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Patterns for Managing Foreign Sales Subsidiaries in the German *Mittelstand* Based on an In-Depth Case Study

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Abstract

This paper provides insights into “How to manage foreign subsidiaries in a multinational company (MNC) belonging to the German Mittelstand” by applying a contingency perspective. Existing MNC knowledge focuses on large MNCs whereas contributions regarding an application to the German Mittelstand are scant. In particular, a framework for multinational management with patterns for foreign subsidiaries is missing for both academia and management. Thus, the findings of this research study contribute to existing MNC knowledge and provide ideas and guidance for managerial practice.

A review of the literature identifies MNC typologies (Bartlett & Beamish, 2014; Bartlett & Ghoshal, 1988), subsidiary role models (Bartlett & Beamish, 2014; Bartlett & Ghoshal, 1986), and the corresponding MNC factors serves as a starting point. A conceptual framework is derived accordingly. Thus, a plausibility check with industry experts verifies and ensures the suitability of the identified MNC factors to the characteristics of the German Mittelstand. Then, an in-depth case study consisting of documentary, semi-structured interviews, and focus group interviews, applies the conceptual framework to the selected case of the German Mittelstand.

The described research design operationalizes and modifies the selected MNC models in such a way that they suit the identified Mittelstand characteristics. This facilitates an application of the framework for multinational management consisting of the selected and operationalized content for foreign subsidiaries.

The main conclusion of this research study is the framework for multinational management, which fills the gaps identified in existing knowledge. In particular, this research study contributes to knowledge by: (1) providing the key MNC factors for the German Mittelstand, (2 and 3) operationalizing the models for MNC typology and subsidiary roles for the German Mittelstand, (4) elaborating patterns for foreign subsidiaries to improve their competences and to increase the market importance of their local market according to their subsidiary roles.

Key Words: *Multinational Companies (MNC), MNC Typologies, Subsidiary Roles, German Mittelstand, Case Study*

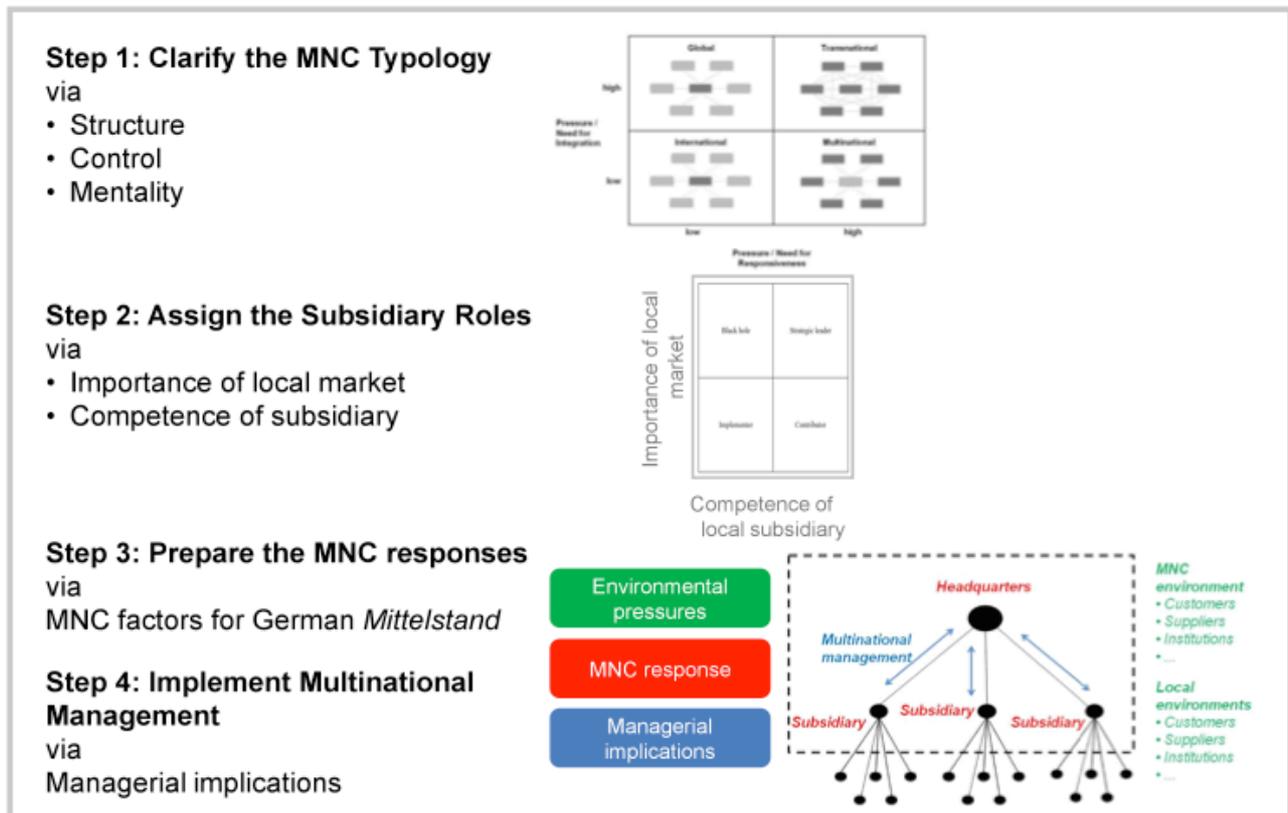
Introduction and Literature Background

Bartlett and Ghoshal (Bartlett & Beamish, 2014; Bartlett & Ghoshal, 1986) suggest the following three steps for guiding the responsibilities and tasks within an MNC: (1) setting the course, (2) building differentiation, (3) directing the process. However, this only considers their subsidiary role model. Therefore, a modification is done towards the following four steps resulting from this literature review. These aim to assess the existing MNC knowledge and to select the required content on which the underlying research study builds on.

- (1) Understanding the environmental pressures of the MNC with the existing structures, control mechanisms, and management mentalities BASIS: MNC Typology
- (2) Classifying the subsidiaries via the market importance and the subsidiary competence WHERE: Subsidiary Role Model
- (3) Structuring and preparing the most appropriate MNC responses for the derived subsidiary roles WHAT: MNC Response
- (4) Directing the process for managerial implications in order to implement the MNC responses within the local subsidiaries HOW Managerial Implications

These four steps are the basis for the conceptual framework, which is presented in the literature review results.

Figure 1: Four Steps for Multinational Management



The first two steps have been elaborated, but the appropriate MNC responses and the corresponding managerial implications for the four subsidiary roles still need to be derived.

First, the MNC responses (1) resources, (2) operations, and (3) products have to be matched with the two dimensions of the selected subsidiary model (market importance and subsidiary competence). As previously stated, it is the MNC's aim to increase the importance of the local market and to improve the competence of a subsidiary. The subsidiary competence can be influenced by working on the local resources and the local operations, both from headquarters (Bartlett & Beamish, 2014; Nohria & Ghoshal, 1994) as well as by the subsidiary itself (Birkinshaw, 2000; Birkinshaw & Heywood, 2010). The importance can only be influenced via the MNC response products, if at all. The MNC has to offer products, which are suitable for the respective local market by meeting both technical as well as commercial requirements, especially for *Mittelstand* companies seeking a clearly defined market niche (Gharpure, 2011; Simon, 2012).

Second, the managerial implications (1) centralization, (2) formalization, and (3) socialization have to be allocated to the subsidiary roles resulting from the market importance and the subsidiary competence (Bartlett & Beamish, 2014). For subsidiaries with a low competence (implementers and black holes), headquarters has to take over control to guide the local subsidiary with important decisions. The more important the market of a subsidiary is for the MNC (as it is the case for black holes and strategic leaders), the more headquarters needs to participate in the local decision-making. Whereas strategic leaders only have to be accompanied, black holes need substantial assistance. A certain degree of formalization (rules and guidelines) is required for all subsidiaries (Nohria & Ghoshal, 1994, 1997). However, the more important a local market is, especially if global customers are served locally, the more formalization is necessary. Socialization is an important element for all subsidiaries as a common culture and common values are crucial for an MNC (Birkinshaw & Morrison, 1995), especially for the German *Mittelstand* (Simon, 2012). Thus, frequent visits are required both

from headquarters to subsidiary and vice versa, which also shapes the competence of the subsidiary and the understanding of the market from a headquarters perspective (Hausmann, Holtbrügge, Rygl, & Schillo, 2006).

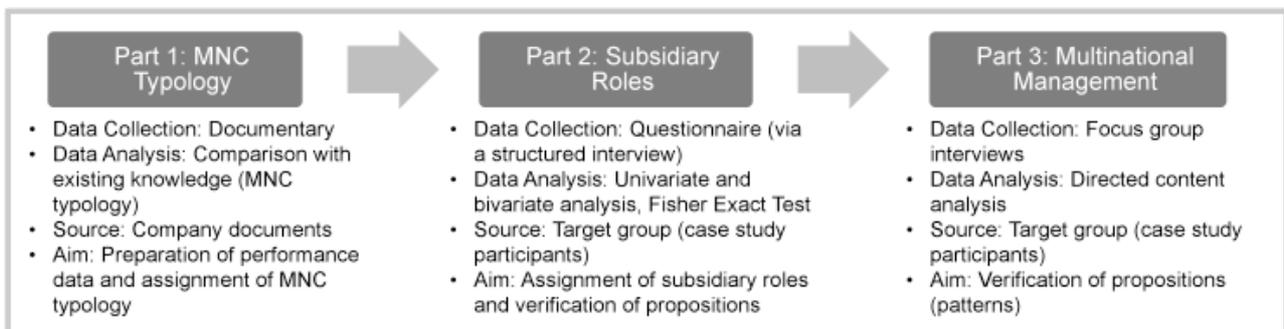
Consequently, the following implications for multinational management are stated for the subsidiary roles:

- **Implementers:** Management should focus on resources and operations via centralization and socialization. The more important direction is from headquarters to subsidiary.
- **Contributors:** Management should focus on strategy and products via formalization and socialization. The implication is to conduct socialization in a mutual exchange.
- **Black Holes:** Headquarters management has to focus on resources and operations via centralization and socialization. The low competence of the subsidiaries implies a one-way direction from headquarters to subsidiary.
- **Strategic leaders:** Headquarters and subsidiary management have to focus jointly on strategy and products via formalization and socialization. This ensures that both the directions from headquarters and the strategic leader match.

Methods

The overall research study uses an in-depth case study in order to assign the MNC typology and the roles of the foreign subsidiaries in order to derive implications and patterns for multinational management as illustrated in the following figure. The latter is done via focus groups in the case “Mittelstand GmbH”.

Figure 2: Overview of Case Study



The aim of the focus groups is to verify and discuss appropriate managerial implications regarding the assigned subsidiary roles. The collected qualitative data is intended to confirm and possibly modify the propositions and suggestions derived from existing knowledge and provide information on conditions as well as guidance for further research.

The participants of the focus groups are identical to those of the questionnaires to enable them to discuss appropriate implications for multinational management for the selected foreign subsidiaries based on their initial judgement. The participants form three groups, which are defined according to the industry segments of the case. Table 1 shows the formation and participants of the focus group and the date of conduction.

Table 1: Focus Group Participants

Focus Group	Participants (Mittelstand GmbH)	Industry segment	Date of Focus Group Interview
Focus Group "alpha" (FG α)	Sales Director, Director of Market Management, 3x Senior Sales Management 1x Senior Market Management	alpha	18 July 2014
Focus Group "beta" (FG β)	Sales Director, Director of Market Management, 3x Senior Sales Management 1x Senior Market Management	beta	28 July 2014
Focus Group "gamma" (FG γ)	Sales Director, Director of Market Management, 3x Senior Sales Management 2x Senior Market Management	gamma	01 August 2014

The three focus group interviews of this research study were conducted between 18 July and 01 August 2014 each with 5 participants. A "double layer design" is applied (as mentioned by Krueger & Casey, 2009, p. 27) as three groups are formed according to the industry segments ("alpha", "beta", and "gamma") with different participant types (from sales and market management as well as from different hierarchies). This facilitates methodological triangulation (Hammersley, 2008). The duration of each discussion is 3 hours, which consist of the following: First, an introduction is presented by stating the results of the subsidiary role portfolio. Second, the researcher acts as a moderator in order to initiate a discussion on multinational management based on a predefined questionnaire guide. The interview guide is structured according to the MNC criteria of multinational management: (1) centralization, (2) formalization, and (3) socialization. Within each group, every subsidiary is discussed individually for a certain period. The language for the discussion is German for similar reasons as applied to the semi-structured expert interviews. This main part of the discussion generates in-depth data, which is analyzed accordingly. Finally, the session is closed by providing a debriefing and a thank you note.

The analysis of the focus group interviews starts with an abridged transcription of the recorded sessions (see also Krueger & Casey, 2009, p. 117). The reason for this choice is the wish of the "Mittelstand GmbH" to filter out sensitive parts of the opinions expressed, which are not relevant for the analysis of the focus groups data. The transcripts are in German and analyzed by focusing on the meaning and sense of the answers with respect to the predefined coding scheme as shown in Table 2. With this initial coding scheme additional codes are evolved during the software analysis with the approach of directed content analysis (analogous as for the expert interviews). In order to apply a consistent approach, the researcher derives and uses predefined coding rules.

