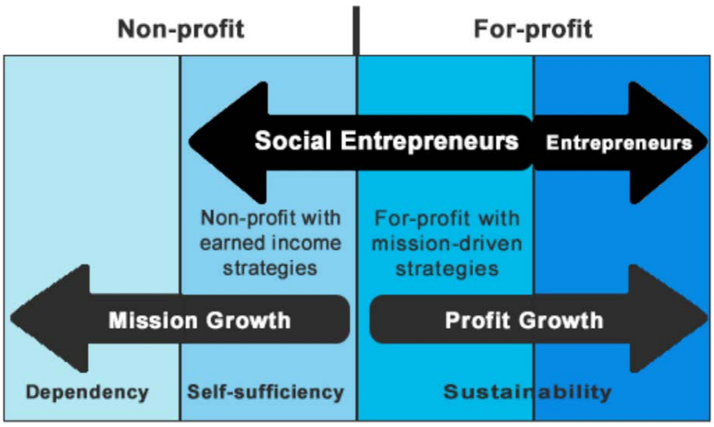
A successful social enterprise has two crucial parts: an adequate business model and entrepreneurial competencies (Timár 2014). A suitable business model is important because not every corporate form can create social value and not every value-based strategy serves social aims, but ideally the social enterprise can create and capture value that helps social objectives and missions. (Agafonow 2014)

The European Commission (2011) describe social enterprises as:

- "Those for who the social or societal objective of the common good is the reason for the commercial activity, often in the form of a high level of social innovation.
- Those whose profits are mainly reinvested to achieve this social objective.
- Those where the method of organisation or the ownership system reflects the enterprise's mission, using democratic or participatory principles or focusing on social justice."

To summarize social entrepreneurs and social enterprises concentrates on their socioeconomic effect that adequately reflects the "doing well by doing good" concept which is the basic idea of real, deep or built-in CSR (Nicolopoulou 2014). Based on the introduced studies social enterprises and social entrepreneurs are financially self-supporting like the traditional for-profit enterprises, but their primary objective is not to maximize profit, but to stimulate social changes, to achieve social aims through their (business) activities. Figure 1 illustrates the entrepreneurship spectrum from non-profit organizations to for-profit enterprises and the boundaries of social entrepreneurship.

Figure 1: The entrepreneurship spectrum illustrating the boundaries of social entrepreneurship



Source: Abu-Saifan, S. (2012.). Social Entrepreneurship, *Technology Innovation Management Review*, p. 6.

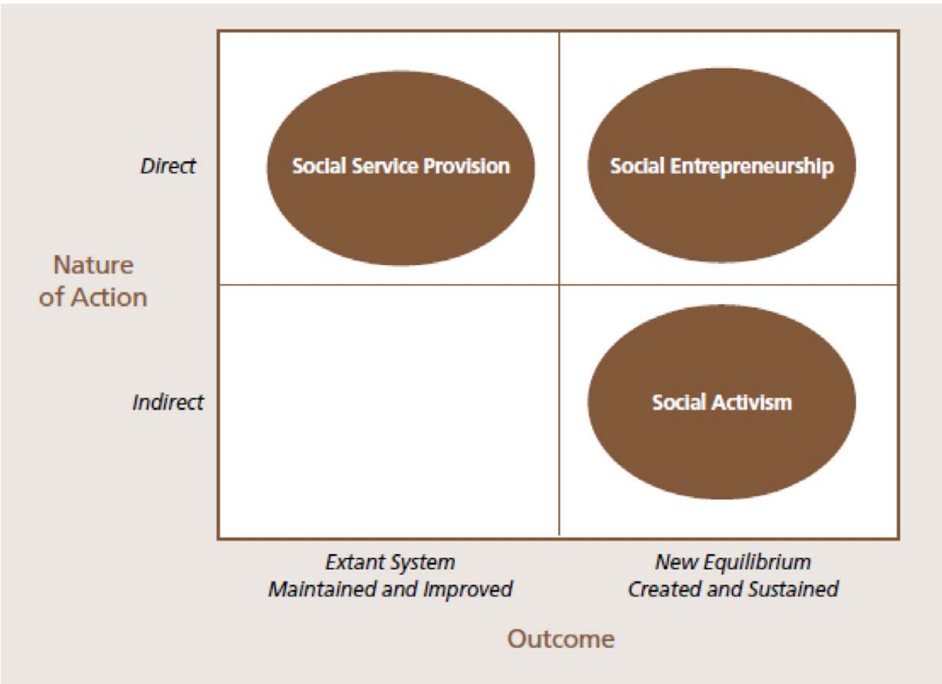
Based on Carroll's CSR concept social entrepreneurs balances the economic, social and environmental values for themselves and also for their stakeholders (Cholette et al. 2014), and according to this Nicolopoulou (2014) argues that the concept of social entrepreneurship is a special field of CSR. Nowadays there are many start-ups that are founded with CSR mission, so they are social-oriented (Cholette et al. 2014). Social entrepreneurs would like to run a profitable company and to make a successful for-profit business, but when they set up their business they have the want to do this with serving some kind of social purposes through sustainable or responsible (e.g. cruelty-free, green, etc.) products or services, so social entrepreneurs and social enterprises are the most integrated form of CSR and they are at top of the CSR pyramid.

After clarifying the concept of social entrepreneurship and placing it in the framework of CSR the social entrepreneurs' characteristics should be examined because it is needed to define what should be measure as part of social entrepreneurial attitude. Dees (1998) summarizes these main characteristics in the following five points: his/her mission is to create and sustain not just his/her own value but also values for the society; continuously looking for newer and newer opportunities that serve these former values and also applying them; being committed to continuous innovation, adaptation and learning and acting conscious (his/her resources cannot put restraint on him/her) and finally operating transparently, so taking care increased about the transparency of his/her activity, accountable and interpreting results generated by him/her.

Basdekidou (2017) emphasizes the role of personal values as important driver next to the economic, social, psychological and political catalysts in the case of social entrepreneurship. The social entrepreneurs or the CEOs of social enterprises are real innovators, so they are looking for new opportunities and possibilities, but they are also socially sensitive, so they want to create social value (Cheney-Roper 2005, Abu-Saifan 2012).

But next to the integrated business approach, there is another important characteristic that differentiate social entrepreneurs from social activists and NGOs (and social service providers), they have different function and social engagement. On Figure 2 can be seen that like the segment of social service provision, social entrepreneurs act directly, that means they do not put pressure on other groups (e.g. politicians) to change rules or regulations while social activists act this way indirectly. But in the case of outcome social entrepreneurs are similar to social activist because they try to create and sustain a new equilibrium instead of maintaining and improving the current, extant system what social service providers do (Martin-Osberg 2007), which shows again their innovative mentality and later thinking.

Figure 2: Pure forms of social engagement



Source: Martin, R.L. – Osberg, S. (2007). Social Entrepreneurship, *Stanford Social Innovation Review*. p. 38.

Wilkinson et al. (2014) estimate the total number of social enterprises - based on the European Commission's social enterprise definition - operating in the European Union ranged in between 91,778 and 277,926. The social enterprise sector is most developed in the United Kingdom where 71,000 social enterprises operate, but the 20 percent of the 5.5 million UK enterprises claim that they carry out socially useful activities. In Hungary there are 100-200 social enterprises that meet the requirements of social enterprises definition. That could be more than 1,500 if we estimate also the number of social societies, but these societies usually appear apropos of special tenders and after the end of tendering operation they will disappear. (Harsányi-Lévai 2017)

A Hungarian example for social enterprise is Matyodesign that sells clothes and accessories with traditional Hungarian embroidery called matyó embroidery. So as the two young CEOs said the social mission is to save this cultural heritage while women from Tard - Hungarian village in Borsod-Abaúj-Zemplén county – produce these clothes and their salary is covered by selling these products. An international example is Pinatex that uses pineapple leaves that usually go into garbage bin. Pinatex substitutes leather that has a very heavy environmental and welfare impact, and it brings new income streams to subsistence farmers, allowing them to fully utilise their crops. This eco-friendly "leather" is more and more popular material, for example few years ago Hugo Boss created its first shoe collection made from Pinatex and it was very successful.

In this chapter I summarized the characteristics of social entrepreneurs and social enterprises and based on these three main parts of social entrepreneurial attitude can be identified that should be measured which are the followings: entrepreneurial attitude, social sensitivity and CSR attitude. In the next chapter the steps of designing the questionnaire to measure social entrepreneurial attitude are going to be introduced.

3 HOW TO MEASURE THE SOCIAL ENTREPRENEURIAL ATTITUDES OF UNIVERSITY STUDENTS – DESIGNING THE QUESTIONNAIRE

The aim of this study is to design and test a questionnaire that is suitable for measuring university students' social entrepreneurial attitude using secondary research that identified three main factors. In order to this applied and validated scales for measuring the three main question blocks (entrepreneurial attitudes, social sensitivity, and CSR attitudes) are going to be explored and integrated.

There is no internationally accepted and applied questionnaire to measure the social entrepreneurial attitude. In the 2nd chapter the most important characteristics of social entrepreneurs were determined that should be measured. The final questionnaire will be appropriate not just to measure the social entrepreneurial attitude, but also to define the strength and type of it, so it will be possible to refer clusters to the entrepreneurial groups on Figure 1. The following subchapters introduce the content of the three main question blocks and the final questionnaire.

3.1. Entrepreneurial attitude statements

The aim of the first question block is to measure the entrepreneurial attitude. Many validated scales exist on this field. Robinson et al. (1991) published Entrepreneurial Attitude Orientation (EAO) scale using 10 point Likert scale to measure the strength of agreement with 75 statements connected to innovation, achievement, personal control and self-esteem subscales and dimensions. EAO was validated with the help of three groups: university students, entrepreneurs and non-entrepreneurs. In this form usage of EAO could be problematic because it is too long, but a shorter and robust version with 11 statements is also available. Based on the former validated EO scale Bolton and Lane (2012) developed the individual entrepreneurial orientation (IEO) scale that contains the measurement of risk taking attitude, innovation and proactivity using 10 statements and 5 point Likert scale. IEO is a robust and validated instrument. Cardon et al. (2013) tried to identify the entrepreneurial passion (EP) through three task-specific dimensions: passion for inventing (activities associated with scanning the environment for new market opportunities, developing new products or services), passion for founding (assembling the necessary financial, human, and social resources), passion for developing (the growth and expansion of the venture after founding). EP consists of 13 5 point Likert scale statements and was validated by entrepreneurs.

Because culture could influence entrepreneurial attitude, therefore most important Hungarian studies were also analyzed on this field. Szakács et al. (2013) conducted a very complex research combining questionnaires that measured the entrepreneurial identity, entrepreneurial tasks and other dimensions. As a result four factors were identified: entrepreneurial eligibility, independence, organizing skills and expertise and self-control. The problem is the same as EAO scale, it is too complex to be the part of the planned questionnaire. Farkas and S. Gubik (2016) and Szerb and Lukovszki (2013) took part in an international research project and used GUESSS (Global University Entrepreneurial Spirit Students' Survey). In GUESSS several research topics with 16 main question blocks are investigated in detail: entrepreneurial intentions, nascent entrepreneurship, growth and performance of new ventures, family firm succession, and corresponding influencing factors on different levels (individual, family, university and contextual level). Instead of using just Likert scale GUESSS contains closed questions, selective and alternative types.

The most appealing scale would be GUESSS, but again it cannot be integrated because of the number of the questions. To measure entrepreneurial attitude IEO scale will be used that does apply to university students like GUESSS and is suitable to identify the entrepreneurial key factors that are important in the case of social entrepreneurs based on the literature review. Table 1 introduces the statements of the first question block measuring risk taking attitude (RISK), innovation (INNOV) and proactivity (PROACT) on a 5 point Likert scale where 1 – I strongly disagree, 5 – I strongly agree.

Table 1. Entrepreneurial attitude statements

RISK1	I like to take bold action by venturing into the unknown.
RISK2	I am willing to invest a lot of time and/or money on something that might yield a high return.
RISK3	I tend to act "boldly" in situations where risk is involved.
INNOV1	I often like to try new and unusual activities that are not typical but not necessarily risky.
INNOV2	In general, I prefer a strong emphasis in projects on unique, one-of-a-kind approaches rather than revisiting tried and true approaches used before.
INNOV3	I prefer to try my own unique way when learning new things rather than doing it like everyone else does.
INNOV4	I favor experimentation and original approaches to problem solving rather than using methods others generally use for solving their problems.
PROACT1	I usually act in anticipation of future problems, needs or changes.
PROACT2	I tend to plan ahead on projects.
PROACT3	I prefer to "step-up" and get things going on projects rather than sit and wait for someone else to do it.

Source: Own edition based on Bolton, D.L. – Lane, M.D. (2012.). Individual entrepreneurial orientation, *Education + Training*, 54 (2/3) pp. 219 – 233.

3.2. Social sensitivity statements

The aim of the next question block is to measure the social sensitivity, because in the case of start-ups or newly founded companies the individual social sensitivity will be important instead of the corporate social sensitivity. Social sensitivity might have many forms as strong involvement to everyday local and global actions, processes, changes, problems and challenges of political-economic-social sphere or sensitivity towards underprivileged or disadvantaged groups. At the same time social entrepreneurs act directly in order to achieve their aims, so it is very important to measure not just the social sensitivity attitude, but the real actions and activities connected to this topic.

Studying the literatures there is no common accepted definition of social sensitivity; therefore it has not validated scale to measure. But of course we cannot skip this part, because of its role in characteristics of social entrepreneurs and social enterprises. To measure social sensitivity two scale should be combined.

Meijer and Schuyt (2005) developed and revalidated Paul et. al's (1997) scale that had measured the American consumers' sensitivity connected to corporate social performance (CSP). CSP is a multidimensional concept that summarizes companies' actions on four main field: natural environment (e.g. eco-friendly products), employee treatment (e.g. profit-sharing), diversity in the workplace (e.g. gender- or sexual orientation-based diversity) and consumer and product safety (Berman et al. 1999).

Involving Dutch consumers Mejer and Schuyt (2005) validated again the original scale based on the results of former researches connected to effect of social and demographic characteristics on sensitivity towards natural environmental problems. Mejer and Schuyt's results verified the reliability and applicability of CSP in West-European countries. Their results indicate that CSP is a minimum requirement and not a motivation for Dutch consumers. From the social and demographic characteristics the political orientation, education, age and gender influence the sensitivity towards corporate social performance.

Other studies (Abdul Rashid-Abdullah 1991, Owen-Scherer 1993, Kinard et al. 2003) analysed the connection between managerial attitude and corporate social performance. Social entrepreneurs usually do not lead classical corporations when they start their own business; then again they try to act through actions. Therefore it is more practical to measure social sensitivity as consumers and not as managers or executives. Meijer and Schuyt's (1995) validated scale contains several questions that measure consumer activity, how CSP influences their decision process and consumption or shopping habits, so these 10 statements will be integrated in my questionnaire to measure one part of sensitivity (SENS).

The other scale to measure social sensitivity is a validated emotional intelligence scale, the Rotterdam Emotional Intelligence Scale (REIS) by Pekaar et al. (2018). Many studies deal with measuring the connection between emotional intelligence and businesses, and the results indicate that there is a relationship between businessmen's emotional intelligence and business performance (e.g. leadership excellence, founding) (Lindebaum-Cartwright 2010, Wong-Law 2012, Altindaga-Kösedagia 2015, FakhrEldin 2017). To measure social entrepreneurs' emotional intelligence only 7 statements, other-focused emotion appraisal part will be integrated in the final questionnaire that related to recognition of others emotions and empathy.

Table 2 introduces the statements of the second question block measuring social sensitivity through sensitivity (SENS) and emotional intelligence (EI) on a 5 point Likert scale.

Table 2. Social sensitivity statements

SENS1	I would be willing to pay a little more to buy a product from a company that has a good record on hiring and promoting women.
SENS2	I would be willing to pay a little more to buy a product from a company that has good environmental practices.
SENS3	I would not want to invest in a company with a poor reputation for social responsibility.
SENS4	I am willing to boycott companies that I do not consider to be socially responsible.
SENS5	I try to avoid buying products from companies with a poor reputation for social responsibility.
SENS6	I would be willing to pay a little more to buy a product from a company that has a good record on hiring and promoting ethnic minorities.
SENS7	It would bother me to be employed by a company with a poor reputation for social responsibility.
SENS8	I would be willing to pay a little more to buy a product from a company whose television advertising does not glamorize violence .
SENS9	I would be willing to pay a little more to buy a product from a company that does not use animal testing.
SENS10	It makes me angry when companies are socially irresponsible.
SENS11	I would be willing to pay a little more to buy a product from a company that invests and creates new jobs rather than downsizing.
EI1	I am aware of the emotions of the people around me.
EI2	I know which feelings others experience.
EI3	When I look at other people, I can see how they feel.
EI4	I can empathize with the people around me.
EI5	I understand why other people feel the way they feel.
EI6	I can distinguish well between other people's emotions.
EI7	I can judge well if events touch others emotionally.

Source: Own edition based on Meijer M. – Schuyt T. (2005.). Corporate Social Performance as a Bottom Line for Consumers, *Business & Society*, 44 (4) pp. 442-461. and Pekaar et al. (2018.). Self- and other-focused emotional intelligence, *Personality and Individual Differences*, 120 (2018) pp. 222–233.

3.3. CSR attitude statements

With the last question block CSR attitude will be measured. This block has two objectives. One of the objectives is to analyse that if the entrepreneurial attitude is strong and social sensitivity is high, involvement towards CSR will be high. Is there any relationship between the first two factors and the CSR attitude? The other objective is measure how important social aspects are in decision making when students or potential social entrepreneurs are thinking as managers or executives.

In the case of measurement of CSR attitude the problem is the same as the first two blocks, most of the CSR questionnaires are too complex and long or they just focus on one part of CSR (e.g. Lock and Seele 2017). The PERCRED (Perceived Credibility) scale by Lock and Seele (2017) measures the judgement of authenticity of CSR reports and CSR communication. The complex scales measure many dimensions: CSR processes, guidelines and directives, corporate governance, values, environment, personal motivations and attitude towards CSR, profit, stakeholders and politics (see Mahoney-Thorne 2005, Toliver, 2013). But there is a scale published by Turker (2009) that measure more parts of CSR, is not too long and used in many international studies. The questionnaire is based on stakeholder theory which is accepted in CSR literatures and contains 18 statements. The four involved stakeholder groups are the society, the employees, the customers and the government. The original scale was adapted with a little change. Originally the statements start with "Our company…", but because students will be in the sample who probably do not have own company, therefore the statements will start with a general form using „Companies…".

Table 3 introduces the statements of the last question block measuring CSR attitude based on different stakeholders point of view (society – SOC, employees – EMP, customers – CUST and government – GOV) on a 5 point Likert scale.

Table 3. CSR attitude statements

SOC1	Companies should participate in activities which aim to protect and improve the quality of the natural environment.
SOC2	Companies should make investment to create a better life for future generations.
SOC3	Companies should implement special programs to minimize their negative impact on the natural environment.
SOC4	Companies should target sustainable growth which considers future generations.
SOC5	Companies should support nongovernmental organizations working in problematic areas.
SOC6	Companies should contribute to campaigns and projects that promote the well-being of the society.
SOC7	Companies should encourage their employees to participate in voluntarily activities.
SOC8, CUST1	Companies should emphasize the importance of their social responsibilities to the society.
EMP1	Company policies should encourage the employees to develop their skills and careers.
EMP2	The managements of companies should be primarily concerned with employees' needs and wants.
EMP3	Companies should implements flexible policies to provide a good work & life balance for their employees.
EMP4	The managerial decisions related with the employees should be usually fair.
EMP5	Companies should supports employees who want to acquire additional education.
CUST2	Companies should respects consumer rights beyond the legal requirements.
CUST3	Companies should provide full and accurate information about their products to their customers.
CUST4	Customer satisfaction should be highly important for companies.
GOV1	Companies should always pay their taxes on a regular and continuing basis.
GOV2	Companies should comply with legal regulations completely and promptly.

Source: Own edition based on Turker, D. (2009.). Measuring Corporate Social Responsibility: A Scale Development Study, *Journal of Business Ethics*. 85 (1) pp.411–427.

4. MAIN RESULTS OF THE TRIAL QUESTIONNAIRE

To test the questionnaire developed to measure social entrepreneurial attitude students of University of Pécs Faculty of Business and Economics were involved in the fall semester 2018. I used personally administered pen and paper questionnaires.

The students were first, second and third year bachelor (BSc) students majoring in marketing and tourism. The number of the sample was 110 and 26.4% of the participants was male and the majority (73.6%) was female. In the case of age, the average was 20.5 years (minimum 18 years old, maximum 28 years old). This implies that this quantitative part of research is not representative for the whole University of Pécs student population, but the aim was to find the potential problems of the questionnaire.

In this study I just summarize the most important results. I used SPSS statistics software to analyse data and relied mainly on descriptive statistics, crosstabs and cluster analysis.

The general results show that the students have strong CSR attitude (4.27) which might be reassuring, but if we see that social sensitivity is lower (3.81) and entrepreneurial attitude got the lowest point (3.59) from the three main factors (Table 4). The results indicate that in general the social entrepreneurial potential is not so high. Companies should be socially responsible, but the students are not really socially sensitive and most of them probably will not start own business. Within entrepreneurial attitude risk-taking attitude got the lowest score (3.38), while proactivity the highest (3.89). It is interesting that their average emotional is not so low (3.94), but the general sensitivity towards social issues (3.67) is similar to the entrepreneurial attitude. Within the CSR attitude factor the differences are not high between the importance of different stakeholder groups.

It means that in the case of pure forms of social engagement (Figure 2) we should put them in the fourth category where the nature of action is indirect (companies should be socially responsible) and outcome is extant system maintained and improved (they are not interested in creating new equilibrium).

Table 4. Average scores of the three analysed factors (N=110)

RISK	3.38	**Entrepreneurial attitude**	**3.59**
INNOV	3.51		
PROACT	3.89		
SENS	3.67	**Social sensitivity**	**3.81**
EI	3.94		
SOC	4.24	**CSR attitude**	**4.27**
EMP	4.31		
CUST	4.37		
GOV	4.15		

Source: Own edition

The cross-tabs showed significant relationship between gender variable and some of the entrepreneurial and social sensitivity statements (Table 5). Differences are significant at the 0.05 level (2-tailed). Males have higher risk-taking attitude according to one statement (RISK1), while female students are more proactive than male students (PROACT3). Female students are socially more sensitive according to SENS1, SENS7, SENS9, and SENS10, and have higher emotional intelligence according to EI6 and EI7, so in general more socially sensitive than male students. In the case of CSR attitude there was not any significant difference between the genders, CSR is as important for male students as for female students. But the results indicate that female students probably have the required social sensitivity to become social entrepreneurs, but they are lack of entrepreneurial attitudes.

Table 5. Significant differences between genders

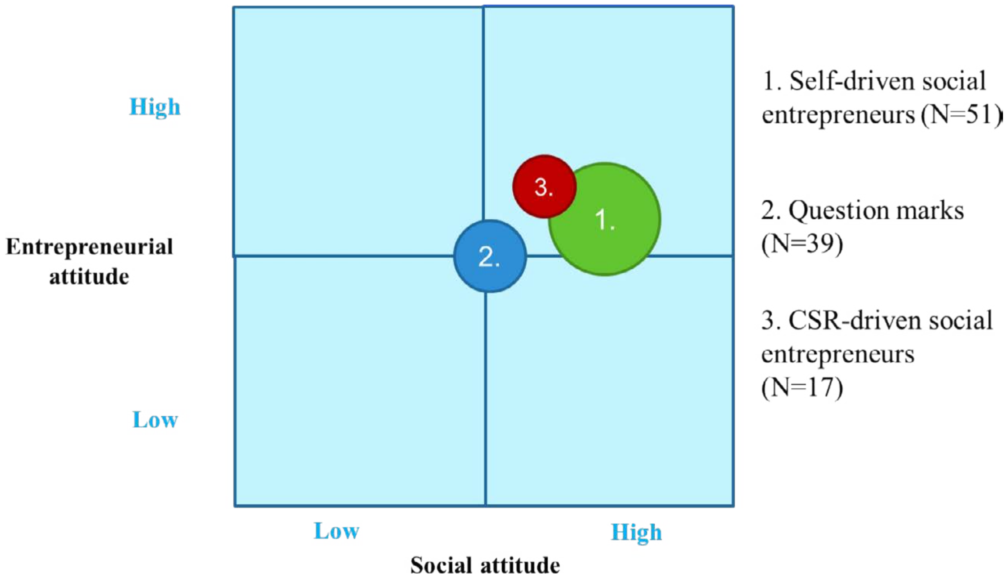
Statement (variable)	Male (N=29)	Female (N=81)
RISK1	3.72	2.85
PROACT3	3.48	4.23
SENS1	2.83	3.63
SENS7	3.48	4.12
SENS9	3.48	4.38
SENS10	3.17	3.72
EI6	3.79	4.05
EI7	3.90	4.22

Source: Own edition

Respondents can be divided into three major groups by a k-means cluster analysis (nine statements were not significant: INNOV2, INNOV3, RISK2, EMP2, EMP3, EMP5, CUST3, CUST4, GOV1). The three groups vary in entrepreneurial attitude and social attitude and are called ‘Self-driven social entrepreneurs’ (N=51), ‘Question marks’ (N=39) and ‘CSR-driven social entrepreneurs’ (N=17) (see Figure 3).

The cluster of 'self-driven social entrepreneurs' has moderate entrepreneurial attitude (3.56), but it has the strongest social sensitivity (4.11) and is willing to act directly. CSR is also important to this group (4.40). So this biggest group has the needed social sensitivity and the individual passion towards serve social objectives, but need to develop their entrepreneurial attitude in order to become later real social entrepreneurs. The second group is the 'question marks' group which is in the middle and that shows this group has moderate entrepreneurial attitude (3.59) like the first group, but its social sensitivity and CSR attitude are the lowest out of the three groups (social sensitivity: 3.32, CSR attitude: 3.95). This group requires social sensitivity from companies, but its members do not want be social entrepreneurs, they do not have entrepreneurial and individual social passion. The 'CSR-driven social entrepreneurs' cluster supports the concept of CSR (CSR attitude 4.72), but their social sensitivity is lower (3.81) than social sensitivity of self-driven group. This cluster has the highest entrepreneurial attitude (3.67) in the three clusters, but it is also a moderate average. The members might turn into social entrepreneurs, but probably their external motivation (CSR) will be stronger than their internal motivation (individual social sensitivity) and because of this it is conceivable becoming entrepreneurs who carry out shallow CSR activities instead of deep CSR actions, so they will not come to real social entrepreneurs.

Figure 3: Main groups by a k-means cluster analysis



Source: Own edition

5. CONCLUSION

The study presented the concept of a social entrepreneur(ship) and interpreted it in the framework of CSR, and based on these focused on developing a questionnaire as instrument for measuring social entrepreneurial attitude. The designed questionnaire measure three factors: entrepreneurial attitude, social sensitivity and CSR attitude combining and using validated scales.

The results of first trial research show that the questionnaire might be suitable to measure social entrepreneurial attitude among university students, differences were highlighted among genders and three groups were identified by a k-means cluster analysis: 'Self-driven social entrepreneurs' (N=51), 'Question marks' (N=39) and 'CSR-driven social entrepreneurs' (N=17). Of course the research has many limitations, the sample was too small and probably too homogeneous (just marketing and tourism students just form the Faculty of Business and Economics), so in the next step the survey research will be expanded, and more students and faculties will be involved.

The research has relevant importance both at domestic and international level, the results is going to give the basis and implication for further research connected to deeper analysis and understanding of social enterprises.

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DRUŠTVENI PODUZETNIK KAO MOGUĆA BUDUĆNOST DOP-A I MJERENJE DRUŠTVENOG PODUZETNIČKOG STAVA STUDENATA

SAŽETAK

DOP postaje sve popularnije i modernije u današnje vrijeme, međutim poduzete akcije ili aktivnosti nemaju uvijek za cilj opsluživanje društvenog dobra; jednostavno služe kao novi marketinški alati tvrtke. Istovremeno, pojavom društvenih poduzetnika, čini se da se pojavljuje moguća nova vizija stvarne odgovornosti. Stječe se dojam da nova generacija poduzetnika može spasiti koncept DOP-a.

Cilj studije je prikazati koncept socijalnog poduzetnika (poduzetništva) i interpretirati ga u okviru DOP-a, i na temelju toga razviti upitnik kao instrument za mjerenje društvenog poduzetničkog stava. Prema koncepcijskoj pojmovnoj raščlambi i analizi socijalnih poduzeća u poduzetničkom spektru, utvrđeno je koje aspekte društvenog poduzetničkog stava treba uzeti u obzir. Upitnik, koji je prikladan za mjerenje socijalnog poduzetničkog stava studenata, razvijen je koristeći sekundarne izvore podataka. Analizirane su i integrirane provjerene ljetvice koje se koriste za mjerenje tri glavne grupe pitanja (poduzetnički stavovi, društvena osjetljivost i stavovi DOP-a). Istraživanje je relevantno i na domaćoj i na međunarodnoj razini, rezultati daju osnovu i implikacije za daljnja istraživanja povezana s dubljom analizom i razumijevanjem socijalnih poduzeća.

KLJUČNE RIJEČI: društveni poduzetnik, poduzetnički stav, društvena osjetljivost, DOP stavovi, primarno istraživanje.