Table 2: Coding Scheme – Focus Group Interviews

	MNC Dimension and Criteria	Subsidiary Role			
		Implementer	Contributor	Black Hole	Strategic Leader
MNC response	Strategy				
	Products				
	Resources				
	Operations				
Managerial implications	Centralization				
	Formalization				
	Socialization				

Implications for multinational management are added via coded segments from focus group interview transcripts

The aims of the focus group interviews have to guide both data collection and data analysis (Krueger & Casey, 2009). In particular, ways to find an MNC response (WHAT?) as stated in the proposition are aimed to be identified:

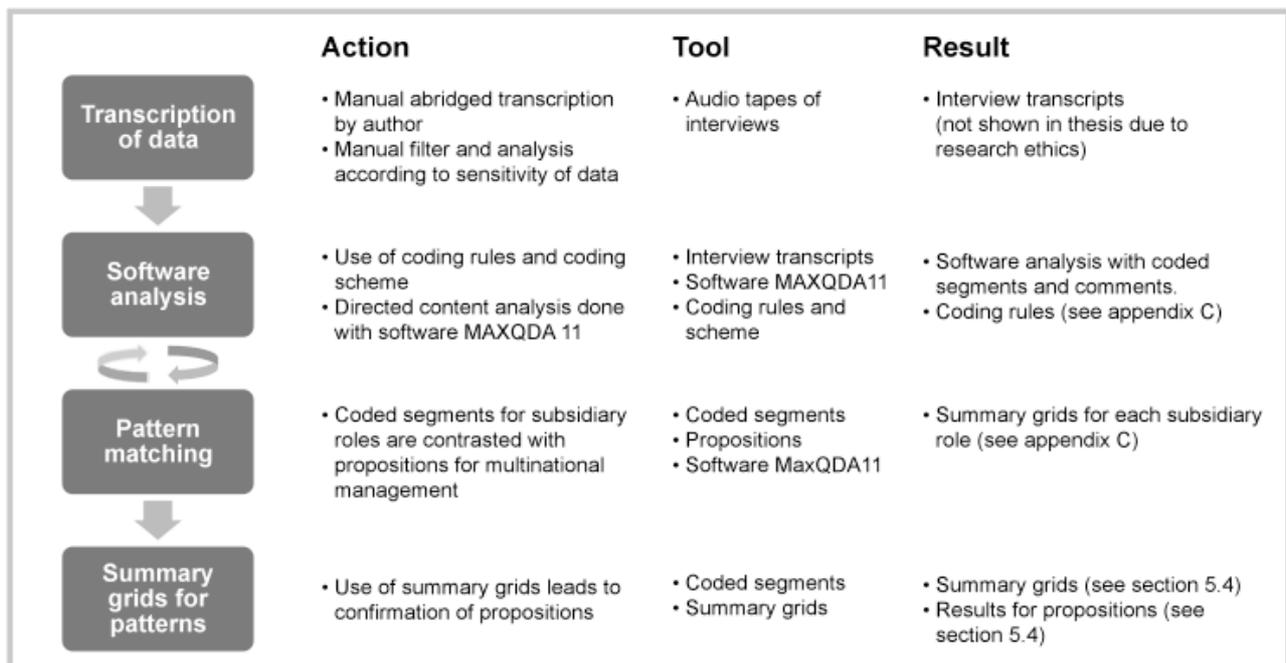
- To increase importance of local market via MNC response “strategy” and “products”
- To improve competence of local subsidiary via MNC response “resources” and “operations”

In addition, the researcher seeks ways to manage the subsidiary accordingly (HOW?) as stated in the propositions via:

- Centralization (direct HQ control)
- Formalization (rules and guidelines)
- Socialization (personal contact, relationship, and corporate values)

These aims for data collection and analysis set the basis for the semi-structured interview guide in order to discuss every subsidiary with respect to its role. Figure 3 displays the analysis procedure for the focus group interviews, which is similar to the one used for the expert interviews.

Figure 3: Analysis Procedure of Focus Group Interviews



The home market is excluded from implications for multinational management, which are evaluated in the following subsections, as it serves only as a comparative data set for the performance data as well as the questionnaire data of the “Mittelstand GmbH”.

Results

The MNC dimensions from Nohria and Ghoshal are selected for the research study from the literature review. From this, the claims are elaborated for the appropriate MNC response to increase the market importance for an MNC and to improve the competence of a local subsidiary. This results in propositions for the four subsidiary roles regarding the suitable

managerial implications. In particular, implementers and black holes require centralization and socialization, whereas contributors and strategic leaders need formalization and socialization.

The case study mostly confirmed the propositions, but refined the patterns for each subsidiary role (as the MNC factors were also verified and modified). These patterns resulting from the focus group interviews show a much higher level of detail compared to the corresponding propositions. In addition, the differentiation of the analysis according to industry segments was supportive to identify these details. Without, this differentiation, the patterns for the roles would be much more assimilated – for both market importance and subsidiary competence.

Evaluating the Patterns for “Implementers”

Resulting from the analysis of the focus group data above, the following preliminary findings for multinational management can be stated for the subsidiary role “implementer”:

- (1) Strategy
 - Centralization: Headquarter guides subsidiary due to its low competence with limited effort.
 - Formalization: Not necessary except for overall rules and guidelines of MNC
 - Socialization: HQ controls the correct set-up and mind-set (unless not present). Apart from that, no specific effort necessary besides the regular MNC socialization efforts (yearly product training, meetings, and visits)
- (2) Products
 - Centralization: No effort for product development and adaption for the implementer’s market due to low importance, unless global customers are present (initiated by headquarters)
 - Formalization: Not necessary in and for local market of subsidiary
 - Socialization: Only necessary for product adaptations (preparation) if subsidiary’s competence improves
- (3) Resources
 - Centralization: Headquarters guides and supports subsidiary due to the limited local competence
 - Formalization: Not necessary except for overall rules and guidelines of MNC
 - Socialization: Headquarters guides and supports subsidiary due to the limited local competence
- (4) Operations
 - Centralization: Headquarters guides and supports subsidiary due to the limited local competence
 - Formalization: Not necessary except for overall rules and guidelines of MNC and possible MNC interdependencies of global customers (HQ control)
 - Socialization: No specific effort necessary besides the regular MNC socialization efforts

Evaluating the Patterns for “Contributors”

Resulting from the analysis of the focus group data above, the following preliminary findings for multinational management can be stated for the subsidiary role “contributor”:

- (1) Strategy:
 - Centralization: Local subsidiary drives strategy due to its competence and let headquarters participate
 - Formalization: Not necessary except for overall rules and guidelines of MNC
 - Socialization: No specific effort necessary besides the regular MNC socialization efforts (yearly product training, meetings, and visits)
- (2) Products
 - Centralization: No effort for product development due to low market importance; subsidiary may initiate product adaption for the implementer’s market; if global customers are present headquarters initiates process

- Formalization: Not (yet) necessary in and for local market of subsidiary
 - Socialization: Not necessary for development, headquarters guides subsidiaries with standard approach for possible product adaptations
- (3) Resources
- Centralization: Subsidiary takes the lead (due to competence) and consults headquarters if necessary
 - Formalization: Not necessary except for overall rules and guidelines of MNC
 - Socialization: Joint approach to transfer knowledge in both directions
- (4) Operations
- Centralization: Local subsidiary takes the lead due to its competence except for MNC interdependencies (e.g. global customer), which need to be controlled by headquarters
 - Formalization: Not necessary except for overall rules and guidelines of MNC and possible MNC interdependencies of global customers (HQ control)
 - Socialization: No specific effort necessary besides the regular MNC socialization efforts

Evaluating the Patterns for “Black Holes”

Resulting from the analysis of the focus group data above, the following preliminary findings for multinational management can be stated for the subsidiary role “black hole”:

- (1) Strategy:
- Centralization: Headquarters takes the lead and guides local subsidiary in a common approach for local strategy (due to limited local competence)
 - Formalization: Headquarters takes the lead and supports local subsidiary for setting local rules and guidelines
 - Socialization: Headquarters takes the lead and transfers as much MNC strategy as possible, necessary, and appropriate to the local market of the black hole
- (2) Products
- Centralization: No efforts (yet) for product development for black hole’s market (despite the high importance); efforts for product adaption for this important market should be done jointly under the headquarters’ lead; this may serve to gain experience and improve competence
 - Formalization: Not (yet) necessary
 - Socialization: First efforts should be initiated for product development (preparation) and product adaption by headquarters together with local subsidiary
- (3) Resources
- Centralization: Headquarters needs to strongly guide and support the local subsidiary in a common approach in order to build and develop more competence
 - Formalization: Not (yet) necessary except for overall rules and guidelines of MNC
 - Socialization: Headquarters needs to strongly guide and support the local subsidiary in a common approach in order to build and develop more competence
- (4) Operations
- Centralization: Headquarters needs to strongly guide and support the local subsidiary in a common approach in order to set the operations according to the MNC’s and the local market’s requirements
 - Formalization: For sales and marketing, it is a common approach under the lead of headquarters (due to the lack of competence); for decision-making and MNC interdependencies, headquarters needs to retain control until competence is built.
 - Socialization: Common approach under the lead of headquarters in order to transfer knowledge and values to the local subsidiary for competence building

Evaluating the Patterns for “Strategic Leaders”

Resulting from the analysis of the focus group data above, the following preliminary findings for multinational management can be stated for the subsidiary role “strategic leader”:

(1) Strategy

- Centralization: A common approach of headquarters and local subsidiary needs to be conducted as the subsidiary is sufficiently competent but the market has a superior importance for the MNC
- Formalization: The strategic leader may take the lead for local formalization efforts, however the overall MNCs rules and guidelines for strategy provide the superior guidance
- Socialization: A common approach of headquarters and local subsidiary needs to be conducted as knowledge has to flow in both directions to create a common strategy

(2) Products

- Centralization: Product developments are guided by headquarters in a common approach whereas local product adaptations may be guided by the local subsidiary as well
- Formalization: As product developments are performed by headquarters, the formalization is guided by headquarters as well; for product adaptation, the local subsidiary enjoys more freedom to guide formalization
- Socialization: For products, there must be a common and close approach in both directions (HQsubsidiary as well as subsidiaryHQ) in order to jointly penetrate the important market

(3) Resources

- Centralization: Subsidiary guides and controls the actions regarding resources in a common approach with headquarters (due to the superior competence of the strategic leader)
- Formalization: Subsidiary sets local formalization in cooperation with headquarters while considering the overall rules and guidelines of the MNC
- Socialization: There must be a common and close approach in both directions in order to facilitate a two-way knowledge and experience transfer

(4) Operations

- Centralization: The operations are guided by the local subsidiary while keeping headquarters informed and involved
- Formalization: Possible local rules and guidelines are set by the local subsidiary while global formalization is not counteracted
- Socialization: All operational efforts should be shared in order to facilitate a best practice approach for the local market and the overall MNC

The result of this in-depth case study shows reveals the weakness of a purely quantitative approach, as this case study considers the real-life business condition of an MNC and the affiliated subsidiaries (also outlined by Yin, 2014 as a major advantage of a case study). Therefore, the modification of the models (by adding the MNC factors for the constituting dimensions) and the application of the framework show the possibilities of the existing MNC knowledge, for both academia and managerial practice. However, the framework is not meant to be taken as a blueprint, but it facilitates transparency and may create awareness and the derived patterns and the overall framework provide ideas and guidance for academics and practitioners.

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Managing local adaptation processes in Hungary

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Abstract

Adapting to climate change on local level is crucial in terms of making our settlements more resilient and less vulnerable regarding anticipated weather extremes. Nowadays there is a lack of Hungarian studies with respect to local adaptation strategies moreover related issues such as reduction of climate exposure or vulnerability. However the Alliance of Climate-Friendly Settlements provides membership to municipalities that have climate plans therefore collected adaptation strategies can be studied. Consequently main barriers, opportunities, similarities and differences regarding climate-oriented actions can be examined, moreover recommendations can be taken in order to improve the efficiency of the selected and future local climate plans. The aim of this paper is to analyse applied indicators collected from local adaptation plans, moreover to compare related sectors and methodologies used in different strategies. Since the lack of data is a frequently mentioned barrier in developing plans, recommendations concerning potential variables and sources of them can help to identify key intervention and focus points in the future. Such an analysis shall contribute to launch cooperation between local decision makers and other relevant actors, therefore it is crucial regarding stakeholder involvement what is one of the main success factors in developing local adaptation strategies.

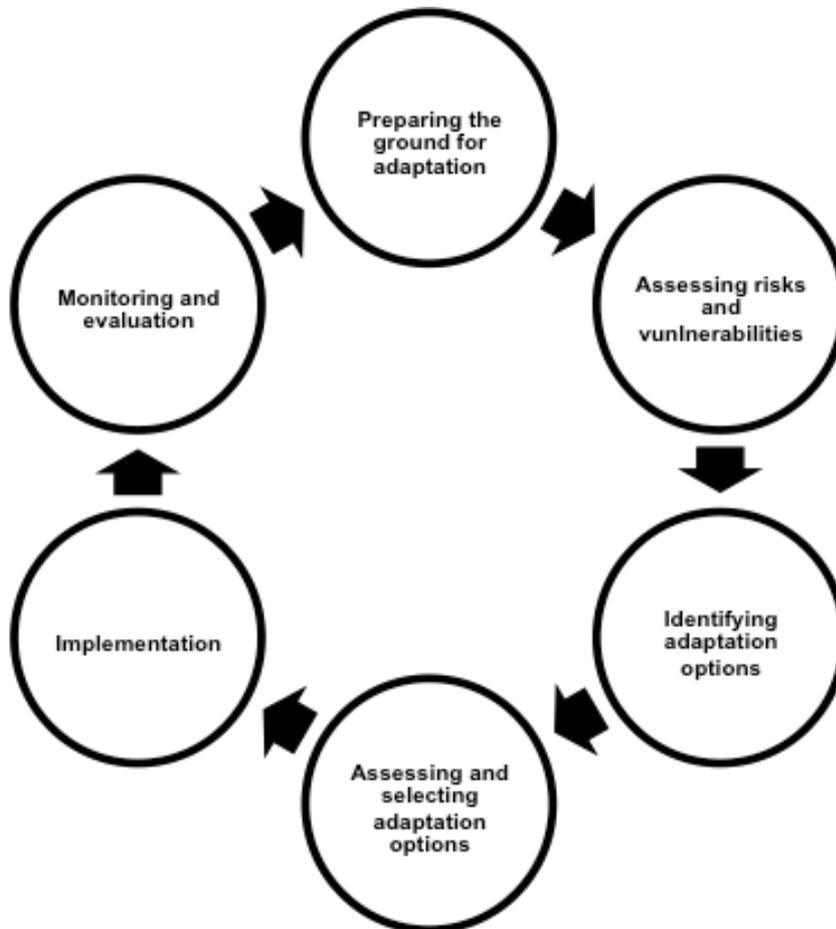
Key words: *adaptation; local; indicator; strategy; climate change*

Introduction

Preparedness for climate-related challenges and risks is crucial on local level in creating climate-friendly and more resilient settlements (Hunt and Watkiss, 2010). Predicted weather conditions such as changing precipitation patterns, more intense heatwaves during summertime heavily endanger the inhabitants as well as the infrastructure of urban areas (EEA, 2012), therefore it is desirable to improve their adaptive capacity by defining effective actions. Since urban areas are significant emitters of GHGs (IEA, 2012), and climate change makes them more vulnerable via heavy rain storms or heat waves, there is an urgent need for developing their own adaptation strategies to be able to cope with adverse effects of changing climate (Tyler and Moench, 2012; Baker et al., 2012). Adaptation and preparedness for unavoidable impacts of climate change on urban scale can be seen as one of the most urgent priority in local strategy development processes, since concentrated features of our cities pose them in the forefront of tackling climate-related challenges (Walsh et al., 2011). The disproportionate amount of emitted GHGs by urban areas intensifies the predicted negative impacts of climate change, therefore it can be stated that urban areas are affected by climate change and they are one of the most relevant actors in compounding consequences of the extreme weather events via greenhouse effect. Nowadays there is an increasing attention on local specific features of changing weather patterns, however more detailed climate predictions are often lacking (Reckien et al., 2014; Vogel and Henstra, 2015). Recognizing the importance of adaptation is the first step for making our cities more resilient (Dubois et al., 2015; Uittenbroek et al.,

2012), thus every part of planning processes, from pre-evaluation to monitoring shall be equally emphasized. The Urban Adaptation Support Tool (<http://climate-adapt.eea.europa.eu/tools/urban-ast/step-0-0>) provides a six-step approach for developing effective and comprehensive urban adaptation strategies and emphasises the role of monitoring in step 6 (Fig. 1.)