THE STRUCTURAL LOCATION OF COMPONENTS FOR MACRO RISK IN OECD AND THE STRUCTURAL TO SUDDEN FINANCIAL ALTERATIONS FOR PROBABLE CRISIS PROCESS

PREGLEDNI RAD/REVIEW PAPER **UDK: 338.124.4(100) OECD 330.101.541(100) OECD**

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ABSTRACT

In this study, we have aimed to determine what mean and what their effects are the macro components as financial different values that can cause the probably financial crises in OECD. Because, it appears that these macro elements such as inflation rates, employment rates, labor force participation rates and really different wage rates are not in the structural harmonization, which are accepted an important matter for especially probable financial crises. in this case the considered aim for OECD member countries is not to be to ensure only the associated financial and economic harmonization process in between these countries, but these should be to maintain the common macro policies that have to affect OECD's the desired global economic face. When different economic growth trends are taken into consideration within the scope of OECD countries, it is observed that when different economic ratios are taken into consideration, the possibility of financial crisis increases even more. In addition, when this structural position is emphasized in terms of the European Union, it is understood that the OECD member countries express also an important risk for EU member countries. This fact explains also why the OECD countries after the 2009 crisis were affected differently from this financial crisis in light of these indicators. OECD countries have to maintain for the global markets also different consumer and global production confidence that effect on the cyclical upturn alteration by years and these all are parts of the associated macro financial components that should be considered suddenly financial alterations for probable connected with financial formations. On the other hand, this phenomenon related to OECD countries may be also interpreted that is OECD countries manipulate also substantially the financial crisis of euro area.

KEY WORDS: financial alterations, financial cyclical recovery macro policies, macro risks, OECD countries.

1. INTRODUCTION

Macroeconomic risks that should be coped with is one of the most important adaptation elements for OECD countries' own adaptations. Achieving an effective level of decisions taken on the basis of the OECD and forming an important common ground for member countries depends on the reduction and harmonization of these macro risks. However, the disparity in the impact of OECD member countries on development and macro risks also makes the impact levels of these risks different. This difference not only depends on the level of development, but also on the different results of the country's process of structural change politics. The work of Blundell-Wignall and Roulet (2014) on this subject is very important. In this study, macro-risk elements within the scope of OECD are considered as an element of the monetary policy and capital control, and the effects of the effects are emphasized.

In this study, Macro-Prudential Policy, Bank Systemic Risk and Capital Controls, which are related to possible macro-risk factors, have been dealt with in particular and attention has been drawn to precautionary measures regarding possible risk elements within the scope of OECD. Another study by the OECD (2017-a) on the measures to be taken within the scope of OECD against possible macro risk factors is quite meaningful. This study emphasizes the scope of the relevant reform process against these risks along with the identification of also macro-risks. In this study, we observe that the main risk factor for OECD countries is unregularly fluctuations in the labor market. In this context, the labor market is taking an important place in the process as the reason for the socially reforming for the OECD countries.

In addition to, differences in labor productivity among the countries are also an important cause of possible macro risks. From this point of view, it is aimed that possible macro risks are eliminated among member countries and the determination of change priorities takes place in three stages. The first of these steps is the determination of the labor force scale for the countries; the second is productivity and labor productivity, and the third is the extent of polices against possible risks. The aim here is to identify precautionary dynamics before a possible financial crisis and to increase the effectiveness of the practices in the crisis period. The OECD is primary responsible for taking preemptive crisis measures for developing countries. The fact is that if the scale of adverse impacts of underdeveloped countries is higher, this location creates also directly more deviating from the policies of other developed countries in the OECD (OECD, 2017-b: 9). As the possible financial risk factors, the priorities of structural change policies should have undoubtedly become more clearly defined after the 2009 financial crisis and further clarification of structural differences has become an important necessary. The financial vulnerabilities in the banking sector with the structural position of the countries' capital stocks including the productivity factors or its position put forth the relationship of all these dynamics (Thompson, 2009: 44). Certainly, the market interest rates and the level of impact of the production factors in the course of financial decisions are also fairly meaningful for this probably financial risk process (Serres et al, 2006: 82).

2. THE MODERATE FINANCIAL CYCLICAL RECOVERY AND ITS STRUCTURAL LOCATION RELATIONSHIPS

It is important to compare OECD countries with non-OECD countries in order to understand the structural location of macroeconomic risk components in the OECD. This comparison is meaningful to demonstrate the effectiveness of macro-risk components. Because the effect of the rate of change in the variability of the values we present as risk components for the OECD member countries on the financial balances is significant in order to analysis of these macro factors (OECD, 2016: 7). Macro risk factors related to the moderate macroeconomic risks state a common macro-economic equilibrium for almost all OECD countries with a common multitude. In this respect, it is more realistic to examine the main macroeconomic criteria based on important key criteria such as inflation, unemployment rate, financial balances and production deficit. (OECD, 2016: 8-9). In order to analyze the true position and meaning of the indicators within the OECD, it is important to compare these criteria with other later member countries such as the US and Japan that were member of OECD later. No doubt, this comparison should be also done in the category of other countries that are not OECD members. Table 1, presented below, refers to these values:

Table 1. The Financial Cyclical Recovery and Its Structural Relations Integrity

	Average 2005-2014	2015	2016	2017	2018	2019	2017 Q4	2018 Q4	2019 Q4
		Per cent							
Real GDP growth[1]									
World[2]	3.8	3.3	3.1	3.6	3.7	3.6	3.8	3.7	3.6
OECD[2,7]	1.5	2.4	1.8	2.4	2.4	2.1	2.5	2.2	1.9
United States	1.5	2.9	1.5	2.2	2.5	2.1	2.5	2.3	2.0
Euro area[7]	0.8	1.5	1.8	2.4	2.1	1.9	2.5	1.9	1.8
Japan	0.6	1.1	1.0	1.5	1.2	1.0	1.5	1.1	0.4
Non-OECD[2]	6.2	4.0	4.1	4.6	4.9	4.8	4.8	4.8	4.8
China	10.0	6.9	6.7	6.8	6.6	6.4	6.8	6.5	6.3
Output gap[3]	-0.9	-1.4	-1.2	-0.5	0.2	0.6			
Unemployment rate[4]	7.2	6.8	6.3	5.8	5.5	5.3	5.6	5.4	5.3
Inflation[1,5]	2.0	0.8	1.1	1.9	2.1	2.2	1.9	2.2	2.4
Fiscal balance[6]	-4.6	-2.9	-3.0	-2.6	-2.4	-2.2			
World real trade growth[1]	4.7	2.7	2.6	4.8	4.1	4.0	4.1	4.2	3.9

Source: OECD (2017), *Economic Outlook*, Vol. 2017, Issue 2, p.13.

1. Percentage changes; last three columns show the increase over a year earlier.
2. Moving nominal GDP weights, using purchasing power parities.
3. Per cent of potential GDP.
4. Per cent of labour force.
5. Private consumption deflator.
6. Per cent of GDP.
7. With growth in Ireland in 2015 computed using gross value added at constant prices excluding foreign-owned multinational enterprise dominated sectors.

Unemployment and inflation rates are undoubtedly at the forefront of macroeconomic instability in terms of OECD countries. Almost all of the member countries are faced with an increasing rate of unemployment in the recent period. As seen on Table 1, although there is no significant deviation in economic growth targets, it can be said that the unemployment rate has increased more rapidly than in the USA. First, the real economic growth rate in OECD countries has been increased 1.9 percent after from 1.5 percent between 2015 and 2019. The Gross Domestic Product in countries that are not OECD members shrank by about 2.5 percent compared to pre-2014 average levels. In contrast, China, which is not a member of the OECD, faces an important deprecation in post-2015 economic growth compared to the 2005-2014 environments. However, in addition to it can be also said that the OECD countries have been significantly influenced by the macro-risk elements as a result of the negative contraction in world trade volume. In line with the contraction in the world trade volume in the recent period after 2015, there appears to be no significant deviation trend in fiscal deviations in OECD member countries.

This can be explained by the absence of a significant increase in the average inflation rates in the last period. Namely, the lack of significant deviations in the global economic growth trend as macroeconomic risk factors has eased the effectiveness of risk factors in OECD countries. It can be said that the stable development of the countries in the Eurozone region, especially in the trend of economic growth, contributes positively to this situation (ECB, 2018: 8-9). In this context, the financial cyclical structure constitutes a significant stabilization zone for the continuation of economic stability, first of all for the OECD countries, but the continuity of economic stability has become a risk ground due to the increase in unemployment level and inflation rates. Possible increases in these risk factors would require a significant structural change in the coming years. Capital controls on OECD countries and the possible risks of financial institutions propose often also for the agenda of structural change policies (Carbo et al, 2008: 154). The primary requirement of common fiscal policies under the OECD should be to ensure the overall structural adjustment policy arising from this situation. These policies, together with structural adjustment policies, constitute a general framework of structural transformation policies for middle income countries as well. The overarching development gap between member countries and the increase in global investment volume due to capital mobilization. The countries with high levels of development in possible sudden financial crises for OECD countries should provide more significant and meaningful contributions to the process in terms of their contribution. The priority of the transfer of funds from financial institutions is very important in terms of underdeveloped OECD countries. Because, the accumulation of scarce financial capital of underdeveloped countries makes this situation inevitably due to these countries are more affected by sudden crises in a possible crisis period. The extreme fragility of macroeconomic risk factors in these countries further increases their financial support needs within the structural transformation policies of these countries (Gorzelak, 1996: 72). Indeed, unemployment and inflation rates in the underdeveloped OECD countries are much higher than the average rates shown in Table 1, and there is a period of striking deflationary stagnation in terms of financial balances, especially with regard to capital investments after the 2009 financial crisis.

3. MACRO-PRUDENTIAL POLICY, BANK SYSTEMIC RISK AND CAPITAL CONTROLS

Occurring financial institutional risks within the scope of the OECD makes it a priority to address the influence and compliance of financial institutions of member countries. The difference in development between OECD member countries undoubtedly reflects differences between institutional financial structures. This structural fact also makes it difficult to control capital among member states and makes additional macroeconomic precautions inevitable. At this stage, addressing the effectiveness of macro policies together with both the dimensions and the risk dynamics it involves requires to be informed of the political approaches of risk analysis and the dynamics of failure. Therefore, OECD countries have to articulate institutional change risks and multi-faceted institutional process integrity under structural alignment objectives related to financial probable crises as sudden especially financial alterations (FSB, 2014: 4).

3.1. The Description of Systemic Risks and Their Sources

It should be emphasized that there is correlation between all these macroeconomic risk dynamics that have a priority level of impact, and the emergence of a possible financial crisis process and the rapid structural breakdown. This situation, which can be expressed within a time frame (Time Series) in the scope of the OECD, when considered as its own internal dynamics and institutional equivalence (Cross-Section), has the meaningful location to be in defining systemic risks before the target structural changes. Table 2 that is below presents a summary statement of systemic structural macro-risk elements within OECD countries:

Table 2. Dimensions of Systemic Risk Sources of Systemic Risk and Their Description

Time Series	Pro-Cyclicality	In Probable Financial Crisis Times, The Risk Location of Financial Institutions and Their Growing Institutional Balance Sheet that have Capital Ground.
Cross Section	Inter-Connectedness	As Structural Options Financial, Institutions Are Inter-Connected through Money Markets & Payment Systems; This Makes Contagion Worse When Sudden Probable Crisis Hits One (well-connected) Institution.
	Commonality of Assets	Financial Institutions are exposed to the same financial asset l classes; As a the Important Alteration Process this Crappy Structure or Large Conversions in Asset Prices Thus Affect Multiple Financial Institutions Simultaneously.
	Systemically Important Institutions	Another More Big Factors to Failing Financial Operations: Macro Risk Components are inclined towards Large Financial Institutions Which Can Put Forth a Moral Hazard Problem for Regulators.

Source: Butzbach, Oliver (2016), “Systemic Risk, Macro-Prudential Regulation and Organizational Diversity in Banking”, *Policy and Society*, 3, (2016), p. 241; Blundell-Wignall, Adrian and Roulet, Caroline (2014), *Macro-Prudential Policy, Bank Systemic Risk and Capital Controls*, OECD Journal: Financial Market Trends 2014, Volume 2013/2, OECD 2014, pp. 9-11 and 17-19.

The structural changes in the emergence of macroeconomic crises within the OECD countries may seem to be due to the growing global financial burden of these institutions. The time-varying structure of a possible crisis period directly affects the mobilization of capital between countries, and this phenomenon can bring local financial crises to a global dimension when not supported by institutional structures. In Table 2 it is possible to observe this relationship. In this context, the different effects of different financial structures on global capital put forth the different risk factors of payment systems based on different monetary policies within the scope of member countries. This situation, which is an important risk source for inter-institutional different financial transactions, causes more severe financial problems in possible sudden financial crises and weakens institutional sensitivity to the probable macro financial risk process. Thus, the process in which monetary markets are intertwined with the forms of payment indicates -or its’ effects- the direction of possible macroeconomic crises especially for less developed countries in the time series related to financial alterations for OECD countries.

In other words, the position of developed countries in the money markets, the benefit of capital payments and the predictive advantage of investments, favor the developed OECD countries as an authority level. Another reason is that underdeveloped OECD countries have more financial vulnerable fragility (OECD, 2018: 7). As a consequence of all these components, the primary structural impact of a possible macroeconomic crisis is seen in these less developed countries, and the structural change targets of these countries are determined by the global actors that are developed countries rather than the national ones. This phenomenon not only increases the financial fragility of underdeveloped OECD countries, which is the case of local-national macroeconomic crises, but also disrupts institutional equivalence to attain the desired levels within the member countries. A consequence of the fact that different institutions in different countries put forth that have the same financial assets are away from a versatile financial asset also have a negative impact on the efficiency of global capital investments (Blundell-Wignall et al, 2008: 13). This is considered to be a significant measure of exclusion for underdeveloped member countries in achieving financial development targets.

This poses serious quantitative limitations for money-clearing systems and for countries using foreign currencies for possible macroeconomic crises, and it also increases the impact of macroeconomic crises on forward-looking positions on underdeveloped countries, as well as currency swap transactions. Undoubtedly, these changes in the process directly affect the crisis process with the effect of changes in taxation and other direct taxes at the institutional level. The consequence of the further aggravation of the crisis period in OECD countries are the financial constraints on the restriction of foreign exchange transactions, ineffectiveness of basic trade and investment activities and support for them, and debt to developing countries in the probable macro crisis process (Essers, 2013: 71-72). From this view point, the coping of macroeconomic risk components in the context of a possible crisis primarily need institutional alignment process and structural change support for OECD member countries. Relevantly, there are present in meaningful studies as a positive structural basis inclined to the positive impact of the macroeconomic risk components of possible global financial crises throughout the structural adjustment (Kenny and Morgan, 2011: 16).