Figure 1. PDCA cycle in the Urban Adaptation Support Tool



Source: <http://climate-adapt.eea.europa.eu/tools/urban-ast/step-0-0>

In parallel with international trends, there is an increasing interest in adaptation aspects of climate change on local level in Hungary (Csete and Horváth, 2012), however urban studies regarding this topic are often lacking. In spite of the above mentioned growing interest in the topic, it can be stated that having adaptation strategies regarding anticipated weather events and related risks is in early stage in case of Hungarian municipalities. The Alliance of Climate-Friendly Settlements provides membership for those Hungarian settlements which have climate-related goals and actions, however the existence of climate strategy is not requirement for having membership. Prepared strategies have divergent methodologies and contents concerning adaptation sectors, and most of them do not include indicators or other evaluation tools for monitoring phase. Measuring adaptation processes, defining arising questions and challenges and preparing for changing conditions are crucial in creating effective and widely useful adaptation strategies

on local level. Since recognizing local features of changing weather patterns largely determines the requirements of a given local climate strategy, therefore collection of appropriate indicators is one of the most important part of developing climate strategies. However there is no rigorous and widely accepted methodology in collecting indicators and developing evaluation systems, the monitoring phase is crucial in decision-making processes.

Present paper has two different, but strongly connected aims. Firstly, the evaluation of related sectors in climate strategies of Hungarian cities that provides useful overview in defining main climate-related challenges from different aspects of sustainability and gain insight into main focuses of the strategies. Secondly, as it was mentioned above that climate strategy development for improving adaptive capacity of local communities is in an early stage in Hungary, thereby making recommendations in related to effective and widely useful set of indicators in the field of water management and heat waves is an emphasized aim of this study. The main focus of this study is on the adaptation issues in climate plans and strategies, thereby mitigation aspects are not as emphasised as adaptation ones.

Changing weather patterns in Hungary

Based on OMSZ-ELTE (2010) main findings on anticipated weather changes can be identified in case of Hungary by summarising the consequences of different recent regional studies concerning changing weather patterns (Table 1). Firstly, in the period of 2021-2050, annual average temperature is projected to increase by 1,1-1,9 °C, but this warming likely to be more severe in summertime, when above mentioned figures shall modify to 2,6 °C. These numbers will change significantly between 2071-2100, when annual temperature may be warming by 3,1-4 °C with a frightening peak in summertime (3,5-6 °C).

Table 1. Predicted temperature changes in Hungary

	Annual	Spring	Summer	Autumn	Winter
2021-2050	1,1 – 1,9	1,1 – 1,6	0,7 – 2,6	0,8 – 2,0	1,1 – 1,3
2071-2100	3,1 – 4,0	2,3 – 3,1	3,5 – 6,0	3,0 – 3,9	2,5 – 3,9

Source: OMSZ-ELTE, 2010.

For the period 2021-2050 the absolute amount of predicted precipitation is not likely to change, however summer precipitation may decrease by 5 mm, and the autumn precipitation is likely to increase by almost 15 mm. The precipitation patterns between 2071-2100 will likely to change completely compared to present observations, since the annual amount may decrease by 40 mm, with a negative peak in summer and a positive one in winter (Table 2).

Table 2. Predicted changes in precipitation patterns in Hungary

	Annual	Spring	Summer	Autumn	Winter
2021-2050	(-7) – 0	(-10) – (+3)	(-5) – (-2)	(-4) – (+14)	(-10) – (+7)
2071-2100	(-21) – (+3)	(-8) – (+2)	(-43) – (-18)	(-18) – (+19)	(-6) – (+31)

Source: OMSZ-ELTE, 2010.

A similar, but regional-based climate forecast by Bartholy et al. (2007) shows slightly different, but basically parallel results with above mentioned results. They applied regional climate models as well, however comprehensive illustrations in different maps regarding seasonal temperature and precipitation changes are provided. Thus, cities all over the country can identify their own climate-related risks and the magnitudes of them, however uncertainties and different map scales have to be paid attention.

Based on above mentioned two studies in the field of climate predictions in Hungary, it can be stated that rising flood risk and intensifying and more severe heat waves during summertime in the near and far future shall be faced by Hungarian cities. Depending on local microclimatic features, these numbers and consequences vary from place to place, however overall findings and similar actions can be identified and developed.

Urban climate plans in Hungary

This study and related aims are based on an overview of climate plans of 10 Hungarian cities, namely Tatabánya, Szekszárd, Budapest 12th and 13th Districts, Albertirsa, Eger, Pécs, Gyöngyös, Pomáz and Vác. Table 3. summarises the main data regarding the examined cities, such as population and area size. The selection of the cities is based on climate plans availability, moreover the main driving force in developing climate plan was the membership of the Alliance of Climate-friendly Settlements (Tatabánya, Szekszárd, Budapest 12th District, Albertirsa, and Gyöngyös are the member cities from the previous list), which organisation can help member cities to develop their own climate strategies. The first step for assessing climate plans of the above mentioned cities is to identify which adaptation aspects have been involved in the plans. By grouping the identified actions into mitigation and adaptation topics, the relative importance of a given topic can be determined.

Figure 2. shows the absolute numbers of actions grouped by sectors, which is useful to glance an overview about adaptation and mitigation topics emerged in the climate plans of above mentioned cities. The black rows represent the adaptation topics, while white rows refer to the mitigation ones. It can be stated that in case of the examined Hungarian urban climate plans, water management issues are the most significant adaptation topic with 53 actions from 10 plans. A temperature-related topic, namely the heat waves includes 20 actions, therefore it can be noted that the main climate-oriented challenges which are faced by cities are the rising temperature and the risks from changing precipitation patterns. However the interconnection between warming temperature and water-related challenges shall be emphasised and clear.

After an overview the identified topics in the Hungarian urban climate-plans, the relative importance of adaptation-oriented sectors has been studied. For this purpose, existence of each sectors in given plans has been analysed whether how many percent of plans include a given topic. Figure 3. shows above mentioned figures, so the assumption made in previous paragraph (water and temperature issues are the most frequently mentioned challenges in case of Hungarian urban climate plans) shall be proved. It can be seen that all of studied climate plans include actions regarding water management, while 7 of 10 plans contain at least one action in field of heat waves. The third frequently mentioned topic the forest-fire with 33% ratio, therefore water-, and heat wave-related adaptation measures have been studied in the followings. As it was mentioned above based on OMSZ-ELTE (2010) and Bartholy et al. (2007), rising temperature and changing

precipitation patterns are the two main consequences of climate change in Hungary and these findings have been well integrated into climate plans. It can be stated that planners of the Hungarian local climate plans have well responded to emerging climate challenges and the most necessary actions have been developed in the studied plans.

Figure 2 - Absolute number of actions grouped by sectors

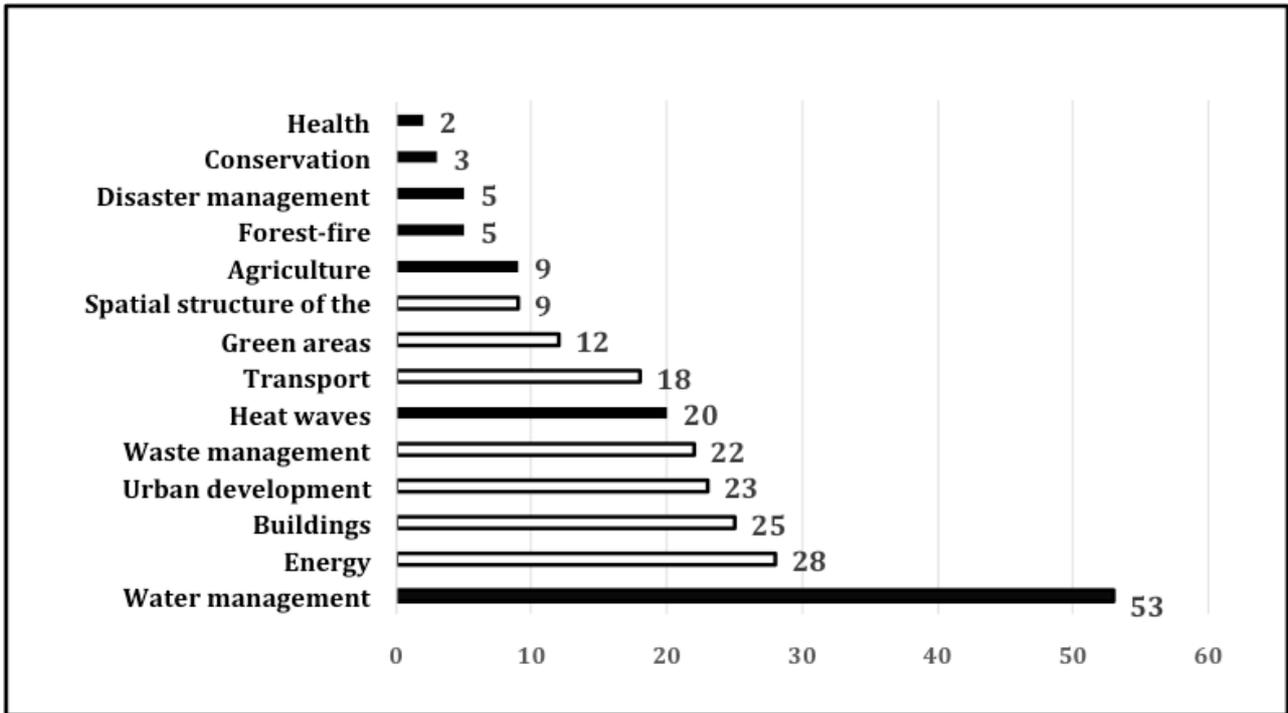
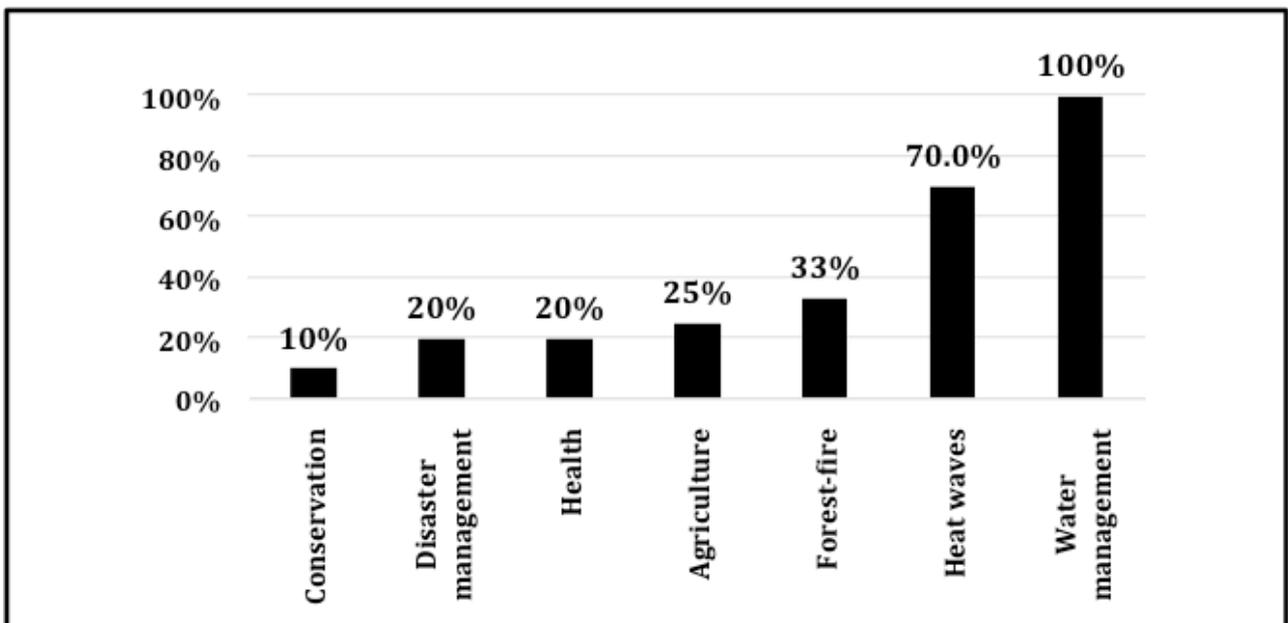


Figure 3. Ratio of adaptation topics



Measuring adaptation processes in water management and heat waves sectors

The second aim of this paper was to elaborate sets of indicators applied in urban climate plans regarding water management and heat waves. After the revision plans it could be seen that there is no single plan, which defined qualitative or quantitative indicators for monitoring the adaptation (or even mitigation) processes and results. Since elaborating monitoring systems have significant role in developing effective and comprehensive strategies, the existence of evaluation systems are crucial in terms of climate adaptation plans. As it was stated above, water management and heat waves have been the most frequently mentioned topics from adaptation ones, moreover they have numerous actions, therefore elaborating sets of indicators are focusing on these sectors.

The role and importance of water sector in tackling climate change-related challenges are well emphasised and studied (van Leeuwen et al., 2012; Short et al., 2012). Since changing precipitation patterns affect severely the Hungarian cities, climate friendly and resilient urban water management systems are required. As it could be seen above, this topic is well defined and it includes numerous actions and measures in urban climate plans, however the lack of monitoring systems poses serious challenges in the affected cities. For improving cities' performance assessment, Table 3 represents a set of indicators regarding resilient urban water systems which may facilitate the evaluation of adaptation processes in terms of this topic. The selection of indicators is based on literature overview (van Leeuwen et al., 2012; Short et al., 2012; Kennedy et al., 2014; Loubet et al., 2014; Yang and Goodrich, 2014) and it have to be emphasised that this selection is largely information-driven, so it is based on the high demand of collecting as much indicators and data as it is possible. Reduction of data demand is available by using different statistical methods, such as correlation or factor analysis, thus information-driven approach shall shift to data-driven one, where the main interconnections between given indicators are taken into consideration. Table 3. contains both qualitative and quantitative indicators, moreover all of the indicators have been connected with a unit to facilitate the assessment process. It can be seen that there is more quantitative variables than qualitative ones, due to their easier applicability and the objectivity. The main aim of collecting indicators was to elaborate a system where variables shall provide as much information as possible, therefore the relative weight of the quantitative indicators exceeds the qualitative ones.

As it was stated in previous paragraphs, rising temperature in both near and far future may cause more intense heatwaves in urban areas, thus resilient cities has to face and tackle this problem by developing actions. Urban heat waves cause several negative effects via increasing health problems or damaging infrastructure elements (EEA, 2012; Schwarz et al, 2012; Speak et al., 2013; Zhou and Shepherd, 2009; Lemonsu et al., 2013). As 70% of the studied Hungarian urban climate plans include heat-related actions, it can be stated that this number shall increase in the near future for improving cities' adaptation capacity and all of the cities can cope with adverse effects of rising temperature effectively.

For achieving this goal, comprehensive and easily applicable set of indicators is needed, thus the monitoring of given heat-related activities can be observed from the planning to the re-evaluation phase. Table 4. shows collected and recommended indicators in this field and it provides possible units for each indicators to facilitate the implication into emerging or developing strategies and plans.

Table 3. Recommended indicators in field of resilient water management

Indicator	Unit	Type
Average water withdrawal (daily)	l/capita	Quantitative
Availability of groundwater sources	MI	Quantitative
Water footprint	m ³ /yr	Quantitative
Water system leakage	% of total water supply	Quantitative
Service security	Emergency responses	Qualitative
Maintenance of water systems	€/yr	Quantitative
Management and action plans	Climate-related aspects are involved into urban sectorial plan	Qualitative
Irrigation water demand (daily)	l/capita	Quantitative
No. of days with system failures	No.	Quantitative
Water production (surface water)	MI/day	Quantitative
Water production (ground water)	MI/day	Quantitative
Sewage system quality	Technical condition of sewage system	Qualitative
Water quality - based on the Hungarian regulation	Scale	Quantitative
Flood management plan	Actions and measures regarding floods	Qualitative
Reservoir storage capacity	MI	Quantitative
Critical groundwater withdrawal - No. of days when groundwater withdrawal exceeds the recharge rate	No.	Quantitative
Monitoring sewage system	%	Quantitative
Rainwater harvesting (annual)	m ³ /capita	Quantitative
Proportion of population supplied by potable water	%	Quantitative
Proportion of population informed about climate-related water issues	%	Quantitative
Ratio of tertiary treated wastewater	%	Quantitative
Supply security	Analysis of resources and their origins	Qualitative

Conclusion

Managing local adaptation processes in Hungarian cities can not be effective and successful without the use of consequently elaborated set of indicators that is also taking into account the local needs and circumstances. The complete lack of indicators in studied urban climate plans of Hungarian cities largely hampers adaptation goals to be achieved, moreover cities to improve their adaptive capacity without monitoring systems. Collected and recommended performance indicators focusing on heat-, and water-related issues and impacts regarding climate change by providing comprehensive scale of evaluable aspects of the above mention consequences of climate change. During the selection of indicators an information-driven method has been chosen for maximising the number of variables, however this large number can be reduced by using statistical methodologies. In summary it can be stated that effective urban climate plans cannot be imagined and developed

without indicators for assessing adaptation processes and identifying challenges and weaknesses occurring during the implementation of the given strategy. For this purpose based on regional climate predictions, collection and selection of indicators in each adaptation topics are needed with taking information availability into consideration.

Table 4. Recommended indicators in field of heat waves

Indicator	Unit	Type
Green areas	m ² /cap.	Quantitative
Blue areas	m ² /cap	Quantitative
Heat alert system	Existence of heat alert system	Qualitative
Water distribution in case of heat waves	No. of sites	Quantitative
Proportion of public transport vehicles equipped with AC	%	Quantitative
Proportion of shaded bike lanes and sidewalks	%	Quantitative
Proportion of heat resistant infrastructure element	%	Quantitative
No. of emergency hospital beds during heatwaves	No.	Quantitative
Building standards and codes	Existence of the standards and codes for facilitating the spread of alternative cooling systems	Qualitative
No. of ambulance car	No.	Quantitative
Defence of critical infrastructure	Existence of the program for defencing critical infrastructure	Qualitative
Proportion of population provided by information about heat waves and related risks.	%	Quantitative
No. of public drinking fountains	No.	Quantitative
No. of errors in energy supply system during heatwaves	No.	Quantitative
No. of newly planted trees (annual)	No.	Quantitative
Proportion of built-up area covered by cool pavement	%	Quantitative

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Combating cyber victimisation: A comparative study of the United Arab Emirates and the United Kingdom legal effectiveness

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Background Information

In comparison to cyber crime law in the United Kingdom (UK), cybercrime legislation in the United Arab Emirates (UAE) are challenged by various ideological inadequacies especially in dealing with cyber victimization. In UAE, cybercrime laws originated from penalties set in the 2006 law which later became the Cyber Crime Law 2012. When mirrored against cyber crime laws provided in the Police and Justice Act of the UK, it is evident that the Cybercrime Law 2012 (UAE) does not cater for various recent offences in relation to cyber victimization. Moreover, Cyber Crime Law 2012 (UAE) does not sensitize cyber victimization offences with the motive of addressing the responsibilities of United Arab Emirates' pursuit to the international agreements. Both the recently amended Cyber Crime Laws 2012 of the UAE and the 2006 law still do not have provisions for specific aspects of cyber crime victimization such as those that address IT security. This was noted so in a recent case that involved Shezanne Casim. In contrast, when dealing with 'cyber crime war that involved Christopher Pile, also known as 'Black Baron', the UK laws displayed provisions for such specific aspects of cyber victimization that bars any person from unlawful access to either personal data or government IT systems.

Historically, the legislative measures against cyber war in the UK dates back as early as 1984 when Robert Schifreen and Stephen Gold could not be convicted after gaining unauthorized access to BT's Prestel service due to lack of such provisions within its constitution (Lusthaus, 2013). Following this incident, the UK government made tremendous efforts to address the loopholes within the constitution and eventually the cyber crime offenders were convicted under Forgery and Counterfeiting Act 1981. Similarly, this lack of sections within the law that thoroughly deal particular issues of cyber crime has been the challenge facing the Cybercrime Law in UAE which have been in place since 2006. It is for this reason that the expulsion of Gallup, a US- based National Democratic Institute in Abu Dhabi could not be defended based on Article No. 4 of the law. This was similar to the case which involved arrest of 50 members of Amnesty International alleged to have participated in cyber victimization and attempt to use internet to ground the operations of the government. These cases painted the 2006 legislation and the recently amended 2012 law as weak and insufficient compared to the UK laws on cyber crime.

Literature Review

Over the years, a considerable number of researchers within the realm of cyber crime have explored a wide range of issues on cyber victimization and have provided different perspectives. For instance, McCusker (2006), while researching on *Transnational Organised Crime* argues that acts of cyber victimization are usually committed with the ill motive of monetary gain. Therefore, financial institutions such as banks and e-commerce sites are often the main target. Such a case was witnessed in January 2008 when the United Arab Bank headquartered in Sharjan was victimized. Although incidences of cyber victimization occur quite often a research study by Inman & Rudin (2009) established that only 5% of the total cases of cyber victimization that occurred in Saudi Arabia were reported to the banks and other financial institutions. Conversely, a research study by

Ipsos MORI (2013) showed that most victims of cyber victimizations report their incidences to Internet Service Providers. This is particularly common in the UK where many lodge complaints to their service providers because the existing legal processes are lengthy and time consuming. Based on the statistics in both UK and UAE on reporting incidences of cyber victimization, it is evident that in both countries many people lack awareness on the exiting legal support or law enforcement agencies that deal with cyber victimization.

Research indicates that cyber victimization is rampant in both the UK and the UAE. A study by Boyd (2007) measured incidences of cyber victimization on bank account holders in UAE and found that in a sample of 96 account holders from different financial institutions 60% had experienced some form of cyber victimization. This study further revealed that 48% of the participants felt that it was not important to report such cases to the authority due to its complex procedure and time. On the other hand 23% of the respondents argued that they pursued the matter with their respective banks and authorities. However after some time the cases could not be pursued further due to lack of enough evidence and the complexity of available structures.

These findings to some extent contradicts report by Clore and Jeffrey (2008), Davis (2010) and Kirwan and Power (2012) who established that 2,732 cases related to cyber victimizations were dealt with by Fraud Act thus sentencing 248 with others pending determination. This is a major problem that this proposal finds; that while both United Arab Emirates and United Kingdom have instituted firms and laws to check on cyber victimizations, laws in UAE may not be as effective as those in UK especially in capturing or handling cases related to technology (Decety and Jackson, 2004).

Moreover, different literatures in this field have highlighted the exiting impediments that have over the years hindered the development of effective laws to deal with cyber victimizations. In reference to a framework developed by James (2008), there has been strong evidence to suggest that there is an overlap between what has been represented as cyber victimization. Based on the definition provided by Heath (2008), umbrella terms like cyber targeting have been coined to insinuate victimization. Conversely, some commentators have all together avoided individual terms for different cyber-wrongs on the basis that they can overlap between the classes of wrongs. These trends have significantly jeopardized the analysis and creation of an effective legal framework that can be used to find solutions to this problem.

Over the years, different aspects that constitute cyber victimization have been established and researches have been conducted in the efforts to find legal solutions to curb this crime. For example, measures such as regulating online conduct, public education and use of commercial reputation protection services have been taken. It is argued that in UK cybercrime victimization laws point out specific suggestions relating to reforms within the criminal laws and more importantly present debate into methodologies aimed at protecting online reputations. Comparison between the laws dealing with cyber victimization in UK and UAE has thus provided valuable information relating to the challenges and the intervention measures. Similar research conducted in both the UK and UAE suggest that there is uniformity in the mode of operation among the cybercrime offenders in that they strike cautiously so as to avoid arousing attention of their victims.

According to the statistics sourced from Microsoft Security Intelligence Report (2013), the laws combating cyber victimization in UAE are greatly challenged by a number of issues and as a result the rate of cyber crime is escalating. One such challenge is in regard to the

Telecommunication Regulatory Authority (TRA) of UAE. Basically, TRA is the body responsible for regulating IT sector and controlling internet providers such as Etisalat, Emirates telecommunication Corporation and Emirates Integrated Telecommunication Company as well as providing censorship so as intercept cases of cyber victimization in UAE (Ipsos MORI, 2013). However, researches indicate that TRA has failed in discharging its mandate because high rates of cyber victimization are still being observed. For instance, Ipsos MORI (2013) argue that the 34 suspicious website discovered by TRA in 2011 were not censored according to the standards set by Federal Legal Decree No. 5/2012. On the other hand, the reports issued by the anti-virus providers indicate that rates of cyber victimization in UK increased by 29% in 2013 compared to Canada, Australia and Germany (Ipsos MORI, 2013).

Current/ Present State

In recent years, the numbers of cyber victimization incidences have been gradually increasing. Consequently, this increase has brought significant economic losses not only to the government but also the citizenry. A study by Ipsos Mori (2013) shows that £191.7 million and £125.1 million were lost by UK and UAE respectively between 2008 and 2013. Despite this challenge, the number of reported cases by the victims of cyber victimization is generally lower. This is mainly because the existing legal framework has several inadequacies. As a result of these inadequacies cybercrime offenders are convicted discriminatively in both countries (Ipsos MORI, 2013 p. 36). Evidently, there is need to assess the effectiveness of the existing laws in the UK and UAE in order to identify their inadequacies and subsequently establish suitable measures that can be implemented so as to curb cyber victimization. It is for these reasons that this study seeks to compare the effectiveness of the legal framework used in UK and UAE to combat cyber victimization.

Intervention

Answers to cyber victimization do not entirely rely on laws (Fienberg & Kadane 2008). Measures that inspire the confidence of the Internet users toward such laws should be enhanced as well. Applying the rule of law in cyber victimization is recognized as one of the vital steps in earning the trust of business people. On that note, the relevant governments should strategize on how to increase awareness on cyber malpractices. Furthermore, there is need to recognize and appreciate the criminal laws from other countries to effectively deal with the internal cyber crime particularly victimization. For instance, in this proposal, comparison is made by reviewing Computer Misuse Act (CMA) 1990 of UK and the Emirates' law of 2006 on Prevention of Information Technology Crimes (PITC). Additionally, Choi, (2006) observes that all information that is published online should be granted legal protection. This should also extend to credit card numbers, bank account details and online payment methods.

Aims and objectives of the Study

The main aim of this research study is to investigate the measures or approaches that can be used to combat cyber victimization. In order to achieve this aim, this study will compare the effectiveness of laws against cyber victimization in UK in UAE. Some of the specific objectives that this study will seek to achieve include ;

- Compare quantitative and qualitative data from secondary and primary sources with a view to integrate the data obtained on cyber victimisation in the UK and UEA.
- Establish the underlying reasons why laws in United Arab Emirates and United Kingdom's punish the same offence differently especially when amendments to Qatari Penal law and UK Computer Misuse Act 1990 are considered.
- Examine the extent that criminal structures in UAE and UK are committed in dealing with cyber victimisation owing to the increasing number of cases.
- Effectively assess the effectiveness of cyber victimisation strategies by looking at the number of cases handled vis-à-vis mitigated cases.

Research Design and Methods

Although the nature of this research study requires it to be designed in a way that extends beyond national boundaries, it would be both costly and time consuming to do so. This study will therefore focus on available primary and secondary sources such as concluded court cases and case studies. Using the framework suggested by Tapscott (2008), secondary data also will also be collected by critically reviewing official reports and available literature obtained from online libraries. On the other hand, primary data will be obtained by administering questionnaires to a sample of 40 participants drawn from both the UK and the UAE. This research study will be embedded within the space transition theory since it provides contemporary explanations on cybercrime.