3.2. Macro-Prudential Policies in Financial Alterations for Probable Crisis Process and Their Effect Levels in the Structural Relationship

A macro-prudential policy in financial changes in the possible crisis process refers to a set of policies that reveal different relationships for overcoming the crisis period. In other words, fiscal precautionary policies reveal significant changes with different impact levels both before and after the crisis. This factual position means that the timing of financial crises (Time Series) causes different effects and structural changes with both periodical impact levels.

Table 2. The Instruments and Objectives of Macro-Prudential Regulatory in The Probable Macro Crisis Process

Location and Dimensions of Macro Structural Systemic Risk	Macro-Prudential Structural Intermediary Objectives	Macro-Prudential Regulatory Tools and Their Effect Levels
Time Series	Limit pro-cyclicality through capital	Counter-Cyclical Capital Requirements/Buffers, Time-Varying/Dynamic Alteration Provisioning, Stress Tests related to Macro Financial Risks Components.
	Limit of asset growth	Caps on the Loan-to Value Ratio, Caps on the Debt-to-Income Ratio, Ceilings on Credit or Credit Growth related to the Financial Feedback Basics.
Cross Section	Reduce Scope for Liquidity Crisis	Limits on Net Open Currency Positions/Currency Mismatch (NOP), Limits on Maturity Mismatch and Reserve Requirements.
	Limit Exposure to Volatile Capital Flows	Limits on Net Open Currency Positions/Currency Mismatch.
	Limit skewness of risk distribution (SIFIs)	Capital Surcharges on SIFIs, Institution-Specific Limits on (bilateral) Financial Exposures.

Source: Butzbach, Oliver (2016), "Systemic Risk, Macro-Prudential Regulation and Organizational Diversity in Banking", *Policy and Society*, 3, (2016), p. 241; Blundell-Wignall, Adrian and Roulet, Caroline (2014), *Macro-Prudential Policy, Bank Systemic Risk and Capital Controls*, OECD Journal: Financial Market Trends 2014, Volume 2013/2, OECD 2014, pp. 9-11 and 17-19.

The precautionary policies regarding the systemic nature of financial crises in a possible macroeconomic crisis refer to a time series period of meaning with borrowing-paying policies and financial credit portfolios under monetary policy process. In other words, the rate of hand turnover of national and global monetary money emerges as an important macro risk factor in the process by determining the level of the dynamic monetary change responses as well as the direct effect of capital change on the capital investments. This position of structural change is also a clear statement of the tools and objectives of macro-prudential regulatory intended to limit of asset growth and make to ensure smaller scope for liquidity crisis (ESRB, 2014: 9-10). The aim is to control the macroeconomic limit of volatile capital flows and to sharp the macro-prudential policies and net open currency positions / currency mismatch. Within all these approaches to OECD member countries, it is possible to list some important criteria in the regulation of the Macro-Prudential Regulatory Instruments and Targets as follows:

- The systematic structure of banks in controlling the financial crises for possible macroeconomic crises and in the process of management should be increased on the basis of sensitivity to financial risks. The relative weight of banks, especially for developing underdeveloped OECD countries, may make such a macro-prudential policy mandatory (IMF et al, 2016: 12-13). Another aspect of this phenomenon is the inter-bank relations. If the healthier these financial relationships are, the greater the impact of macroeconomic policies that we have at the global level. There is no doubt, this financial macroeconomic balance provides an important support for the underdeveloped member countries to achieve a more stable process (BIS, 2018: 10).

- Another important element of the structural characteristics of macroeconomic policies is the understanding of the level of compliance of monetary policies with those of public budget policies. A possible macroeconomic crisis in a period of public deficits, especially underdeveloped OECD member countries has reduced the impact of national macroeconomic policies because of this phenomenon further adversely affects current account deficit positions. At this point, underdeveloped but fast-growing economies are forced to perceive changes in macroeconomic-prudential policies as an economic and financial change. For these countries, it is necessary to revise their financial infrastructures, primarily tax matters (Bassanini and Reviglio, 2011: 22). Unfortunately, as a monetary policy, renegotiation of domestic interest rates occurs relative to developed OECD countries, and national investment portfolios linked to national financial institutions are entering a negative process. In countries where public budget and monetary policies are incompatible, this fact is the most important handicap of macro-prudential policies towards the crisis process, and this phenomenon make difficult the practice process of the macro- prudential policies as a clear policy whole (Osiński et al, 2013: 20-21).

- Another third structural approach in the regulation of macro-prudential policies is that these policies are far from creating a scale of influence effect combined with all other policies, including social policies. Macro-prudential policies are often policies that are far from factor markets. Because of this, unemployment and other factors on the market and scale of influence on management policies are often lower. This ratio also indicates greater negative effects in underdeveloped countries (Zahonogo, 2016: 43). This structure of macro policies weakens the reflex of the market's macro changes with the adverse effect on international trade and investments during periods of possible macroeconomic crises. On the other hand, the structural incompatibility of macroeconomic policies with international markets undermines the national production's target market criteria for global markets, and it also puts the potential risks arising from international capital accumulation as the negative process for OECD countries (World Economic Forum, 2017: 8). In underdeveloped OECD countries, the lack of national savings, and the high consumption levels have led these countries to face increasingly high import rates. This phenomenon, the considered macro-prudent policies as a reason for non-compliance with other policies implies. As this result of phenomenon, this fact is the cause of undergone ineffective national adjustment in which underdeveloped countries transfer structural changes from other developed countries which mean that weak macro-prudential policies (McDonald, 2015: 20).

In this context, the need for institutional cohesion, especially in the case of national liquidity crises, should be realized in a stronger common currency, avoiding macroeconomic crises for OECD member countries. The financial problems arising from exchange rate weaken the influence of infrastructure problems and macro-precautionary policies which are not institutional harmonization (OECD 2017-c: 79). This situation disrupts the risk distribution of macroeconomic crises across countries and is considered an important negative reason to the positive inverse process of institutional change via reform and renewal in the developing OECD countries (OECD, 2017-a: 27). Turkey can be regarded as a good example of the structural location of components for macro risks in OECD, and the structural to sudden financial alterations for probable crisis process. In Turkey for recently months, the structural change process for this financial phenomenon via the negative process and indicators in where the national corporate-political structural reform process in this country also has been confirmed this fact (European Commission, 2017: 7 and 21).

4. CONCLUSION

OECD countries react differently to possible macroeconomic crises, and these differences are due to institutional differences as well as the countries' developmental differences. Different OECD countries with different financial structures in financial practices are at the forefront of these crises with different emphasis. Therefore, these countries with high levels of financial vulnerability have different reforms of different macroeconomic policies with different outcomes. The different structure of the macroeconomic components leads to significant institutional alignment problems for OECD countries as far as possible macroeconomic-economic crises differentiate the impact size, and they appear to cause a process in which monetary liquidity risks and global investments are adversely affected. One of the most important approaches to overcome this situation is that macroeconomic policies move within a common decision-making portfolio, and that macro-prudential policies, especially against crises, are formed within a common financial monetary union. It cannot be said that OECD countries have successfully implemented this structural fact, and anyway this can be observed by the failure of precautionary policies for macroeconomic crises, especially in the recent periods when the risks arising from labour market and exchange rate appreciation are further increased. On the other hand, cross-country political differences and possible risks in global capital allocation constitute a significant handicap for underdeveloped OECD countries, and unfortunately this fact has been resulted in the national productivity of macroeconomic policy preferences only for favouring developed OECD countries.

The position of national currencies of less developed countries against the high global exchange rate is also a become diffused process of this negative process, in which the underdeveloped OECD countries' financial savings in the course of possible sudden macroeconomic crises are rapidly decrease. Because of this, targeting a rapid reform process in this respect, these developing countries are primarily aimed at harmonization of their macroeconomic components, and then seek to establish macro-prudential policies. In addition, institutional harmonization in terms of OECD countries also causes significant national costs, especially for less developed countries in OECD. From the standpoint of the underdeveloped OECD countries, this situation is observed to appear at two important points. The provision of macro-prudential applications enforcement efficiency requires a major external guidance procedure on these countries. This can mean, for developing countries, reflecting the decisions of developed OECD countries to the process as a reform process. Second, macro-prudential policies can sometimes be a result of political decisions to capitalize on global capital movements resulting in a national financial confusion. This often happens in terms of OECD countries which means the different impact levels of the macro-risk components and possible significant financial losses. Therefore, the main features for the moderate financial cyclical that include probably macro dynamics depends on their structural relationships as related to macro risk factors. At this stage, the OECD countries should position the efficiency levels of the joint economic development committees they cooperate with at the level of countries that can be primarily affected from a possible macroeconomic crisis and localize institutional-structural change foci at this stage.

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STRUKTURNA LOKACIJA KOMPONENTI ZA MAKRO RIZIK U OECD-U I STRUKTURALNOST ZA IZNENADNE FINANCIJSKE PROMJENE ZA VJEROVATNI KRIZNI PROCES

SAŽETAK

U članku se analizira značenje i utjecaj makro elemenata/komponenata kao financijski različitih vrijednosti koje mogu uzrokovati financijske krize u OECD-u. Za pretpostaviti je da makro elementi kao što su stope inflacije, stope zaposlenosti, stope sudjelovanja radne snage i znatno različite stope plaća nisu u strukturalnoj harmonizaciji, koja je prihvaćena kao važan čimbenik vjerojatne financijske krize. Cilj zemalja članica OECD-a nije samo da osigura proces financijske i ekonomske harmonizacije među zemljama članicama, nego je i održavanje zajedničke makro politike koja mora utjecati na željenu globalnu gospodarsku poziciju OECD-a. Kada se u okviru zemalja OECD-a uzmu u obzir različiti trendovi gospodarskog rasta, uočava se, kada se promatraju različiti ekonomski omjeri, da je mogućnost financijske krize još veća. Osim toga, kada je ta strukturna pozicija naglašena unutar Europske unije, podrazumijeva se da zemlje članice OECD-a izražavaju i važan rizik za zemlje članice EU-a. Ova činjenica objašnjava i zašto su zemlje OECD-a nakon krize 2009. bile različito pogođene kada se promatraju navedeni pokazatelji. Zemlje OECD-a moraju održavati na globalnim tržištima različito povjerenje potrošača i globalne proizvodnje koje utječu na cikličku promjenu uzleta po godinama. S druge strane, ovaj fenomen koji se odnosi na zemlje OECD-a može značajno utjecati na na financijsku krizu eurozone.

KLJUČNE RIJEČI: Financijske promjene, ciklički oporavak, makroekonomske politike, makro rizici, makroekonomski rizici, zemlje OECD-a.

EVOLUTION OF PRIVATE LABEL DEVELOPMENT: A JAPANESE CASE

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ABSTRACT

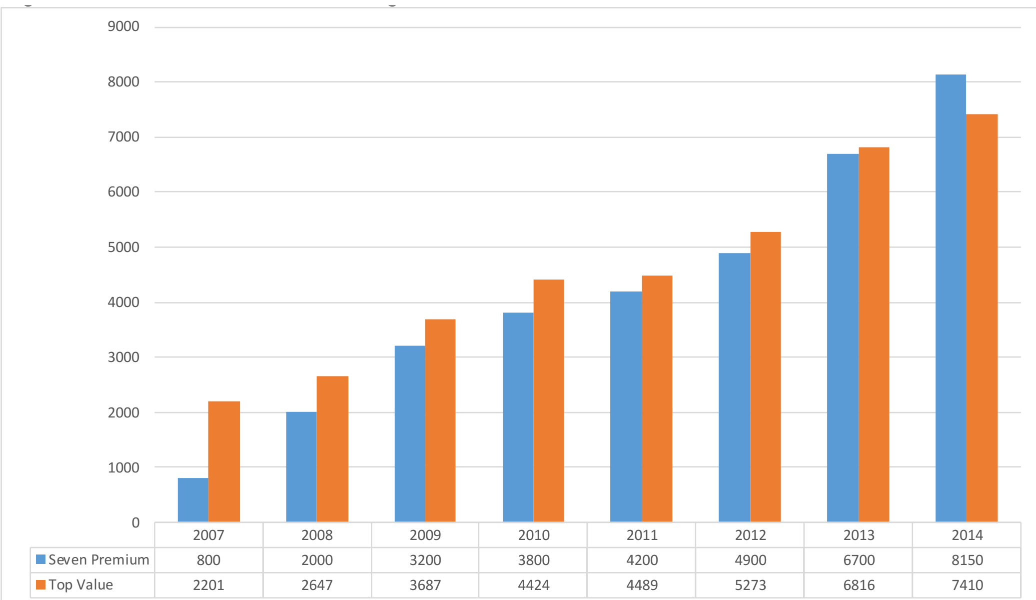
This paper discusses on recent trend in private label development in Japan. Reasons for introducing of private label products have been explained as low price with moderate quality by the beginning of 21st century in Japan. However, improvement of quality is one of the persuasive factors which explains recent growth of private label products. In this paper, we will show market share growth which evolves with private label evolution from low price appeal to quality focused, when we traced its evolutionary sequence. Continuous quality improvement of private label product is one of the critical factors which influences consumers' repeated purchase. Though previous studies indicated that quality improvement positively influenced, there was few report on practices and management of quality improvement in retailers. This paper will explore such quality improvement activities, how that evolved. Recent private label development focused on involvement to upstream, that is, production phase, such as material selections and supply management.

KEY WORDS: private label products, quality improvement, involvement to upstream phase.

1. INTRODUCTION

ales of private label products still grow and have good reputations (Figure 1). Private label development of retailers and sales expansion are closely related with problem solving to achieve retailer's strategy, such as construction of store loyalty, competitive differentiation, and improvement of gross margin (Ailawadi et al., 2008; Koschate et al., 2014). In this paper, private label will be abbreviated as PL, so private label product will be written as PL product.

Figure 1. Sales of Private Label in Big Retailers



Source: Seven and i Holdings Corporate Outline, each year; AEON annual report, each year.

As recent background of sales growth of PL, one persuasive explain is to reduce consumer risk perception to PL products (Richardson et al., 1994). Low price and price difference from national brand were one of the most critical reasons that consumers bought PL products for last decades. Compared to these days, the reason consumers buy them is to regard contemporary PL products as quality equivalent, even better. Such quality of PL contributes to establish (retail) store loyalty. In PL research, two dominant studies can be identified. The first one focused on market share expansion of PL and its evolution (Kumar and Steenkamp, 2007). The second one is the relation between PL and consumer's store loyalty. Compared to these studies, there is few study on quality improvement of PL products. Our study investigates on the management efforts to improve quality of PL by retail company in Japan.

2. PREVIOUS RELATED STUDIES AND METHODOLOGY

In this section, we will review previous related studies. There are mainly two studies distinguished. The first one is evolution stage model of PL quality improvement. The second one is consumer perception model. We will briefly review both and indicate what they have revealed.