Impact of consumer involvement on product recommendations

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Abstract

Undermining the effectiveness of traditional marketing communication tools leads companies to seek alternative ways to reach customers. Increasingly, consumers appear to lack confidence in advertising content; therefore there is less reliability in the advertising message. When looking for the best available deals in the market, the consumer is interested in other consumers' opinions and their experiences formulated in the process of word-of-mouth communication. The tendency to follow recommendations may depend on demographic and socio-economic characteristics, and above all on the level of satisfaction with the product or service.

The involvement of the consumer is defined as the part of the product that people attribute to it, based on their internal needs, values and interests. Currently there is a wave of discussion about the significant value of a customer's involvement from the point of view of an organization. The involved consumer is usually more motivated to pay attention to information about the product; however, the question arises whether the involvement in a given product category affects the proclivity to recommendations.

The purpose of this article is to answer the above-mentioned research question based on the analysis of 15 product categories using the results of the CAWI survey, including a representative group of 1000 Poles aged 15-50. Involvement is understood as the degree of consumer interest in a particular product category when making a purchasing decision. For the measurement of the consumer involvement modified PDI scale (Purchase Decision Involvement, Mittal 1989/1995) in the context of 15 different product categories (starting from pure product, through hybrids, to pure service) will be used. Mittal's scale will be modified by adding two additional questions to measure knowledge of the product category and tendency to use other people's opinions (experts or peers). The project was funded by the National Science Centre on the basis of the decision DEC-2012/07/D/HS4/01761.

Keywords: *consumer involvement, word-of-mouth marketing, recommendation, consumer behaviour*

Introduction

The efficiency impairment observed in the case of traditional marketing communication instruments motivates companies to seek alternative ways of reaching their target audience. More and more frequently, consumers demonstrate a lack of trust in advertising content, which is reflected in the decrease in advertising message credibility. A consumer looking for the best offer available in the market is interested in other consumers' opinions and their experiences. Such opinions are formulated via the word-of-mouth communication process. The proclivity towards recommendations may

depend on a consumer's demographical and socio-economic characteristics, but first of all, on the level of their satisfaction with the product or service.

The consumer's involvement is described as the role of a product, attributed by people on the basis of their internal needs, values and interest. Today there is much discussion about involving customers, being a crucial value from the viewpoint of an organization. Greater involvement usually means stronger motivation to pay attention to information regarding the product. A question arises, however, whether the involvement in a given product category influences the tendency to generate messages by word-of-mouth communication.

The article aims to verify this relationship on the basis of the analysis including 15 product categories, contributed by the CAWI survey with a representative sample of 1,000 Poles aged 15-50. The project was funded by the National Science Centre on the basis of the decision DEC-2012/07/D/HS4/01761.

Literature review

Consumer's involvement

The consumer's involvement can be characterised as the level of a buyer's interest in a given product category in the purchase decision-making process (Shiffman and Kanuk, 2010, p. 229). From the time the term 'involvement' was first used in source literature in 1947 (Sherif and Cantril, 1947), it has been used in various contexts and: involvement in a product category, choice of a brand, purchase or advertising. The involvement was described as strong or weak, and as situational or permanent. From the consumer behavior and marketing viewpoint, a distinction can be made between the general involvement in a product (Zaichowsky, 1985), the involvement in a brand choice (Mittal and Lee 1988; Zaichowsky, 1985) and the involvement in a product purchase (Beatty and Smith, 1987; Mittal, 1995).

There is no uniform definition of involvement; however, this term has often been conceptualised and operationalised. According to Rajaniemi and Laaksonen (1986) and Costley (1988), three major trends can be found in defining the term of involvement:

1. Approaches based on consumer's reaction
2. Approaches based on consumer's individual conditions
3. Cognitive approaches.

The reaction-based approaches define the involvement through a description of individual consumer reactions (static and dynamic), occurring in response to an assigned impulse/object (e.g. Batra and Ray 1986; Houston and Rothschild 1978). In this context, the involvement is therefore a strong reaction to a product, brand, advertisement or purchase.

Such reaction can be situational (Houston and Rothschild, 1980; Celsi and Olson, 1988) or permanent. In this context, ssituational involvement means focusing only on specific occasions causing a reaction in the form of involvement as in, the purchase of a product for a gift. Permanent involvement indicates consumer interest (in product or brand) over a longer period.

The approaches based on a consumer's individual conditions are focused on the psychic status caused by incentives for an object (product, advertisement, brand) (e.g. Cohen, 1983; Mittal and Lee, 1989), and this defines involvement as a specific emotional condition determining the importance of a given object for a consumer.

The cognitive approaches describe involvement as the relationship of the cognitive nature between consumer and object (or activity connected with object) (among others Engel and Blackwell, 1982; Lastovicka and Gardner 1977; Zaichowsky 1985). In the literature focused on consumer behaviour, the definitions of involvement are most often related to the cognitive approach. The concept of strong and weak involvement in a purchase (Assael, 1992) seems to be the most common. Strong involvement is identified as the importance of a purchase for the consumer. According to the model of strong involvement, consumers actively participate in the process of searching and processing information on a product as well as in the decision-making process (Böhner and Wänke 2004, p. 58-59). The consumer's strong involvement in a purchase can become a foundation for loyalty towards a brand or seller. According to the model of weak involvement, consumers don't pay too much attention to either the process of searching information or decision-making (Krugman 1965, p. 349-356).

It is worth mentioning that along with the expansion of the Internet and social media, the term 'user engagement' appeared, defined as the quantitative expression of consumer-user reaction to the content on the Internet and particularly in social media regarding the given brand. The sum of reactions, i.e. likes, content-sharing and comments is described as the engagement index. Thus, classic consumer involvement in a product or purchase is different from user engagement based on their reactions to Internet publications on a brand.

The research findings presented in this article use the involvement in product purchase according to its classic meaning.

Consumer involvement and word-of-mouth communication

Word-of-mouth communication is the process comprising discussions about an organisation and its offerings, during which recommendations may occur (Tkaczyk, 2009). Consumer involvement in the word-of-mouth context is most often connected with motivation to be an active sender of a message, particularly a positive one (Tkaczyk and Krzyżanowska, 2014). According to the research findings, there is a direct influence of product involvement on the proclivity to generate positive opinions on a product (Sundaram, Mitra, Webster, 1998). Nevertheless, involvement so far has been treated in research projects as a one-dimensional category, assuming that a customer feels so strongly about a product that pressure builds up in wanting to do something about it (Dichter 1966). The level of interest or involvement in the topic under consideration serves to stimulate discussion (Engel, Blackwell, and Miniard, 2001) personal interest in the product, resulting in excitement for product ownership and product use (Sundaram, Mitra, and Webster, 1998).

Currently, there are no comparative studies using involvement scales and including various product categories. Purchase involvement and its influence on the proclivity to generate negative opinions on a product also have not been researched yet.

This article is supposed to fill the research gap identified above.

Measurement of involvement

As there are many definitions of involvement, as many approaches can be found for measurement of this phenomenon. The review of selected measuring scales regarding involvement is presented in Table 1.

Table 1. Selected scales measuring consumer involvement

Scale name	Authors	Description	Application
Components of Involvement: CP	Lastovicka and Gardner 1979	Two basic components of involvement – normative relevance of product and attachment to brand; it consists of 22 statements in 7-point Likert scale.	Measurement of involvement in product category or brand.
Consumer Involvement Profiles: CIP	Kapferer and Laurent, 1985	Five basic elements of involvement: perceived importance and risk involved with product category, subjectively perceived probability of making wrong choice of brand, symbolic value of product, hedonistic value of product, interest in product category; it consists of 16 statements in 5-point Likert scale.	Measurement of involvement in product category, brand or purchase.
Enduring Involvement Index	Bloch, Sherrill, and Ridgway 1986	Permanent involvement defined as constant interest in product category or brand; it consists of 5 statements measured in 7-point Likert scale.	Measurement of involvement in product category or brand.
New involvement profile: NIP	Jain, Srinivasan 1990	Approach referring to Consumer Involvement Profiles, five elements of involvement: relevance, pleasure, importance, weight of risk and probability of risk; it consists of 15 statements in 7-point Likert scale.	Measurement of involvement in product category or brand.

Table 1 Cont.

Personal Involvement Inventory: PII	Zaichowsky 1985	Involvement defined as perceived relevance of object based on consumer needs, values and interests; it consists of 10 pairs of statements embedded in 7-element semantic differential scale.	Measurement of involvement in product category, brand or purchase.
Personal Involvement Inventory for Advertising	Zaichowsky 1994	Simplified PII scale adjusted to measurement of involvement in advertising; it consists of 10 statements in 7-element semantic differential scale.	Measurement of involvement in advertising.
Product Intelligence	Rijsdijk, Hultink, Diamantopoulos 2007	Product intelligence consists of 6 dimensions: autonomy, learning ability, reactivity, cooperation ability, interaction, personality; it is based on 26 statements in 7-point Likert scale.	Measurement of involvement in product category.
Purchase decision Involvement: PDI	Mittal 1989/1995	Involvement defined as the range of consumer interest in making decision on purchase of a given product; it is based on 4 statements described by dual phrases in 7-element scale.	Measurement of involvement in purchase.
FCB Involvement Grid	Ratchford 1987	Modified FCB Involvement Grid (consulting agency Foote, Cone & Belding), based on 3 statements described by dual phrases in 7-element	Measurement of involvement in purchase.

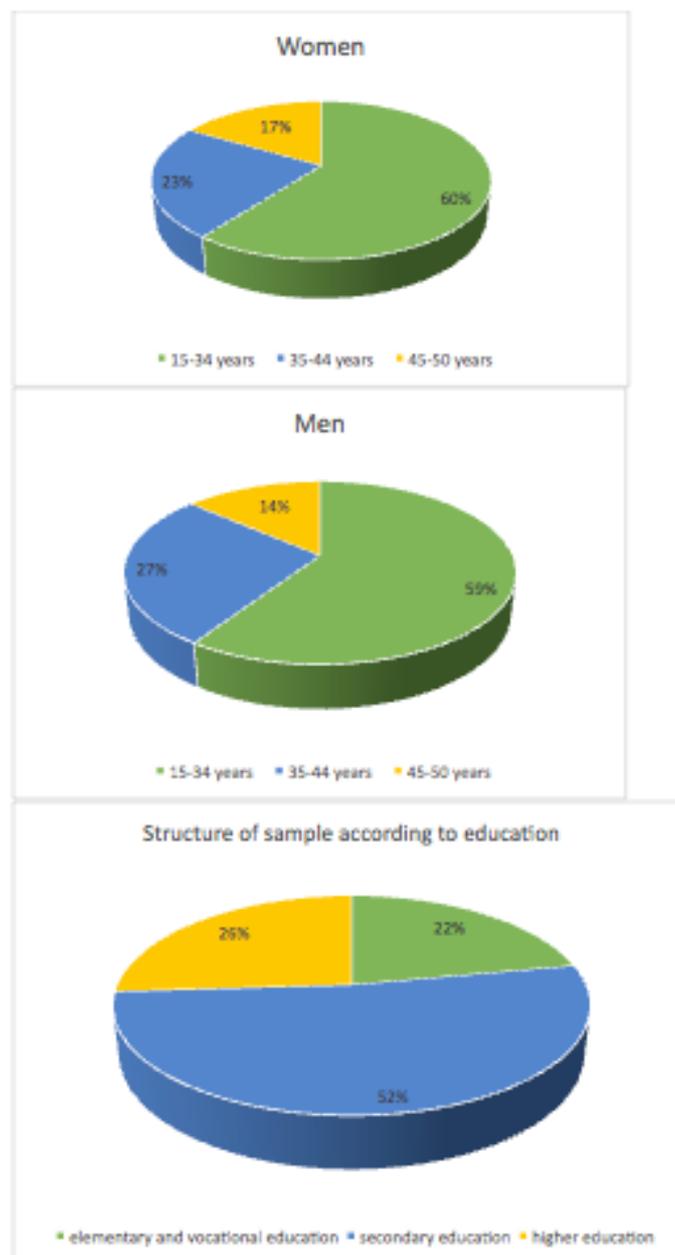
The Personal Involvement Inventory (PII) is the most universal and commonly used measuring scale for consumer involvement. Still, due to the complicated structure, it is difficult to apply this scale for measurement of involvement towards several product categories simultaneously. For that reason, the equally reliable Purchase Decision Involvement (PDI) scale is more convenient.

In the research presented in this article, the PDI scale was modified by adding a cognitive element analysing knowledge of a purchased product. Additionally, the scale was changed into statements described by the 7-point Likert scale, adjusted to 15 various product categories.

Research approach and methodology

In order to answer the stated research question, under the NCN grant “The word-of-mouth communication influence on the purchase decision-making process” DEC-2012/07/D/HS4/01761, the CAWI survey was conducted with a group of 1,000 respondents selected by the stratified sampling method, out of a population of Poles aged 15-50 (variables considered in sampling included gender, place of residence and education). The selection of the age groups was determined by the requirements of the research method as well as the lack of a sufficient representation of people over the age of 50 who use the Internet. The research was conducted in August 2014. The sample group was 50% male and 50% female. The gender and age distribution is presented in Chart 1.

Chart 1. Structure of sample according to age, gender and education



Source: Ownstudy.

In the research work, the modified PDI scale was applied including the following statements:

in case of (*product*)..... it is important to me **what brand I buy**
majority of (*product*).... in a given category **are similar to each other**
it is very **important** for me **to make a right choice** among available (*product*)....
I have a big knowledge on (*product*)....
it is a problem for me, if purchased (*product*)..... **doesn't meet my expectations**

The measurement was made with the use of the 7-point Likert scale, where 1 meant "I definitely disagree" and 7 meant "I definitely agree" with the given expression. The scale was adjusted to 15 various product categories (starting from pure product, through hybrids, to pure service). For each product, the average value of the scale was calculated, having reversed values obtained for the other statement.

The following research hypotheses were formulated:

H1: Along with the growth of involvement in the purchase of a given product category, the proclivity to generate positive messages (opinions) in the word-of-mouth communication process increases.

H2: Along with the growth of involvement in the purchase of a given product category, the proclivity to generate negative messages (opinions) in the word-of-mouth communication process increases.