2.1. Review on Evolution Stage Model

Quality improvement of PL has been indicated as the reason that market share growth. Before 1990s in US grocery market, inverse correlation between disposal income fluctuation in the recession period and market share (by money) of PL products (Hoch and Banerji, 1993). However, recently, market share of PL products is getting growing even in period of recovery of recession. As for one reason, Quelch and Harding (1996) suggested that market oligopoly trend by big retailer, even during recession recovery period, explained market share growth of PL products.

However, many others often insisted on that quality improvement was one of the important factors to growth market share of PL products. As one of these studies, Hoch and Banerji (1993) empirically showed that PL product quality and quality consistency positively influenced consumer's perception as the factor of market share growth during recession recovery stage. High level of quality of PL and quality stability became not only to form consumer's motivation for PL preference, but also to build store image and store loyalty. This result suggests that quality improvement of PL development can motivate consumers to shift purchasing reasons from mere brand switch due to income decreasing under recession to continuous PL purchasing.

There are other findings about quality improvement of PL product as evolution of PL development. Regarding improvement of PL as history of PL development, these studies explains such improvement as evolutionary stage model (Kumar and Steenkamp, 2007; Laaksonen and Reynolds, 1994). Through wide survey of PL in Europe in 15 countries, Laaksonen and Reynolds (1994) recognized similarity of evolution among these PL (in their term as own brand) and specified four stages of evolution, as generic, cheapest price, me-too, and value-added. The evolution from generic to value-added PL, they realized purpose of PL transferred concurrently as well. For instance, the purpose of generic in first stage was to provide the option of assortments in the store, then, the purpose of fourth stage was to retain customer basis, to increase margin rate, to modify PL image, and differentiation.

The background of concern to evolution stage, there is an implicit assumption which regards the country with the bigger market share of PL products as the well-developed, in contrast, the country with the lower of PL market share as under-developed. Laaksonen and Reynolds (1994) revealed factors of growth of PL products by following PL evolution process in UK, after all, they summarized that the process evolved from cheaper price emphasis in the first stage to quality focus in the last stage.

Compared to PL development in UK was regarded as the most advanced case, the stage evolution model logically implies that market share of PL product will be able to grow gradually when the condition, such as oligopoly by big retailers, could be established, even evolution stage of PL development has been delayed in Japan at that time. Paying attention on the transition of PL development focus from cheaper price to quality consistency and multiple branded, this transition can be regarded as one of key factors of success.

2.2. Review on Consumer Perception Model

Once consumers realize quality improvement of PL, the improvement contributes to reduce consumer's risk perceptions before buying. Richardson et al. (1994) empirically revealed that consumers relied on extrinsic cue for their selection between national brand and PL (store brand in their term). If PL brand could be a signal to quality consistency of PL, consumers' reluctance to re-buying and another category of PL should be decreased. As the result, consumers perceived value for money of PL.

PL has been regarded as certainly cheaper, but less quality products compared to national brand. This absolutely becomes the reason why consumers did not buy PL consecutively, once they temporary bought PL, due to income decreasing during recession. However, according to Figure 1, sales growth of PL of big retailers in recent Japan, consumers positively evaluate PL and buy them. One of the factors which reduced consumers' resistance buying PL products was product image by big retailer and quality improvement.

Recent PL development activities do not only focus on cheaper price, but also on the technique how to improve quality. This example in Japan will be stated later, as a case. Formerly, the primary motivation of PL development was to restrain the price up of national brand, and thus many efforts invested on how to reduce the cost. As examples, these efforts were narrowing function and quality (reducing unnecessarily functions), no-return buying contracts, searching for high quality small and mid-size manufactures, increasing amount of procurements for concentrating venders to small numbers, and developing over-seas venders. Though these efforts have been done, consumers regressed to national brand when they had recognized huge quality difference between them, once they bought PL because of cheaper prices. Therefore, it can be estimated that one key factor which makes to diffuse PL widely is to improve PL quality consumers perceived.

Though previous studies have mainly suggested that quality improvement can influence to expand market share of PL products and establish store loyalty, there are few studies on what and how retailers invest and engage quality improvement programs ever. How PL development focused on cheaper price at the beginning has been changing its focus and solving quality improvement problems.

Recent PL development is characterized by big retailer's strong commitment to quality decision, such as material selections, cooperate factories, and process modifications. We suppose that this commitment can explain quality improvement activity, such as quality improvement problems, in a retail company. This paper focuses on evolution process of quality improvement program as a Japanese case.

2.3. Research Methodology

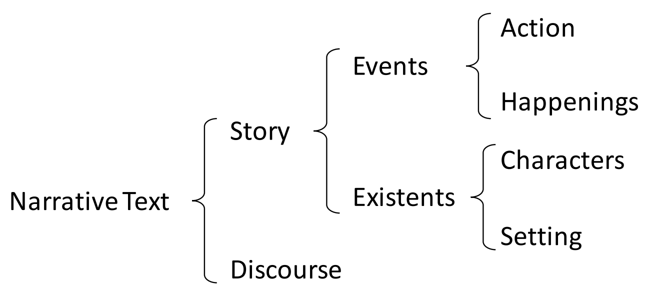
Our research is mainly based on secondary information (documents) and interviews, so far. Thus, this paper employs a case study. Case study is often regarded as case research by Yin (1994), but they are somehow different, or, at least, we recognize some difference between them. First, Yin (1994) referred the case research as one of empirical studies. He and his advocators believe empirical study as generalization method which purpose is scientific research. This belief is stemmed from covering law model which has dominated over management studies for last five decades. Covering law model defines as attitude which tries to specify the generalization which covers phenomena should be explained (Hollis, 1994).

This generalization is regarded as the one critical condition of science, and aims to establish nomothetic principle of management law, for becoming management study as the science. For this establishment, some researcher advocated that even a case study could test a (hypothetical) theory by using several (four to ten) cases (Eisenhardt, 1989).

However, as Dyer and Wilkins (1991) criticized, her discussion which was paradoxical because although its purported purpose was theory generation, it included many of the attributes of hypothesis-testing research (e.g., sampling, controls). If anyone would claim anything positive to hypothesis test by case research, this procedure could not be supported by any statistical theory, specifically, inferential statistics based on law of large number.

Rather, the case study should have another role and contribution to management study. Generally, this role and contribution are often referred as theory building. Additionally, this paper suggests the case can tell what and why a decision maker believed what s/he chosen as good and better. Of course, though we know that it is neither theoretical, nor scientific, it should be not only persuasive, but also understandable. Here, we will say this as narrative story analysis.

Figure 2. Elements of Narrative Theory



Source: Chatman, 1978, p. 19.

Figure 2 shows basic elements of narrative theory. Previous case research studies indicated how a researcher designed and conducted the case research. Elements and notifications were included, but few information on how to write the case. Compared to case study text, primary purpose of narrative theory is to reason account of the structure of narrative, the elements of storytelling, and their combination and articulation.

According to structuralist theory, each narrative text had to have two parts: a story, the content or chain of events (actions, happenings), plus what might be called the existents (characters, items of setting); and a discourse, that is the expression, the means by which the content was communicated. Our research applies this element to describe PL improvement management in Japan.

3. CASE OF PREVIOUS PL DEVELOPMENT

In this section and following section, we will briefly introduce two PL developments, i.e. previous and recent ones. The former copes with cheaper price PL development; the latter will do contemporary development.

3.1. The Previous PL Development and Motivations

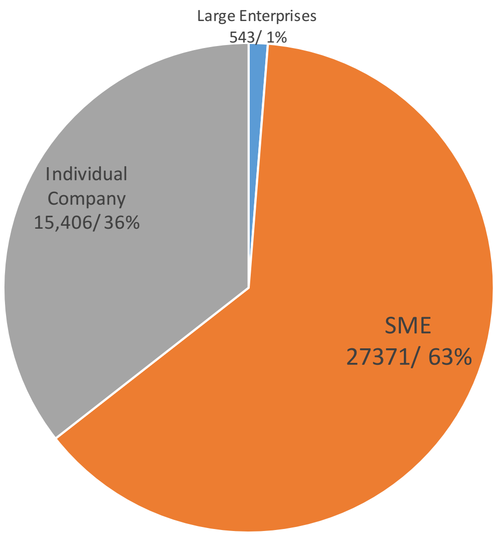
Reflecting a history of PL development by a super market chain retailer (hereafter supermarket), a motivation of the development was to counter price increasing by NB producers. Since its early time in 1960 of introducing PL in Japan, primary purpose of PL development has been to achieve price difference from NB products, especially, during recession, consumers who oriented cheaper price strongly supported. Then, market share of PL products grew. Indeed, focus of development of PL products were 20 or 30% cheaper than existing NB products and equivalent quality to them. Originally, a conceptualization of PL development has been benchmarked the top brand of a product category and achieved equivalent quality and sufficient price difference to it.

For instance, to implement the cheaper PL products, these methods have been adopted, as follows: reducing advertisement, simplifying the packaging, refining quality and functions, and modifying production processes. Some PLs successfully attained intended objectives with consumers' big surprise, but most of them was judged as low quality.

3.2. Development Methods in Early PL Development

In the early time of PL development, PL development was undertaken by small and mid-size manufactures without own NB products. The motivations of these manufactures were mainly these five: utilization of surplus production capacity, maintain the shelf share in big retailer, non-risk excess stock (no return policy contract), and so on. Figure 3 shows the size distribution of food manufactures in 2013 in Japan. That means that over 60% of food manufactures were small and mid-size manufactures.

Figure 3. Size Distribution of Food Manufactures



Source: Ministry of Economics and Industry, 2013 Economic Statistics, Industries edition

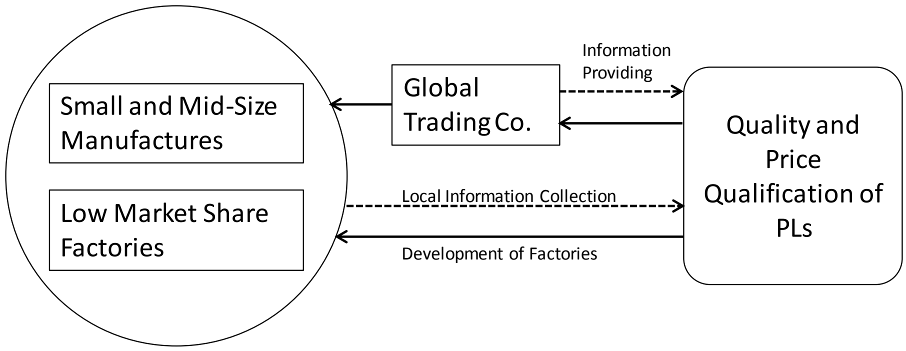
*: Large enterprise > 300 employees, SME < 299, Individual company < 3).

Due to resource restriction, small and mid-size manufactures often were bounded to expand their outlets and distribution channels. Additionally, limitation of production capacity restricts their production ability to distribute their products all over the country. Searching for these small and mid-size manufactures are mainly based on reputation and information from local wholesalers. To small and mid-size manufactures, to have transaction accounts with big retailers directly influences to increase operation rate of production units and to expand retail outlets. These all motivate small and mid-size manufactures to produce PL products.

3.2.1. Intelligence Activity for Factory Selection

As discussed above, once retailer decided to improve PL quality, to find a factory with advanced production technology is critical. In the factory selection process, information from global trading company are exploited. The trading company is delegated to conclude a contract between a retailer and a production factory, to maintain quality management, to manage logistics, and even to cover fluctuation of exchange rate if the contract with foreign factory. As a mean for developing the factory with high quality level, to exploit global trading company will contribute to expand the category of PL products, as well. On the other hand, to global trading company, not only commission will be increased, but also sale increasing will be expected expanding business scale thorough new business opportunity with subcontract wholesalers and cooperated factories (Figure 4).

Figure 4. Development Focus of Previous PL Products



Source: Authors

In contrast, the delegated factory is entrusted from retailers by certificating HACCP for quality management, advancing traceability, investing new facilities. These results, such as certification and business performances will be the signal which assure the quality of PL. Certification is the evidence which describes the factory has management system for product assurance, and business performance is the signal of level of achievement (included improvement of ratio of defectives).

3.2.2. Usefulness of Factory with Low Market Share

In Japan, market share of product categories differs from each local market. Some factory attains high market share in the west in Japan, but low market share in the east. Such high market share in local area represents that the factory has high quality production units, but as for nationwide expanding, low brand reputation, restrict of outlets, and insufficient logistic ability are reasons for market share difference in different area.

These low market share factories eager to accept PL production from big retailers, for expanding their outlets and delivering their product nationwide. Additionally, the factory would be expected production increasing, highly occupation of store shelf by PL production. As for retailers, on the other hand, they would have an opportunity to solve quality improvement problem of PL products under cooperation with these factories.

3.3 Summary of Former PL Development

The first step of PL product development for retailers without factories is to pursue cheaper price and sufficient quality as the original concept of PL. To realize that, there needs to develop the factory with high quality technology, and to gain the acceptance producing PL products. In sum, characteristic of PL development are mainly two: first, the ability which attains the cheaper price with the specification (recipe) the retailers required, and second, the guarantee which achieves the quality technologically.

4. CASE OF CONTEPORARY PL DEVELOPMENT

Here, recent quality improvement activities of PL development in big retailers will be discussed. There are three characters on that. The first one is retailer's involvement to material procurement. The second one is also involvement to production and quality control by recruiting technological staffs. The third one is, and this is critical, to delegate PL development to a famous factory with famous NB. However, this paper discusses on quality improvement of PL development by a retailer's involvement for material procurement and production.

4.1. The Cotemporary PL Development and Motivations

A previous standard understanding of PL development revealed that the retailers indicated delegated factory specifications (recipe as well) of PL product and decided the amount of production, price, and quality level. So far, retailer mainly focused on a convenience goods (by Copeland (1923) meaning) as PL products because of enough expectation of amount of sales, under non-return policy. In that case, retailers delegated the factory to select material providers and production method, while they emphasized on cheaper price product development.

4.2. Development Methods

Contemporary PL development approach, retailers achieved cost reduction by own material procurement and provided material to their factories because scale of economy does not work, for the reason that small and mid-size manufactures could not purchase enough amount of material. This material procurement by the retailers contributes to establish some advantages, such as price down, traceability and secure safety, and knowledge accumulation of materials and production processes.

4.2.1. Involvement to Production Management

There is the case what the retailer directly involves production process of delegated factory as quality improvement activity. Previous PL development sometimes lacked these involvement, such as direction of material procurement and production controls, research and development of products, frequency of new product development, while emphasising on cheaper prices. Consequently, in the short term, consumers made motivations to buy PL in early stage by the price difference between PL and NB, but in the long term, insufficient quality of PL became one of the reasons consumer who realized quality differences did not prefer PL repeatedly.

It is natural understanding on retailers which activities have focused on buying assortment and selling are deficient in knowledge and know-how about production processes. Here are some cases in which retailers involve the advances of production processes in delegated factories for improvement of PL quality.

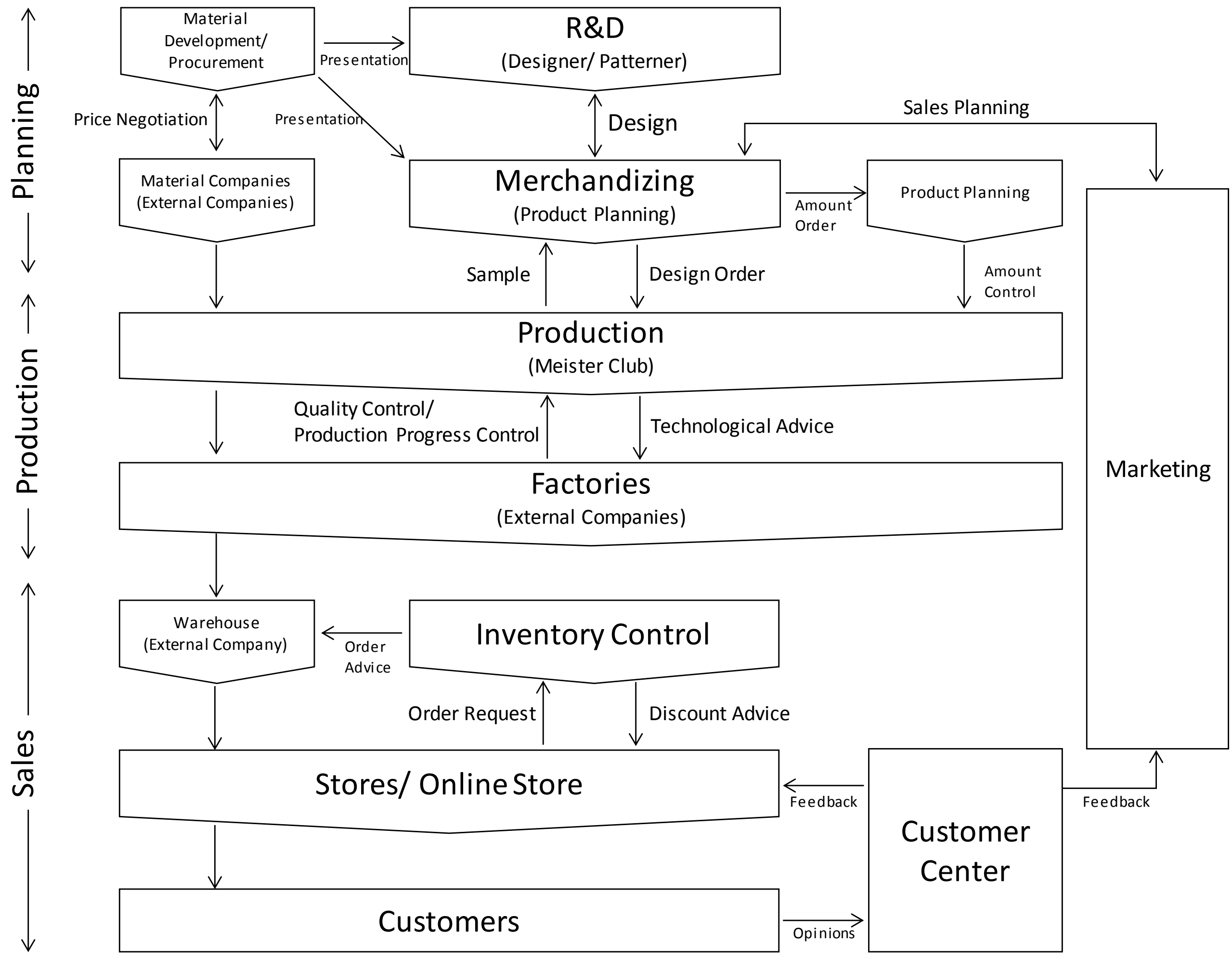
Fast Retailing Co. LTD (hereafter Fast Retailing), which operates UNICLO garment store as SPA, is one typical case in Japan. Fast Retailing began to build its own store overseas since 2001, at that time, most of merchandise were exported from Japan, even most of them produced in off-shore factories. To increase local contents (local products procurement), Fast Retailing hired the former local marketing manager, Mr. Nagai at Toyota, who was responsible for global optimized procurement in South-East Asia in mid-1990s. Mr. Nagai represented to develop new factories, first mainly in China, then Vietnam and India.

At that time, management team struggled with knowledge transfer problem. Khanna (2014) empirically showed how context intelligence worked. Context intelligence refers to the ability to understand the limits of our knowledge and to adapt that knowledge to an environment different from the one in which it was developed.

In contrast this understanding during 1990s, we believed that similar industries tented to have similar structures and deliver similar economic returns through empirical economists' results on the economies of the OECD member countries. However, when data from multiple non-OECD countries became available, we could not replicate those results. Knowing something about the performance of a particular industry in one country was no guarantee that we could predict its structure or returns elsewhere. Context matters.

Development of new factories both Vietnam and India, Mr. Nagai and development team focused on experienced factories. Experienced factories, in this paper, is referred to the factories which had produced European SPA merchandises ever. European and US SPAs had already shifted their production to these countries since early 1990s. Even these factories with rich experience, Mr. Nagai recalled that there were two types of presidents (responses). The first one was hesitated, the second one was positive. The former believed that there was no good for her/his factory because merchandises to Japan were extremely strict deadline, quality and cost reduction, additionally, fewer amount of one-time order than other European and US did. The latter one believed that global configuration should be in fashion in close future. They realized that global trend in which shipping to Europe (i.e. orders from European companies) could not continue to grow, in contrast, Japan grew. As for surviving in global economies, business with Japanese company was one realistic option. For these factorise, Fast Retailing delegated "meister club", which directed high quality control method in these new factories. Since 2010, most of meister staffs permanently resist in Shanghai. This structure can be depicted in Figure 5.

Figure 5. The Case of PL quality Improvement Structure



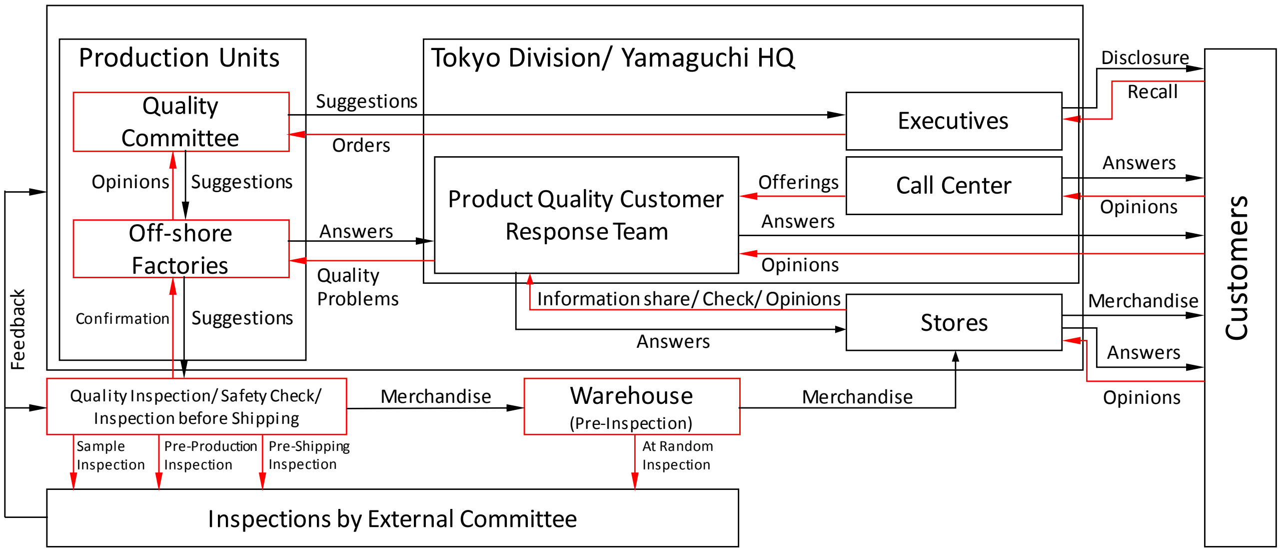
Source: UNICLO IR Library, ar2012_08.

As PL stage evolution model has indicated, PL development of retailers directly evolved from targeting cheaper price to quality focus, while this evolution not only owed technological advancement of delegate factories, but also retailers' involvement to material procurement and production control. Recently, retailers positively involve planning and production processes by recruiting technical staffs, and acquisition the factory with superior production process.

4.2.2. Quality Control Systems

Meister Club staffs are mainly responsible to quality control in off-shore factories. Fast Retailing declared "global quality guarantee" in 2004, and began to committed to material development with textile companies. To achieve high quality merchandises, one organizational solution was to organize quality control units everywhere in and out of the company. Figure 6 shows Fast Retailing (store brand is called UNICLO) quality responsible structure.

Figure 6. The Case of Fast Retailing Quality Control Unit



Izvor: http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=isoc_sk_dskl_i&lang=en, (19.10.2018.).

However, this structure can be replicated by other companies, or it is easily design this highly restrict quality control company, like Fast Retailing. It's pretty easy, deliver quality control responsible everywhere in the company. Rather, what only could do Fast Retailing is critical. It is called, "from transaction to collaboration" in Fast Retailing.

Transaction in this paper is regarded as economic rational basis. For instance, Fast Retailing asked to submit appraisal estimations to all prospect factories. Under transaction mode, Fast Retailing easily can decide one factory with the cheapest appraisal estimation. Compared to transaction mode, collaboration mode referred to work together under intimate discussions, common goal and mission, and achieving supreme quality target. Under this mode, Fast Retailing and counterpart are equal, and trust each other. Never one had power, nor depend on one side. Consequently, Fast Retailing opened its confidential quality control method with meisters to its counterparts.

4.3. Summary of Contemporary PL Development

Japanese quality improvement management of PL product has been gradually changing. In early time of PL quality improvement, retailer relied on delegate factories, then, involved to upstream of production, such as material procurement, production process control, and quality guarantee management, now material development. One and logical organizational attempt is to configure quality inspection units in the company.

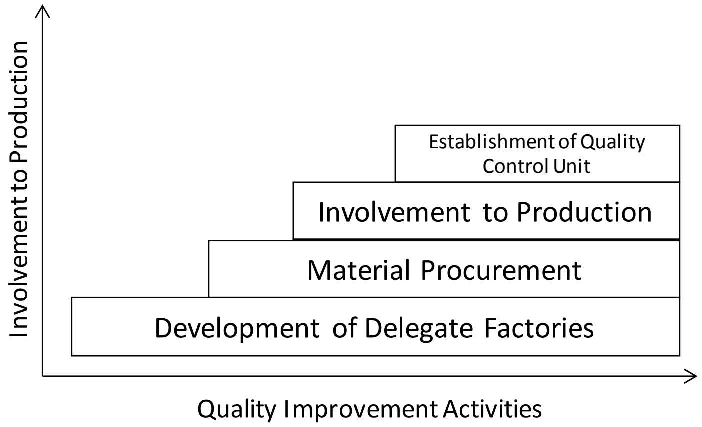
Indeed, there are several cases in which quality inspection unit in the company. AEON, the biggest retail chain store in Japan, owns "life quality science research centre", then intensifies quality inspection judgement. In this foundation, AEON bears all responsible on PL quality, achieves the equivalent level of PL quality to NB products. Consequently, AEON is still a retailer, but it recruits some specialists, include doctor of agriculture and inspector of textile quality management, then, reinforces quality inspection unit.

Further activity than quality inspection can be seen. Nishimatsuya, apparel chain store of children and infants, recruits technologists who has retired famous home appliance companies, and asks them to develop PL products directly. Compared to previous PL development, mainly focused on cheaper price, retailers revise the former development to total quality management and target costing. For instance, material switch and production modification by target costing and improvement of defective ratio to investigate the causes about defective and fault, both are included such revised activities. All affects idea generations of renewal PL and even new PL development.

Recruiting technologists by retail companies is regarded as deep commitment of involvement of quality control in production process and makes quality inspection ability advance to the same as manufacture level. In parallel with this recruiting, as Figure 6 indicated, further activity on quality control, such as third party and independent quality assessment and qualification, are working as well. These certifications by external organizations can be regarded as a guarantee of new PL quality improvement. Through these activities, retailers mastered quality improvement standard which can be an indicator when the retailers realized the timing of PL quality modification.

Figure 7 summarizes the case above discussed. Contemporary PL marketing has been explained primarily not only cheaper price appeal, but also quality improvement, and both contributed market share growth. As our case introduced, quality improvement was not achieved by just establishing quality inspection sections. Rather, Japanese retailers often regarded that quality inspection was not better solution, preferably, collaborative efforts should be needed. Collaboration efforts, here, was introduced as development of delegate factory, material procurement, production control, and quality approval organizational units. All these represented the trend of strong commitment to production phase by Japanese retailers.

Figure 7. The Evolution of Quality Improvement in PL Development



Source: Authors

5. CONCLUSION

Recently, Japanese retailers are gradually changing their appeal of PL products from cheaper price to quality improvement. As the background of PL products growth, consumers are getting admired this quality improvement. Several studies suggested that quality improvement should be one critical requirement for this growth. Unfortunately, there are few reports on retailer's efforts and innovative activities to PL quality improvement. Here, our case introduced what differences exist from previous PL development to contemporary one.

In development of cheaper price PL, relationship between a retailer and a factory focused on scouting for talented factory and derived factory's commitment. Such kind of relationship can be defined as just an order to the factory which could produce PL as retailer's specification asked. Compared to that, characteristics of recent PL development is deep commitment to quality improvement and control in production process. Through some activity in which retailer committed to material procurement and absorbed production know-how, at present, retailer can direct to modify and arrange production processes. Then, target costing can be done by recruiting technologists. They contribute fundamental improvement of PL product design. Organizational inspection of quality advances PL quality much better. Indeed, this organizational commitment must be essential of PL quality improvement.

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EVOLUCIJA RAZVOJA PRIVATNIH MARKI: SLUČAJ JAPANA

SAŽETAK

U radu se analiziraju recentni trendovi razvoja privatnih marki u Japanu. Razlozi za uvođenje proizvoda privatne robne marke početkom 21. stoljeća u Japanu su niska cijena i umjerena kvaliteta. Međutim, poboljšanje kvalitete jedan je od uvjerljivih čimbenika koji objašnjava nedavni rast proizvoda privatne robne marke. U ovom radu pokazat ćemo rast tržišnog udjela koji se razvija s evolucijom privatnih robnih marki koje sa fokusa na niske cijene se usmjeravaju na kvalitetu. Kontinuirano poboljšanje kvalitete proizvoda privatne robne marke jedan kritičan je čimbenika koji utječu na ponovnu kupnju potrošača. Iako su prethodna istraživanja pokazala da je poboljšanje kvalitete pozitivno utjecalo, malo je izvještaja o praksi i upravljanju poboljšanjem kvalitete u maloprodaji. Ovaj rad će istražiti aktivnosti poboljšanja kvalitete i njihov razvoj. Nedavni razvoj privatnih maraka usmjeren je na uključivanje u vertikalni sustav (vertikalno povezivanje), odnosno fazu proizvodnje, kao što su odabir materijala i upravljanje opskrbom.