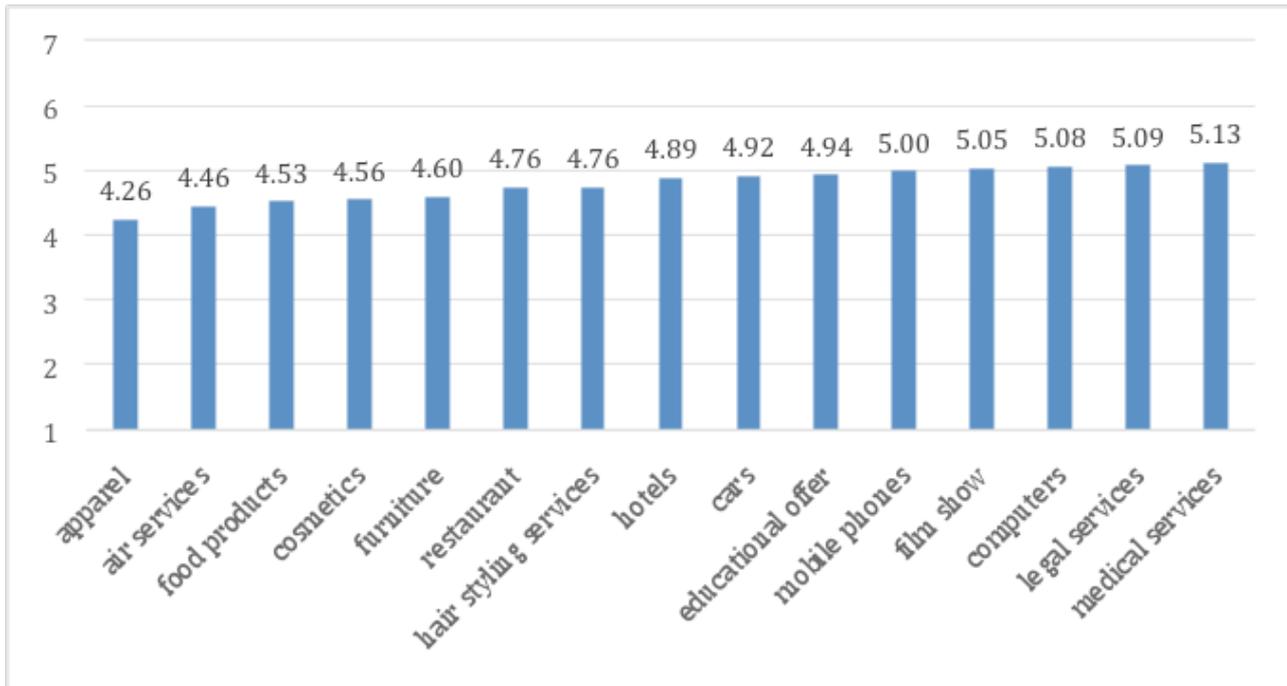
The proclivity to generate positive and negative messages for each product category was measured with the use of the 11-grade NPS scale (how much you are willing to recommend or dissuade from purchasing a given product).

Findings and conclusions

A filtering question for each product category was designed to find out whether the purchase of any product in this category was made within the last six months. Further analysis focused only on statements of consumers who made such a purchase. The average level of involvement in a purchase reached the level between 4 and 5 in the case of 10 product categories, which means medium involvement in the purchase. For five categories the involvement exceeded 5, meaning a high level of involvement in the purchase of the product of a given category. The lowest value of involvement was obtained in the case of apparel, and the highest value was observed for medical services.

In the next stage, Spearman correlation coefficients between the average value of purchase involvement and the proclivity to generate positive and negative opinions were calculated for each product category. All obtained results are statistically relevant. Coefficient values for each product category are presented in Table 2.

Chart 2. The average level of consumer involvement in a purchase in a given category



Source - Own study

Table 2. Involvement in purchase vs. proclivity to generate positive and negative messages

Product category	Spearman correlation coefficient – proclivity to generate positive opinions	p	Spearman correlation coefficient – proclivity to generate negative opinions	p	Number of people buying product within last 6 months
apparel	0,362	0,000	0,151	0,001	N=494
airlines	0,336	0,000	0,211	0,007	N=163
food products	0,383	0,000	0,283	0,000	N=417
cosmetics	0,356	0,000	0,204	0,001	N=498
furniture	0,329	0,000	0,154	0,002	N=397
restaurant	0,477	0,000	0,238	0,000	N=426
hair-styling services	0,477	0,000	0,165	0,000	N=453
hotels	0,438	0,000	0,232	0,000	N=325
cars	0,448	0,000	0,390	0,000	N=236
educational offer	0,475	0,000	0,320	0,000	N=354
mobile phones	0,418	0,000	0,252	0,000	N=483
film show	0,408	0,000	0,248	0,000	N=320
computers	0,355	0,000	0,284	0,000	N=377
legal services	0,581	0,000	0,344	0,000	N=116
medical services	0,387	0,000	0,249	0,000	N=442

Source: Own study

The growing involvement in the purchase of a given product category is accompanied by the increasing proclivity to generate recommendations and negative opinions

(messages in the word-of-mouth communication process). There is a much stronger correlation between the involvement and the proclivity to produce positive opinions than in the case of the involvement and the tendency to generate negative messages.

Analysing the results of the research should be stated that the hypotheses below were proven correct:

H1: Along with the growth of involvement in the purchase of a given product category, the proclivity to generate positive messages (opinions) in the word-of-mouth communication process increases.

and

H2: Along with the growth of involvement in the purchase of a given product category, the proclivity to generate negative messages (opinions) in the word-of-mouth communication process increases.

The biggest influence of purchase involvement on generating positive opinions occurs in the case of legal services. Cars are the product category for which the involvement in the purchase exerts the biggest influence on producing negative messages. Services are much more involving than goods. Women get involved much more than men in the purchase of such products as hair-styling services, cosmetics, medical services, furniture, legal services and hotels. Men are definitely more involved when it comes to the purchase of computers. In other product categories, the gender is irrelevant to the level of involvement. Older people get much more involved in the purchase of legal services, airlines, hair-styling services and furniture. For younger consumers, the most involved purchase relates to mobile phones. Family size influences involvement only in the case of the purchase of airline services. A consumer's education has a positive influence on involvement in the purchase of computers, cars, educational offers and legal services. The level of income is reflected in the higher involvement in the case of food products, restaurants, mobile phones, computers, hotels, educational offers and legal services.

Limitations and summary

The study used a PDI scale measuring involvement in the purchase of a product. It would be interesting to compare the results obtained by using the scale of PII or other involvement scales in measuring involvement in a product category. The selection of 15 categories of products for testing was purely subjective. It was based on previous studies and included categories representing different types of products (from the goods after services). Studied product categories were so wide that respondents considered their purchase as medium and high-involving. We might have received a much more diverse level of involvement in the case of specifically described products Such as face cream (instead of cosmetics), bread or a jacket.

Consumer involvement as a multi-dimensional category has a significant impact on generating positive and negative opinions about products. The bigger the involvement in the purchase (which means more knowledge of the product, its relevance, perceived importance and probable risk), the stronger the proclivity to generate positive opinions about the given product. As in other studies regarding word-of-mouth communications,

it appears that consumers are much more willing to recommend products than to advise against them.

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Perception of Croatia worldwide- the role of immigration in branding Croatia

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Abstract

The aim of this paper is to answer the question of what is the image of Croatia in the world (what is the strength of the brand „Croatia“), to consider the role of immigration in creating the image of Croatia worldwide and to propose fundamental elements of the branding strategy of Croatia. Authors present the overview of available domestic and international sources as well as results of their own research that was conducted among foreign citizens.

Results of many research on image of Croatia show that in the world, one of the most recognizable images are those connected to tourism and natural beauties. Unfortunately, other important elements of national identity like culture, history, traditional heritage, eminent people etc., are still fairly unfamiliar to the foreigners. Also, other identity elements that are influenced by the economic and political-administrative environment should be developed to become a relevant branding factor.

A review of past research on Croatia as a strong brand has shown that Croatia is positioned in the upper third or half of the countries in the world, and as a leader in the Central, Eastern and Southern Europe. One of the conclusions presented is that the overall image of Croatia is better among foreign publics than domestic ones.

Research that was conducted has confirmed previous results and highlighted the important role of immigration in the recognition / branding of Croatia. Outline of the possible branding strategy of Croatia using the immigration as an important role is given in the last chapter, together with conclusion that three weakest categories of Croatia as a brand are caused by underused potential of Croatian immigrants in branding process.

Key words: Croatia, perception, image, branding, immigration

Introduction

The overall picture of the individual or society is often called image. This usually implies 'image, feeling or association that was created in man's consciousness in sight or mention of an entity (person, institution, corporation or state), and the impression or perception that the public already has on this subject' (Aacker, 2011). Image of a country is a topic that, apart from political scientists and sociologists, is often in the centre of marketing research. Philip Kotler describes the image of the country as the totality of beliefs, perceptions and impressions that people have of a country (Kotler

et.al., 1997). Of course, these images can contribute or oppose the identity. The goal of each country is to make a good image impression, because of its importance in both politics and economy. States, with good image and worldwide reputation are nowadays recognised as brands. Tell the others have a good picture because a good image is a meritorious act.

To be able manage country's image, identity needs to be defined. Only with clear identity and ability to compare to the others can a country change or improve its image. In the Republic of Croatia, consensus is still not reached on what is Croatia's core identity, although many researchers have addressed the topic (Tudjman and Bekavac, 2004; Cifric 2008; Budak and Katunaric, 2010; Lukic and Skoko, 2011; Cifric et.al., 2013). One of the reasons is historical heritage during which the identity was submerged, and it was only the beginning of the nineties, i.e. the creation of an independent Croatian state, that created clear conditions of free expression of identity. But since then no strategy has determined key elements of identity to be promoted in the world to targeted audience, thus creating countries' clear branding strategy.

This paper aims to contribute in answering these questions, considering the role of immigration (diaspora) in the creation of the image of Croatia in the world and to propose fundamental elements of the branding strategy of Croatia. The research was carried out through empirical research of available relevant literature as well as through primary research.

What is nation branding and why is country image important? Today, the international political and economic situation of the country is affected by numerous factors, and country's image is increasingly gaining importance. This means its charisma, values, culture, way of communication and behaviour and its attractiveness. These factors are called according to Joseph Nye 'soft power', which means that the state can achieve the results you want in world politics because other countries want to follow, admire its values, emulate its example, and aspire to its level of prosperity and openness (Nye, 2008). Nye believes that the economic and military power of the state, as well as the size of its territory and population (this is called 'hard power') still play an important role in international relations, but these parameters are no longer crucial for political and economic success, and country's positioning on contemporary international political and economic scene.

There are many small countries (including Croatia) in the world that cannot compete on the basis of hard power but their real wealth lies in other areas: in their values, natural beauty, stability of the social model, culture and heritage, wisdom and people. Since the brands are built on values, there is no reason why a small country without 'hard power' would not benefit from the reputation, which is significantly greater than that suggested by the size of their economies, territory and/or population. The vast majority of states base its 'soft power' on culture, democracy, language and international cooperation (Skoko and Kovacic, 2009).

We're living in a globalized economy, and some multinational corporations have income greater than many countries. The process of globalization has contributed to the rapid development of technical communication capabilities, the increasing influence of media on society and the strengthening of the role of the public in political decision-making. It was expected that globalization will diminish the importance of national identity, however, the importance of identity and image of a country occupies an increasingly

important role in making different political or business judgments and decisions. The most developed countries of the world had long recognized benefits of positive image. A large number of economically developed countries have based their success on both hard and soft power (Skoko and Kovacic, 2009).

Consumers perceive brands not as products but rather as ideas or image created through experience or trustworthiness. Wally Ollins says 'brands were created by marketing experts in large corporations in order to deceive consumers, sell products through the creation and transmission of vivid, clear, simple idea again and again' (Ollins, 2003). Branding is a systematic effort to build a good image, in fact everything a company or organization does and sometimes doesn't do, sends a message of the brand. In the process of branding there are two major issues of communication: whether the brand ever failed expectations and is the word of mouth of the brand positive or negative. Therefore two parameters for assessing brands will be the degree of identification i.e. closeness to the customer and status degree i.e. worldwide recognition.

The process of branding involves a series of procedures that aim to build awareness and familiarity (creates love and habit), positioning (diversity is important), image / personality, understandable association, consistency, and finally trust. Elements of recognition or factors defining the brand are: Personality (what if brand was a person would it be: dynamic, sporty, serious, cheerful, aristocratic, beautiful?); The central guiding principle (how will you describe a brand in one short sentence and statement?); The slogan (how to define a core value to consumers in few strong words?); The values (what does the brand stands for?); The layout, appearance and taste (How does the brand look like- design, logo, icon, iconography, symbols, colours used ...? How it performs, talks, loves?); The story (how was brand created?); Emotional benefits (how does the brand increases the satisfaction or reduces pain?); Tangible benefit (what does the brand give in tangible, measurable form?). In short, the process of branding is linked to the construction of the desired positive emotions in the minds of people. Therefore, companies, organizations (including the state) are increasingly trying to present a brand as a person. Branding is largely related to the creation of associations that will provide a sense of closeness.

When it comes to the nation branding, each citizen, as well as diaspora, are ambassadors of the state. Key players in the process of creating the image of a country are state administration and diplomacy, the state agencies for promotion, media, tourism and sport, athletes and fans, famous scientists and artists, the economy (companies and products) and (particularly important in the case of emigrant countries) immigrants. If all the factors creating the image of a country do not participate actively and efficiently in the process, then there is plenty of room for misinformation, stereotypes, etc. It is this active and planned the creation of self-image is called branding today. Successful branding and positive image opens doors for exports of goods and services, attracts tourists and supports political decision/makers. We live in a time when national identity and image is no longer perceived exclusively as political category, but also as an important economic category, because nation branding brings needed differentiation (Skoko, 2012).

Context of Croatia's image creation

Image creation is a long-term, hard-working process that can take up to decades, and Croatia started its image creation during war times of the nineties. For almost half a century Croatia was part of Yugoslavia, so it is difficult to analyse the image of Croatia in that period since it was branded under Yugoslavia. For example, in 1987 of all tourists that visited Yugoslavia (10 million guests, 60 million overnights), 90% of them were in Croatia without them knowing it (Huzak, 2009). Because of the war from 1991-1996, and the fight for independence, Croatia had a difficult starting position for branding, but the conditions were created to freely express national identity. Still, Europe was unfamiliar with Croatia's identity since it was always part of Yugoslavian, which has eventually darkened all the multicultural or partial identities within (Skoko, 2012). During the war identity and mostly perception was built upon the sympathy for the victim, and ethical as well as moral principles. Croatian immigration and diaspora has played a key role, organizing support events and briefing media in their residential countries about the war. Early on in 1996, Croatian Tourist Board has recognized the importance of changing the image of the war stricken country by focusing more on the country as a tourist destination with beautiful and preserved landscapes, thus getting involved and investing in various promotional campaigns.