KLJUČNE RIJEČI: proizvodi privatne marke, poboljšanje kvalitete, vertikalno povezivanje.

THE CASE OF THE PDO AND PGI LABELS IN THE CROATIAN MARKET

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ABSTRACT

This research is a first step towards outlining the profile and motives of Croatian producers concerning their PDO/PGI food production practices. This paper is aimed at the producers' perception of the success of protected products production as well as of marketing activities used to enhance the success of such products. The primary research method employed for the study was in-depth interviews with 17 producers of PDO olive oil and 6 PGI Dalmatian prosciuttos. Research results showed that protected product producers find that their biggest problem is an insufficient education of Croatian producers on PDO/PGI labels and high costs needed for the product protection and control process. Bureaucracy and costs of implementation, together with a lack of consumer knowledge, are likely to prevent rapid future adoption in the Croatia. However, producers of both types of products consider that greater success requires greater investments into marketing activities during a longer period of time. The paper concludes with several observations drawn from the data as well as implications for managers and researchers.

KEY WORDS: protected designation of origin, protected geographical indication, food products, producers, Croatia.

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1. INTRODUCTION

The adoption of different quality assurance schemes, such as the Protected Denomination of Origin/Geographical Indication (PDO/PGI) by the European Union, has been a response to the growing demand for certified quality food products among consumers. Fotopolus and Krystallis (2003) offered some more insights into the effectiveness of the PDO scheme and its acceptance by the consumer. In general consumers do not read and assimilate all the information available, as they are highly selective and only retain the pieces of information that are relevant for them (Ares & Deliza, 2010; Guerrero 2001; Acebrón & Dopico 2000). The expiry date and the commercial brand are the most frequently read information on the label, although other aspects such as the ingredients, the nutritional composition, or the origin are also important. A high percentage of consumers are interested in the origin of the products that they consume. For instance, about 40% of Spanish consumers are concerned about the origin of the products that they buy (Guerrero, 2001). In general, most consumers show a certain degree of sensitivity towards food origins. The major benefit of a product's strong label is that it acts as a signal of product quality and directly affects the likelihood of purchase (Koschate-Fischer et al., 2012).

The PDO/PGI labels are considered to be a significant cue in consumer choice behaviour because they have a significant effect on consumer product evaluation (Al-Sulaiti & Baker, 1998) and are important in buying decisions (Beverland and Lindgreen, 2002). Food producers and retailers respond to these changes by modifying and extending the variety of their food products (OECD, 1997). The use of Protected Denomination of Origin/Protected Geographical Indication (PDO/PGI) labels by food producers has become a marketing strategy very similar to branding. Such labels provide consumers with information on the area of production and thus imply originality and authenticity. Moreover, a total of 20 Croatian food products (10 PDO and 10 PGI) have been approved by the EU (Table 1). Given that the PDO/PGI scheme concerns products complying with strict regulations, it results in enhanced product value; a PDO/PGI label makes a product more easily accepted by consumers. Furthermore, it transforms its quality characteristics from credence to search and decreases consumer risk regarding the quality of the regional product (Peri and Gaeta, 1999).

Although a PDO/PGI protection label adds value to regional products, there is one large problem, namely the lack of consumer awareness and understanding of the PDO/PGI protection label. Unless the consumer awareness and understanding of these labels is improved, the added value of PDO and PGI labels will be limited (Van Ittersum et al., 1999).

PDOs and PGIs, which have an official Commission logo (in blue and yellow), cover a wide range of food and drink products, from natural mineral water, beer and cider to meat, dairy and fish products, bread, pastries, cakes and confectionery. However, a number of conditions are attached and, among other things, producers must use product names which have a geographical descriptor and are thus linked to a specific area; specify methods of production and provide historical evidence which links the product to a specific area; and have the product inspected to ensure that the requirements of registered specifications are met.

Even though the products with protected labels effect has received considerable attention in research, current knowledge is still limited (Mai, 2011). Areas where knowledge is still lacking include effects of those labels for products and services originating from non-industrialized countries and how these products are perceived in emerging markets. The aim of this paper is to investigate perceptions of producers one PDO and one PGI product in Croatia – their current status and supply chain of those products. More specifically, the paper seeks to understand a little more about the characteristics of the early adopters of PDOs/PGIs, the reasons for their application, and the possible impacts of PDO/PGI status on their marketing strategies.

2. (PDO/PGI) PRODUCT PROTECTION PROCESS IN CROATIA

The provisions of the Regulation (EU) No. 1151/2012 of the European Parliament and of the Council of 21st November 2012 on quality schemes for agricultural products and foodstuffs provided for a legal framework for protection of the names of traditional agricultural products and foodstuffs, whose characteristics or specific production methods are a consequence of human and natural factors of a specific geographic region. This Regulation is aimed at providing assistance to the producers to supply additional information to consumers on products characteristics and production methods, introducing quality systems as a basis for labelling and protection of the names and expressions describing agricultural products and foodstuffs of added value. This Regulation further stipulates quality systems for geographical labelling, i.e. protected designations of origin and protected geographical indications, the system of traditional specialities guaranteed, and the second degree of a quality system, i.e. non-obligatory quality expressions ensuring added value on the internal market.

2.1. Protected designation of origin, protected geographical indication, and traditional specialities guaranteed

Protected designation of origin, protected geographical indication, and traditional specialities guaranteed are informing mechanisms guaranteeing to the consumer a purchase of a traditional product of recognised and verifiable quality and of known local origin. In practice, each of the mentioned labels refers to a protected name of a certain product produced in accordance with the Product specification, whose production was controlled by a control body. Only product for which their producers possess a valid Certification of Conformity with the Product specification, issued by the control body, may place onto the market a product under a protected name and labelled with the stipulated protected designation of origin, protected geographical indication, or label of traditional specialities guaranteed. It is that label that is a guarantee for the purchase of an authentic product.

In the Republic of Croatia, the process of name protection of agricultural products and foodstuffs as protected designation of origin, protected geographical indication, or traditional specialities guaranteed is carried out in accordance with the EU and national legislation in force, with the control body for the process performance being the Ministry of Agriculture. The process is carried out in two stages: the first protecting the name of the product at national level, ending in issuing of a Decision on transitional national protection as protected designation of origin, protected geographical indication, or traditional specialities guaranteed. The second stage of the process is registering the label at the EU level, and is carried out by the European Commission.

In accordance with the stipulated procedure, the process of name protection can be initiated only by a group of producers or and individual producer if they succeed to prove that they are the only producer of such product on a given geographical area, and that characteristic of such product differ from the ones of similar products from neighbouring areas. The key document in the name protection process is the Product specification, which has to entail – among others – all characteristics of the given product as well as production stages and methods, and a description of the causal connection between specific product characteristics and the geographical area of its production. Based on the Product specification, the competent authority, i.e. the Ministry of Agriculture, issues a decision on name protection by the so-called transitional national protection.

After the decision on a transitional national protection of the name has been issued as protected designation of origin, protected geographical indication, or traditional specialities guaranteed, it is the duty of the applicant to submit to the Ministry of Agriculture the documentation need for the registration of the name, i.e. the label, at the EU level within two months. The key document in the registration process, based on which the European Commission issues a Decision on the name registration, is a Single document, representing a summary of the Product specification. The process ends in issuing of the Implementing regulation on the entry of the name into the register of protected designations of origin and protected geographical indications, i.e. the Implementing regulation on the entry of the name into the register of traditional specialities guaranteed.

During both processes, at both the national and the EU level, the notice of a submitted application for the name protection is published in official gazettes in order to provide for a time period during which any stakeholder with a legitimate interest can oppose the submitted application. If such opposition should be submitted, it should be attempted to reach an agreement between the opposing parties; if that proves impossible, the competent authority initiates a procedure to issue the final decision on the name protection.

After adopting the Decision on the transitional national protection, the product name is protected on the territory of the republic of Croatia from any misuse, imitation, consumer misleading, and direct or indirect commercial use of products for which their producers don't possess valid certifications of conformity with the Product specification. The same protection is in force in all EU member states after the product name, i.e. label, has been registered at the EU level.

After issuing a Decision on the transitional national protection of the product name, the protected name may be used only by producers who possess a valid Certification of conformity with the Product specification. The process of verifying the product conformity with the Product specification in the Republic of Croatia is carried out by the competent control bodies, based on a Control scheme approved by the Ministry of Agriculture. Upon the completed control, the control body issues the producer with a product Certification of conformity with the Product specification.

All producers who possess a valid Certification of conformity with the Product specification – after registration of the product as one of the labels at the EU level – must label those products with an EU label of protected designation of origin, protected geographical indication, or traditional specialities guaranteed, placing it directly next to the name of the product. Voluntarily, producers may also place on their products the national protected designation of origin, protected geographical indication, or a label of traditional specialities guaranteed.

Table 1. A list of protected Croatian products

ZOI	ZOZP
Extra virgin olive oil from Cres	Prosciutto from Krk
Tangerines from Neretva valley	Kulen from Baranja
Sauerkraut from Ogulin	Potatoes from Lika
Prosciutto from Istria	Prosciutto from Drniš
Olive oil from Krk	Dalmatian prosciutto
Olive oil from Korčula	Chard pie from Poljice
Lamb meet from Pag	Turkey from Zagorje region
Olive oil from Šolta	Slavonian kulen
Cabbage from Varaždin	Meat pie from Međimurje region
Slavonian honey	Lamb meet from Lika

Source: Authors based on data of Ministry of Agriculture.

3. METHODOLOGY

Grounded theory allows access to social processes through participant observation as well by engaging in the daily life rituals of the society, the researcher is studying (Marshall & Rossman, 1995). Grounded theory requires the researcher to act as an instrument in data collection and to be committed to representing the life experiences of informants on the descriptive and explanatory levels (Sherry,1991). It also permits research design to emerge throughout the process of data collection – in this case, it was conducted in Istria, Kvarner, Dalmatia and Zagreb City in 2017 and 2018.

3.1 In-depth interviews

The second author conducted a depth interview about process of production products with PDO/PGI label. In interviews, a semi-structured interview format was used to allow themes to emerge (McCracken, 1998). We interviewed producers to learn about their insights into production, distribution and sales process. The research generated about 62 single-spaced pages of observations and interview transcripts. The interview participants included 23 producers. Most people accepted being interviewed. The researchers promised confidentiality to all of them. The response rate was 75%, based on 23 informants cooperating out of 31 available producers. Other producers declined participation because they were in a hurry.

The analytical operations included categorization, abstraction, comparison, dimensionalization, integration, iteration and refutation. This procedure provides a means for managing qualitative data for the purpose of analysis and interpretation (Spiggle, 1994).

4. RESULTS

Case study 1 – PDO olive oil

Based on the analysis of the interviews conducted with olive oil producers with the designation of origin (n=17), it can be concluded that the producers are members of associations that initiated the labelling of olive oil at EU level. At the island of Krk, the association of olive oil producers of the island Krk Drobnica is active, on the island of Cres, the association of olive oil producers Ulika is active, on the island of Šolta, the association Zlatna Šoltanka is active, and on the island of Korčula, the association of olive oil producers Vela Luka is active. Due to the enthusiasm and persistence of the members of the association, the olive oil from the island of Cres was protected at the EU level in 2015, and the olive oil from the islands of Krk, Šolta, and Korčula in 2016.

According to the results of the interviews with producers, a small number of producers of olive oil with the designation of origin can be explained with an insufficient education of Croatian producers on designations of origin and geographical indications. Product labelling system in Croatia is still not recognised by the consumers. The main disadvantage of labelling olive oil with the designation of origin are the costs covered by the producer, and strict adherence to the Product specifications under the control of authorised control bodies. Still, the producers agree that it takes time for positive effects of the protection of olive oil with designations of origin to show.

The supply chain of olive oil with the designation of origin in Croatia is very simple, thus it can be called a short supply chain. The first stakeholder in the supply chain is the producer of olives used in the production of olive oil with a designation of origin. Mostly, indigenous sorts of olives are used, like Oblica, Levantinka, or Debela. The producers of olive oil with a designation of origin possess a small number of olive trees, often located on fragmentised and disconnected surfaces, which leads to the conclusion that their produced quantity is not competitive on the domestic, let alone the foreign marketplace. Production of olives for the purposes of production of olive oil with a designation of origin in 2016 stood for only 0.3% of the total olive production in Croatia, state the producers. From the above reasons, the producers have oriented themselves to the added value, which is top quality and designation of origin.

The next stakeholder in the supply chain of olive oil with a designation of origin is the oil factory. Only four oil factories participate in the processing of olives for the purposes of production of olive oil with a designation of origin, and the processing price per a kilogram of olives in 2016 averaged at €0.20. It is important to emphasise that all oil factories which participated in the processing of olives for the purposes of production of olive oil with a designation of origin are privately owned. Furthermore, olive producers have neither long-term nor short-term agreements with the oil factories, but assess their relationship as a positive one.

The last stakeholder in the supply chain is the producer of olive oil, who is at the same time the distributer. The main sales channel of olive oil with a designation of origin is direct sales, especially through tourism (sale at the farm or in their own shop). Based on the results of the interviews conducted with the producers of olive oil with a designation of origin, it was established that the price of labelled olive oil is almost twice the price of olive oil without the designation of origin. Despite the higher price, the largest share of the interviewed producers state that olive growing is their additional source of income, and for the majority of them the main source of income is outside the production and sale of olive oil. It is important to emphasise that olive oil with a designation of origin is not exported while an average of 5% of the total production of olive oil without the designation of origin is exported, mainly into European countries.

As far as marketing activities are concerned, the members of the associations carry out communication activities, such as festivals dedicated to the olive oil (e.g. Drobnica fest, Dani korčulanskog maslinovog ulja), they use publicity, they are active on social networks, and some of them maintain their own web sites with informative content. Still, the producers are of the opinion that the Ministry of Agriculture should invest more effort into consumer education on geographical indications as well as their promotion.

Case study 2 – PGI Dalmatian prosciutto

In Croatia, there are 4 prosciuttos labelled with protected geographical indications – the prosciutto from Krk, the Dalmatian prosciutto, and the prosciutto from Drniš, bearing the protected geographical indication, and the prosciutto from Istria, bearing the protected designation of origin. In this paper, we focused only on the Dalmatian prosciutto because the largest number of producers of labelled prosciutto is made of the producers of Dalmatian prosciutto. The Dalmatian prosciutto has had the protected geographical indication since 2016. In the production of the Dalmatian prosciutto with the protected geographical indications, a total of 7 producers participated in 2016. Just like with the producers of labelled olive oil, the producers of the Dalmatian prosciutto with a protected geographical indication are members of the association Dalmatinski pršut (Dalmatian prosciutto), which initiated the protection process of the Dalmatian prosciutto.

According to the results of the interviews with the producers of labelled olive oil, the producers of the Dalmatian prosciutto are of the opinion that consumers in Croatia have insufficient knowledge on geographical indications, and that foreign tourists largely recognise and value foodstuffs bearing geographical indications. Still, the main reason for the initiative for protection process of the Dalmatian prosciutto is the elimination of falsely labelled Dalmatian prosciutto from the national market. The controls of the authorised control body (in this case, the company Biotechnicon poduzetnički centar d.o.o.) ensure the adherence to the technical specification. Although some of the producers of the Dalmatian prosciutto are not satisfied with the current success on the market, most of them are of the opinion that longer time periods are required for positive effects of labelling.

The supply chain of the Dalmatian prosciutto bearing the protected geographical indication in Croatia is more complex, i.e it involves more stakeholders than in the case of the supply chain of olive oil bearing the designation of origin. The first stakeholder in the supply chain is the producer of swine fodder. Considering that the largest share of the primary raw material for the production of the Dalmatian prosciutto bearing the geographical indication (hams) is imported, the producers of the swine fodder are mainly companies of foreign origin.

The next stakeholder in the supply chain is the pig farmer, followed by the slaughterhouse. Both those stakeholders in the supply chain are located outside of Croatia. The producers of the Dalmatian prosciutto bearing the protected geographical indication most often import hams from Hungary and Austria, but they have neither long-term nor short-term agreements with slaughterhouses, i.e. pig farmers. The main reasons for the fact that fresh hams used for the production of the labelled Dalmatian prosciutto are imported are the lower price of imported hams and a shortage of domestically grown pork meat (more specifically, hams). The producers of the labelled Dalmatian prosciutto forge cooperation with pig farmers on their own, visiting often the pig farms in order to be persuaded of the quality of fresh meat used later on in the production of the Dalmatian prosciutto.

After the slaughterhouse, the next stakeholder in the supply chain is a transport company. According to the results of the interviews conducted with the producers of the Dalmatian prosciutto bearing the protected geographical indication, the transportation is more and more frequently organised by foreign transport companies, but they sometimes hire also companies from Croatia that offer transportation services under adequate technical conditions.

The next stakeholder in the supply chain is the producer of the Dalmatian prosciutto bearing the protected geographical indication. The production of the labelled Dalmatian prosciutto in 2016 made up approximately 17% of the total production of prosciutto in Croatia, so state the producers. The largest producers of the Dalmatian prosciutto bearing the protected geographical indication are the companies Pivac and Voštane.

The last stakeholder in the supply chain of the Dalmatian prosciutto bearing the protected geographical indication is the distributer. The main sales channels for the labelled Dalmatian prosciutto are supermarkets (ca. 50% of the sales), HoReCa (hotels and restaurants), specialised stores, and other sales channels, such as own shops. The price of the Dalmatian prosciutto bearing the protected geographical indication is higher than of the unlabelled prosciuttos on the domestic market. Half of all the producers export the labelled Dalmatian prosciutto, mostly into the European countries, such as Slovenia and Germany while half of the producers sell only on the domestic market.

The results of the interviews conducted with the producers of the Dalmatian prosciutto bearing the protected geographical indication showed that the members of the association Dalmatinski pršut conduct promotional activities, holding a festival Dani dalmatinskog pršuta each year, selecting each year a different city in Croatia with the aim of spreading the word of the labelled Dalmatian prosciutto. Besides, they participate on trade fairs displaying agricultural products and foodstuffs, use publicity, and are active on social networks.

5. DISCUSSION

Protected designation of origin and protected geographical indications guarantee to the consumer an authentic traditional product of recognised quality and of local origin, produced in accordance with stipulated rules and under continuous production control.

A small number of producers can be explained by an insufficient education of Croatian consumers on designations of origin and geographical indications. The product labelling system in Croatia is still not recognised by consumers. The main disadvantage of labelling olive oil with a designation of origin are the costs covered by the producer, as well as a strict adherence to the product specifications under the control of the authorised control bodies. Still, producers agree that positive effects take time.

The supply chain of olive oil with the designation of origin in Croatia is a short supply chain. The first stakeholder in the supply chain is the olive producer, the next one is the oil factory, and the last stakeholder is olive oil producer, who is a distributor at the same time. The main sales channel of olive oil with the designation of origin is direct sales, especially through tourism (sale on the farm or in own shop). The price of the labelled olive oil is almost twice as high as the price of olive oil without the designation of origin. As far as the marketing activities are concerned, the members of the association conduct communication activities, so that they organise festivals dedicated to olive oil (e.g. Drobnica fest, Dani korčulanskog maslinovog ulja), they use publicity, they are active on social networks while some of them maintain their own web sites with informative content.

According to the results of the interviews conducted with the producers of the labelled Dalmatian prosciutto, the producers of the Dalmatian prosciutto consider that Croatian consumers don't have sufficient knowledge on geographical indications and that foreign tourists largely recognise and value foodstuffs bearing geographical indications.

Most of the producers are of the opinion that positive effects of labelling take time. The supply chain of the Dalmatian prosciutto bearing the geographical indication in Croatia is more complex, i.e. it involves more stakeholders when compared to the supply chain of olive oil bearing the designation of origin.

The members of the association Dalmatinski pršut conduct promotional activities, so that each year they hold a festival Dani dalmatinskog pršuta, selecting each year a different city in Croatia with the aim of spreading a word on the labelled Dalmatian prosciutto. Besides, they participate on trade fairs displaying agricultural products and foodstuffs, they use publicity, and are active on social networks.

The use of Protected Denomination of Origin/Protected Geographical Indication (PDO/PGI) labels could help local producers and small-sized firms to survive and expand their business, thus reduce their dependence on subsidies. Furthermore, labels by food companies has become a marketing strategy very similar to branding. Such labels provide consumers with information on the area of production and thus imply originality and authenticity.

The early adopters of PDOs and PGIs can be likened to innovators in the diffusion of innovations. However, they have complained about the bureaucracy of the application procedures and the costs of inspection and verification. As it was stated by Ilbery and Kneafsey (2000) these difficulties could act as significant 'barriers' to further adoption. Indeed, PDO and PGI status is currently not being used as a marketing tool. Although the EU is promising an advertising campaign to educate the public about regional speciality food and drink product (SFDPs) with PDO/PGI status, it could take a very long time before a majority of producers of regional SFDPs will apply for such a quality mark (Ilbery & Kneafsey, 2000).

6. CONCLUSION

Our findings are consistent with other studies that believe that both the EU Commission and producers might well have overestimated the potential benefits indicated by PDO and PGI trademarks for consumers. There is an impelling need to implement measures to streamline the communication of information regarding the quality of food products and increase the effectiveness of European trademarks as a means of assurance. Operating in this way will not only support the revitalization of typical food products and ensure their competitiveness in the national and international scenario, but also limit the well-known phenomenon of product imitation that damages not only consumers but the entire European food system. Moreover, given that information about food quality can be effective only when it can be processed and used by its target audience, it would appear necessary to build different targeted marketing strategies to capture the best business opportunities for Croatian typical food manufacturers. Producers may have not realised that a certification such as PDO/PGI must be part of coherent marketing strategy and that a appropriate marketing mix is required. An interesting development of the current work could be to investigate consumer knowledge and use of geographical indication labels.

7. MANAGERIAL IMPLICATIONS

The limited direct effect of region of origin for Croatian consumers, both for Olive Oil and Prosciutto, may well be due not only lack of knowledge about production methods and the significance of the PDO/PGI certification, but also to the influence of public campaigns launched on TV by industrial producers of same product.

This publicity stresses the idea of a close association between these industrially produced oils/prosciutto and countryside environment, and the consumer is usually unaware of the non-traditional refining and blending process they have undergone. Consequently, the urban consumer may see no difference between these well-advertised conventional products and PDO/PGI products, which are hardly advertised at TV. Moreover, the urban consumer may be convinced that a nationally advertised product is superior to that of a local, little – known producing area and finally, the urban consumer may not be familiar with the taste of conventional produced by the PDO/PGI certified or the traditional –type regional methods, and may be unwilling to experiment.

This type of reaction presents a potential threat to the category of PDO/PGI products as a whole. To ensure the survival of such products, it is essential that more information be made available about the meaning of PDO and PGI certification and the guarantees it offers, so that the consumer can make an informed choice between these and other high-quality food products.

Although our study sample is consistent with others reported in the literature, we acknowledge the limitation of the sample size and representativeness. However, this research was intended to be exploratory. Future studies should expand the sample size, to enhance validity. In our suit of more robust results, further research could extend this study to one that combines qualitative and quantitative methods (field or laboratory experiment with consumers). It may be worthwhile extending this exploratory research by examining the consumer perceptions of protected labels with different products. Finally, futures studies should compare and contrast comments by consumers and producers within different PDO or PGI protected products.

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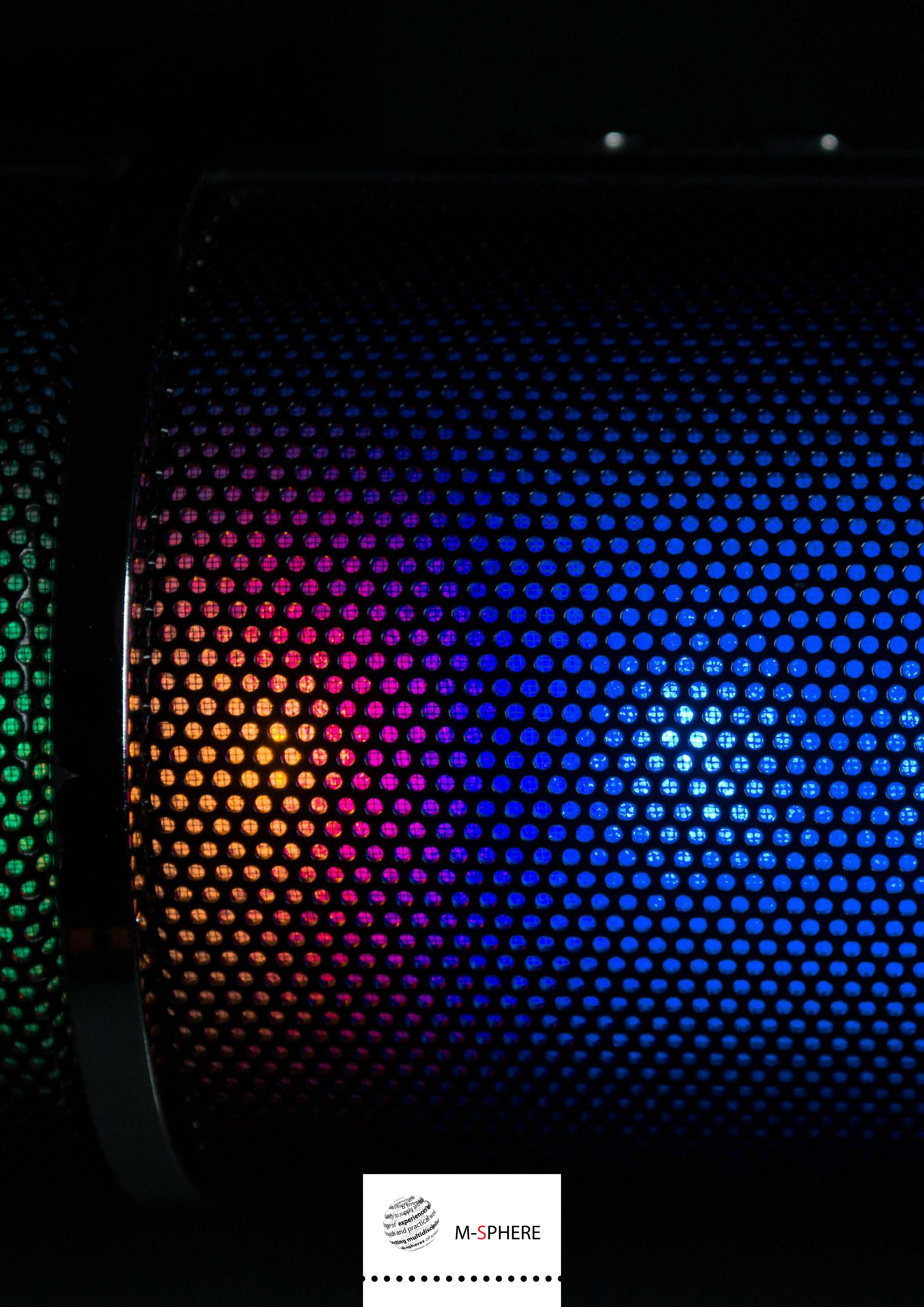
PROIZVODI SA ZAŠTIĆENOM OZNAKOM IZVORNOSTI I ZEMLJOPISNOG PODRIJETLA NA HRVATSKOM TRŽIŠTU

SAŽETAK

Ovo istraživanje predstavlja prvi korak prema opisu profila i motiva hrvatskih proizvođača i njihovih načina proizvodnje hrane sa zaštićenim oznakama izvornosti i zemljopisnog podrijetla (ZOI I ZOZP). Rad je usmjeren na ispitivanje percepcije proizvođača o uspješnosti proizvodnje zaštićenih proizvoda, kao i marketinških aktivnosti kojima se povećava uspjeh takvih proizvoda. Primarna metoda istraživanja je metoda dubinska intervjua sa 17 proizvođača maslinovog ulja (ZOI) i 6 proizvođača dalmatinskog pršuta (ZOZP). Rezultati istraživanja pokazali su da proizvođači zaštićenih proizvoda smatraju da je najveći problem nedovoljna edukacija hrvatskih proizvođača o oznakama ZOI/ ZOZP te visoki troškovi potrebni za zaštitu i kontrolu proizvoda. Birokracija i troškovi provedbe, zajedno s nedostatkom znanja potrošača, sprječavaju brzo usvajanje ovakvih proizvoda u Hrvatskoj. Međutim, proizvođači obje vrste proizvoda smatraju da veći uspjeh zahtijeva veća ulaganja u marketinške aktivnosti tijekom duljeg vremenskog razdoblja. Rad završava zaključkom te implikacijama za menadžere i istraživače.

KLJUČNE RIJEČI: zaštićena oznaka izvornosti, zaštićena oznaka zemljopisnog podrijetla, prehrambeni proizvodi, proizvođači, Hrvatska.



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