Research about Croatia's image and brand

Many researchers have shown interest in researching Croatia as a destination. Bozo Skoko (Skoko, 2002) made a research on Croatia's perception among foreign ambassadors in Republic of Croatia. Results showed that the main differentiation factor was war (50%) and then tourism and nature (24%) and sport (14%) while cultural heritage was very low (4%). He also did another research on opinions of citizens of neighbouring countries (Skoko, 2008), where he found that the main associations were 'the sea and the beach' and 'war and crime'. Ksenija Klasnic and Izvor Rukavina (Klasnic and Rukavina, 2011) made a research where they have concluded that most of the Croatians think that perceptions among foreigners about Croatia is built by three main things: tourism, nature and successful sportsmen while freedom of press and political ideologies were thought to be the least influential. Analysis of 5-dimensional space it was concluded that the most common perception about Croatia was 'touristic' and 'Balkan'. Similar research (Cifric and Nikodem, 2007) found that Croatians are the most proud in terms of sport, Homeland war and history and least proud on education level of their citizens, tolerance among different social groups and democratic activities. Interesting research for the purpose of comparison was made in Latvia in 2010 (Brencis, 2010) on how Latvians see Croatia (28% visited Croatia, 72% did not visit). Research has shown that Latvians have mostly positive image of Croatia while top 10 associations included nature, and then cultural heritage and cultural diversity. Also, those who have not visited Croatia have had much larger scale of negative attributes such as war, as opposed to those who have visited.

Some global organizations are also assessing states as brands, since it has become a great economical asset. FutureBrand is one of these organizations that measure strength of states as international brands but also takes into consideration methodologies used for corporate brands. Main criteria are awareness (how well do people know the country), closeness (which qualities of the countries can we think of), associations (how much is the country appreciated), preference (is the country considered as a tourist destination or investment project) and visit (do visitors

recommend to others to visit). Ranking in 2012 gave interesting results and among 118 countries has ranked top 10 as follows: Switzerland, Canada, Japan, Sweden, New Zealand, Australia, Germany, USA, Finland, Norway. Croatia was on 41st place but also one of the best among countries in Central and Eastern Europe (FutureBrand, 2012). Bloom Consulting bases its research on tourist potential, and they base their research on the tool called Online search demand (OSD) that functions as an algorithm for ranking. In 2013 (Bloom Consulting 2013), Croatia was ranked 11th out of 25 European countries, again scoring better than Central and Eastern European countries. Brand Finance also measures value of a country as a brand but in their methodology they are mostly concentrated on concrete economic and political circumstances (The Brand Finance Report, 2013). Here, Croatia is ranked somewhat worse, on 53rd place among 100 countries, but is also part of 10 countries with highest growth in brand value (among China, India, Estonia, Singapore, Indonesia, Qatar, Argentina and Turkey). Croatia's brand value was estimated on 30 billion USD with the explanation of Croatia being a friendly, business oriented European country.

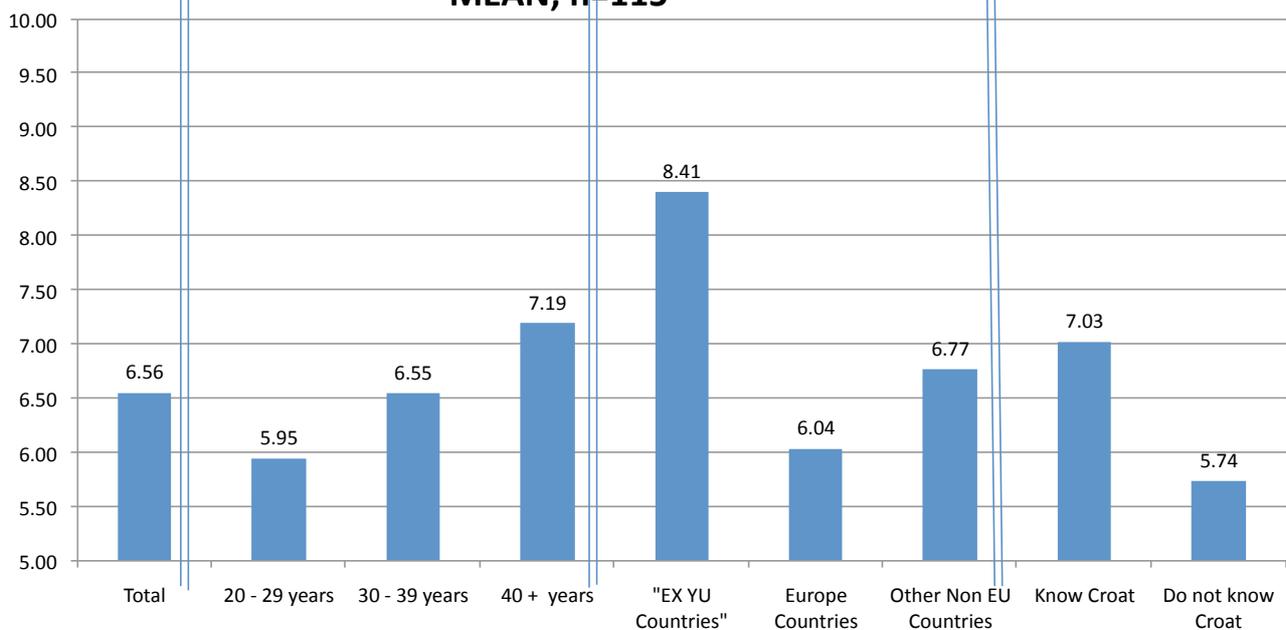
Primary research results

The research was conducted during April and May 2014 using structured questionnaire (n=115) among foreign citizens from 15 states (Austria, Spain, France, Germany, Hungary, Italy, Portugal, Brazil, Canada, Mexico, USA, Slovenia, Serbia and BiH). Data was analysed using descriptive statistics.

On the first question (How well do you know Croatia), the mean was 6.5 on the scale from 1-10 as seen on Picture 1.

Q1. How well do you know the Croatia? (1 - Very LOW; 10 - Very HIGH)

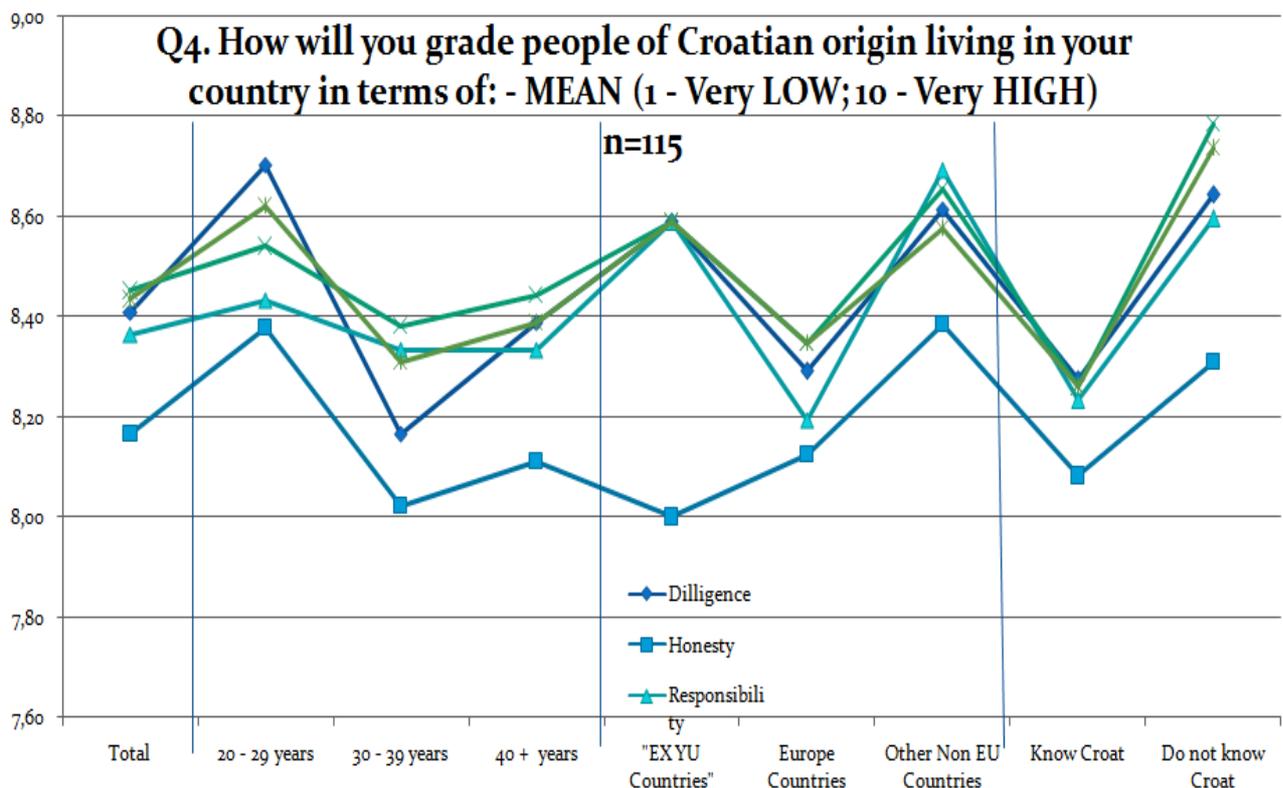
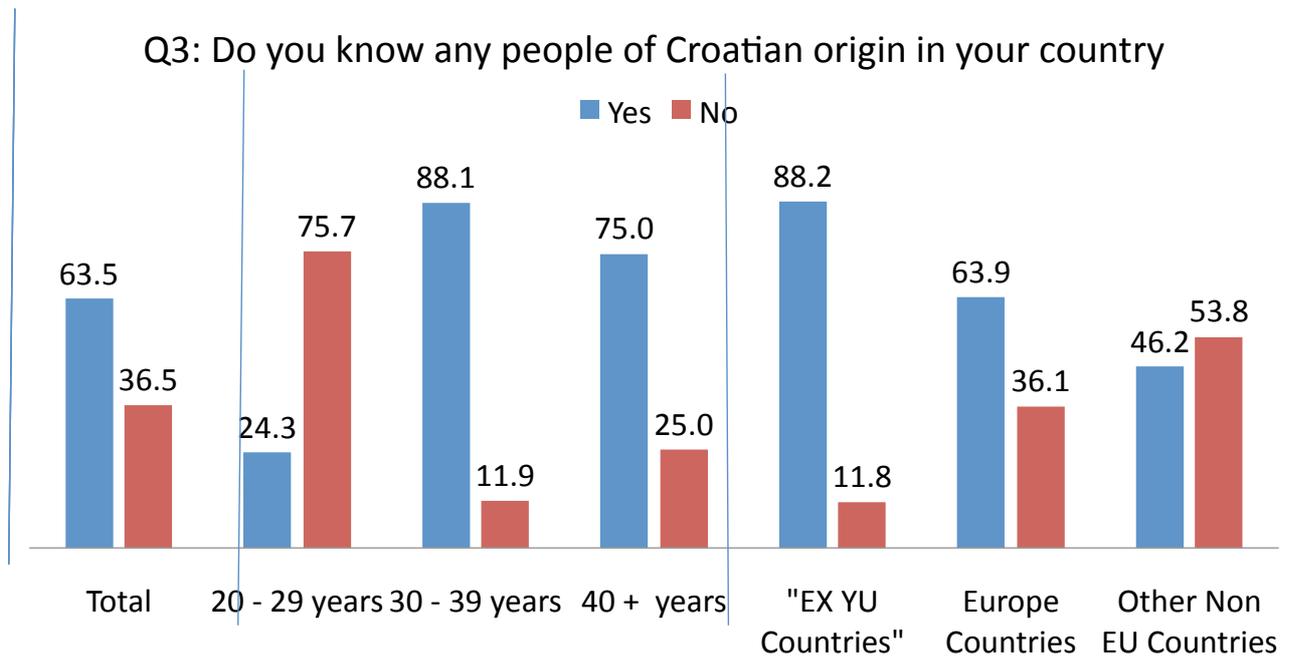
MEAN; n=115



On the question of the source in finding out about Croatia, the most important proved their personal visits, media but also Croatians living in their own countries. This can be seen on Picture 2.

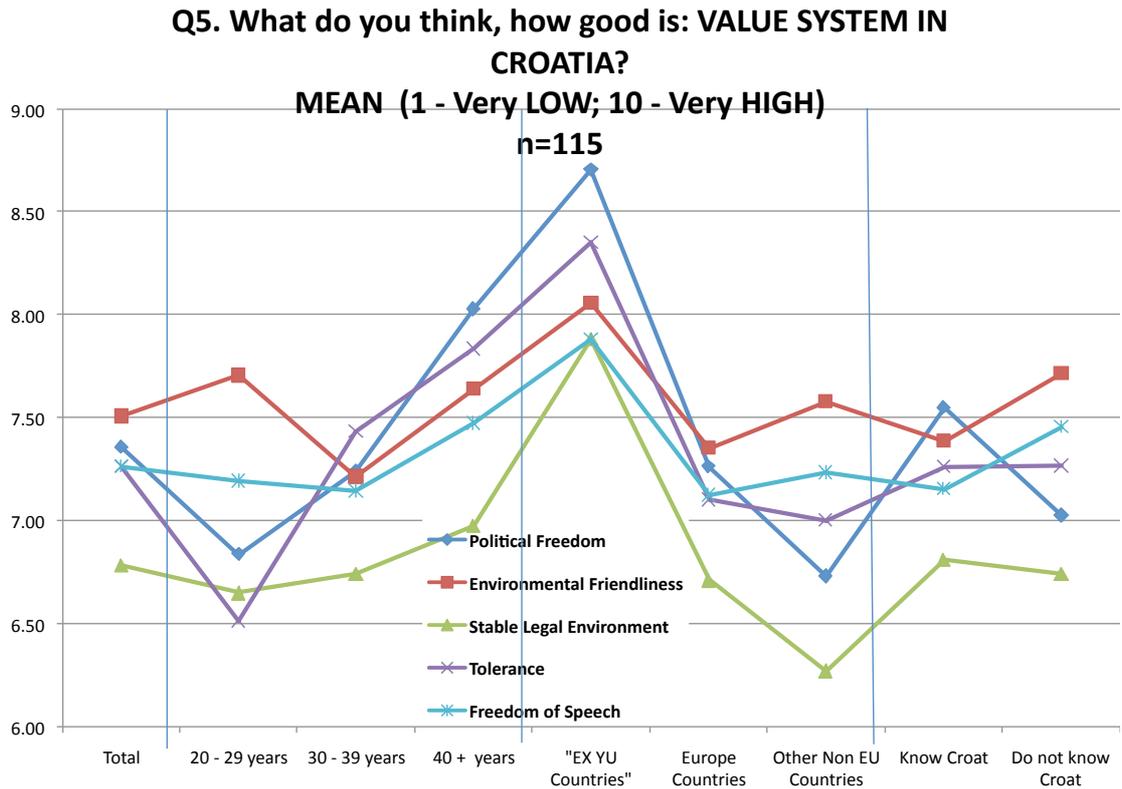
Q2. What is source of your knowledge of Croatia?	TOTAL
Media (TV, newspapers, books, Internet, etc..)	47.8
Personal visit to Croatia or conversation with friends who were in Croatia	90.7
Conversation with Croats living in your country	20.0
Information provided by my home University	34.8
I live (d) some time in Croatia	22.6

On the third question as seen on Picture 3 (Do you know someone of Croatian origin), 63.5% answer positive. This could indicate the importance of word of mouth among Croatian diaspora in attracting and communication to target markets.

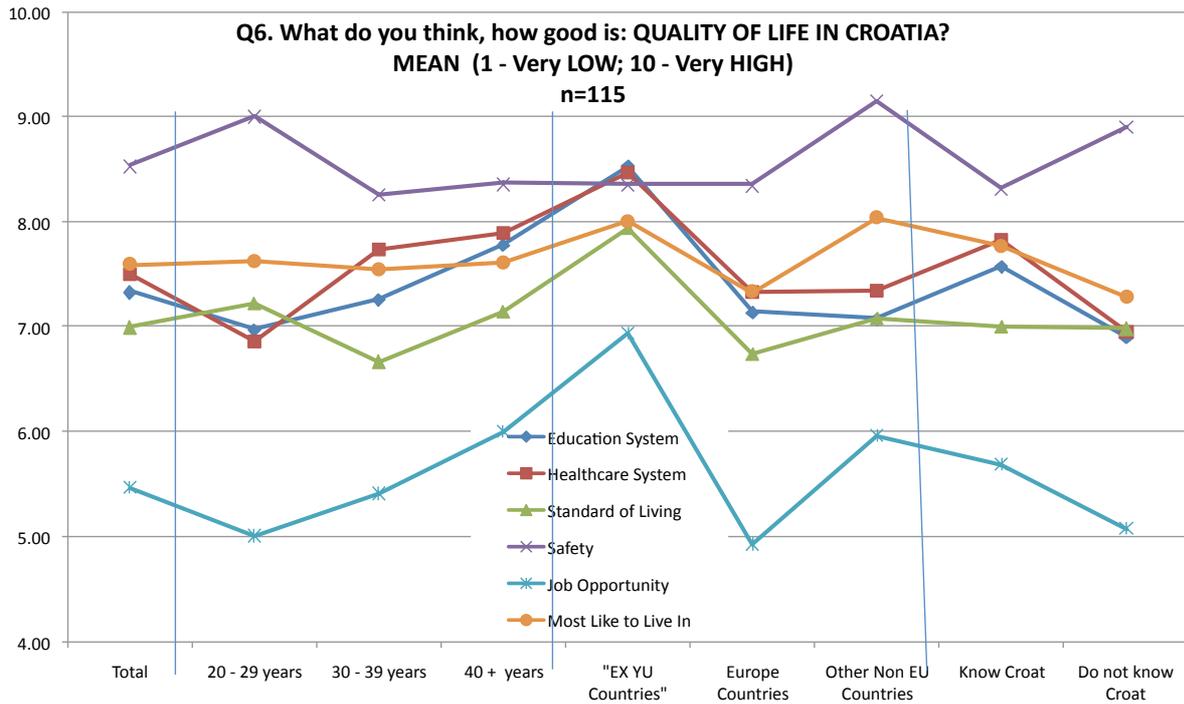


On the fourth question as seen on Picture 4 (How would you rate Croats living in your country in terms of responsibility, intelligence, honesty, diligence and entrepreneurship) very high grades were given on all categories (above 8). This inferred good reputation of Croatian diaspora and their importance in creating good image of Croatia.

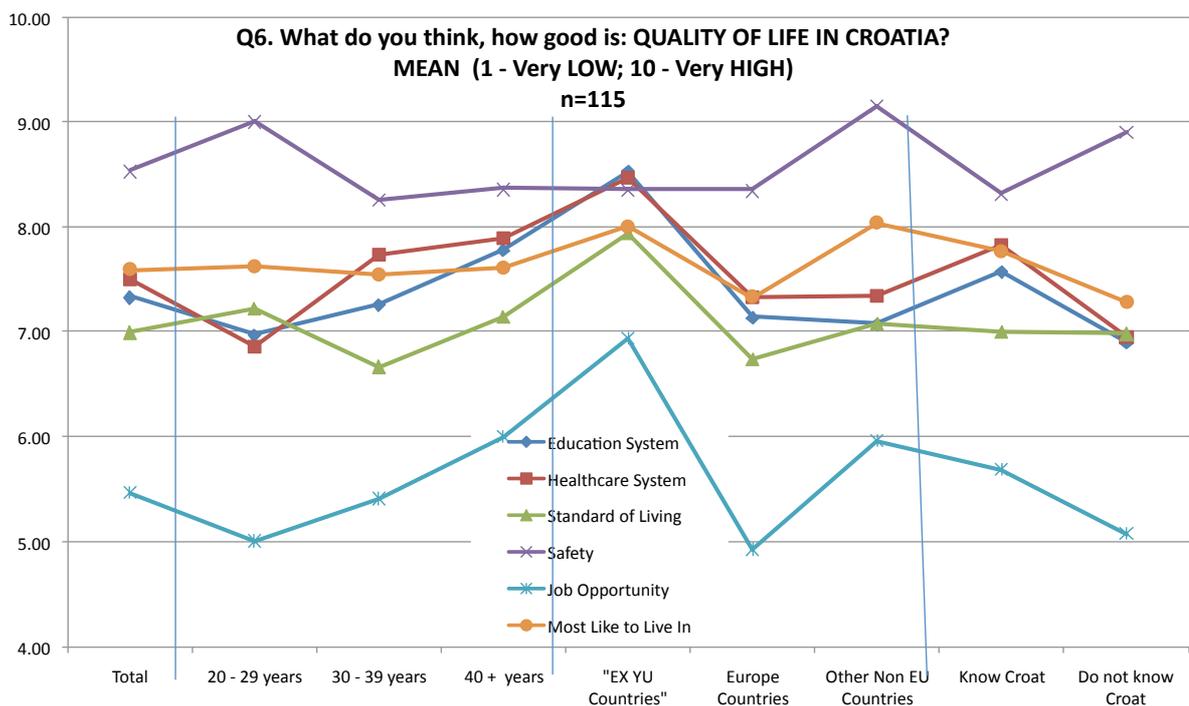
Fifth question (what do you think of a value system in Croatia), results were a little weaker especially among stability of legal framework as seen on Picture 5.



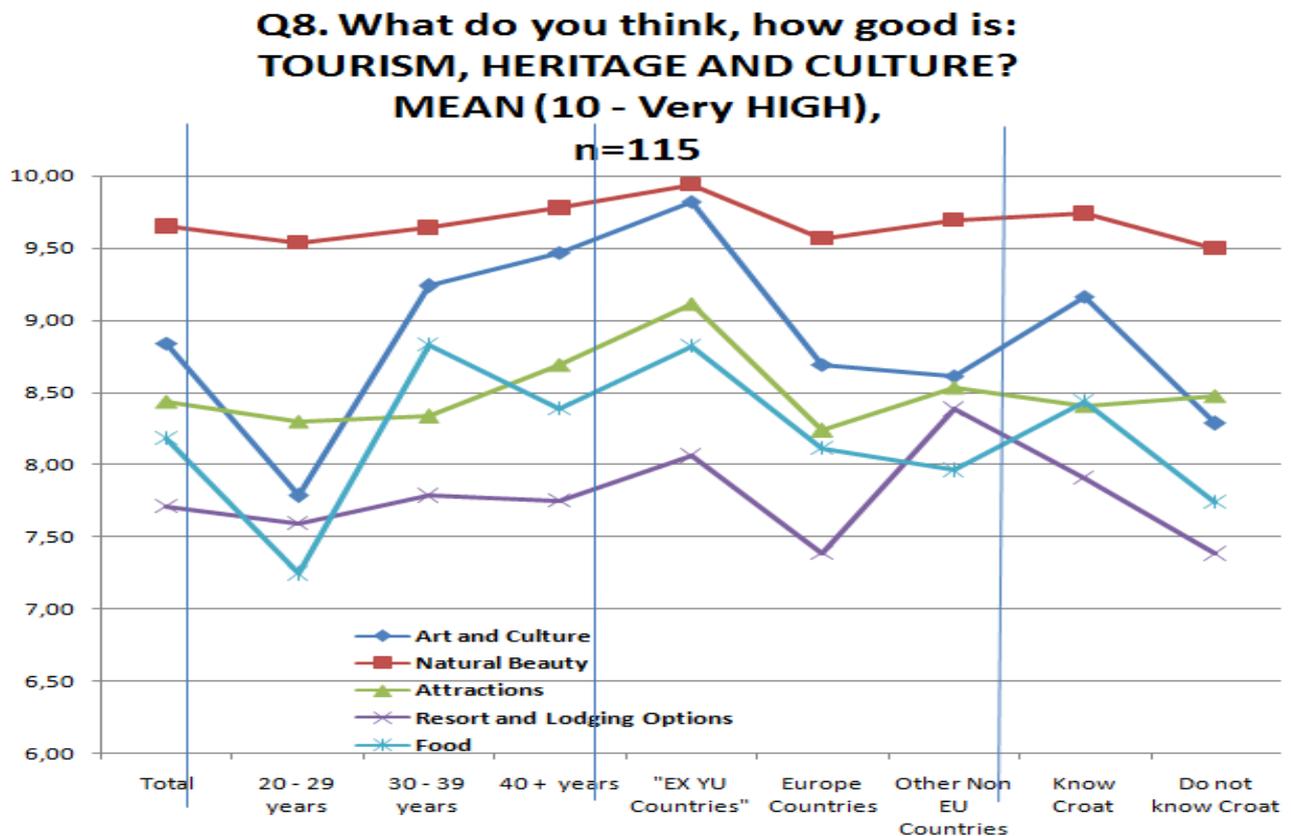
Picture 6 shows perception on life quality in Croatia with security scoring highest and employment scoring lowest.



The seventh question assessed suitability of Croatian business as seen on Picture 7. The Investment climate was rated at only 5.95 and 5.80 with the advanced technology. The legal framework of business is also badly evaluated (5.97)



The eighth question evaluates tourism potential ratings and was significantly higher. Natural beauty received nearly the highest possible grade 10 (9.65), and arts and culture are highly rated also (8.84) as seen on Picture 8.



Last question, was open-ended. Participants had to indicate associations that usually come to mind when they think about Croatia as seen on Picture 9. Results show that the convincing first place (in 80% of responses) is natural beauty, followed by cultural heritage (40%). Art and food are identical with 23.5%.

Strategic implication for future branding strategy for Croatia

In this part we try to connect main findings of a research with Anholt categories, in order to give a draft of possible branding strategies and specify the role of Croatian diaspora in it. These are the following six categories:

Exports: public image of products and services and the extent to which consumers are actively seeking or avoiding products of a certain country.

State Power: public opinion on the competence and fairness of the government of a country, and how they see its commitment to global issues such as peace, security, justice, poverty and the environment.

Culture and heritage: global perception of the cultural heritage of a country and its appreciation of contemporary culture including film, music, art, sports and literature.

People: the reputation of a nation with regard to competence, openness, friendship, tolerance, kindness and other similar quality.

Tourism: the level of interest in visiting the country and the attractiveness of natural and cultural sights.

Investments and immigration: the power of the country that attracts people to live, work or study in it, and how people perceive the quality of life and business environment of a country.

In order to be efficient in their positioning, countries must choose the most appropriate category that brings the most value and that will make it recognizable. However all the categories work like a links in a chain and should not be excluded.

Tourism: the level of interest in visiting the country and the attractiveness of natural and cultural sights.

Many foreign citizens met Croatia through tourism and tourism promotion. Even in the context of Yugoslavia, Croatia was the most visited destination. With the aggression against Croatia the number of tourists has decreased significantly. However, when the war ended, tourists in large numbers have begun coming back. An important step was taken in 1994 when the first systematic promotion of Croatian tourism started. Then it was important to explain to the world that there was something else besides the war. With the slogans "A small country for a great holiday", "Croatia - a country of a thousand islands", "The Mediterranean as it once was" accompanied by beautiful photographs and engaging content on a variety of languages promotional messages started to enter into the consciousness of tourists and potential tourists all over the world. Skoko and Kovacic think nature is the strongest element of our brand and that natural and environmental resources are important for realization of soft power that could classify Croatia close to Canada and Norway (Skoko, Kovacic, 2009). However, the same authors warn that Croatia, in addition to the promotion of tourism, takes insufficient care of the other elements of its image in the world.

Culture and heritage: global perception of the cultural heritage of a country and its appreciation of contemporary culture including film, music, art, sports and literature.

Culture represents the true spirit and essence of the state (Anholt, 2007). Croatia is rich in cultural resources that should be an important element of its brand. Culture is an important segment of the strength of the brand, told through vivid and compelling stories, events and products, and through globally distributed literature or movies. In this sense it is done too little, and because of that foreign guests mostly remain surprised when meeting with Croatian cultural monuments (Skoko, Kovacic, 2009). In addition to cultural, historical, architectural and traditional heritage there is an important segment called contemporary or popular culture. Croatia as geographically diverse country with rich natural, cultural and historical heritage represents an extraordinary potential to become an attractive location, but also topics for recording major international film productions (Skoko et.al. 2013) In recent years Croatia has become a

place where they recorded some very popular TV series of large world production companies.

People: the reputation of a nation with regard to competence, openness, friendship, tolerance, kindness and other similar quality.

Essential element of the image of a country is the opinion of the mentality of the citizens of that state. The best way to meet them is through personal experience. It is Croatia's diaspora that can contribute to positive image as seen in the research.

Eduard Kale, Croatian sociologist and culturist, explored the Croatian cultural and political identity as well as the values that Croats immanently emphasize patriotism, idealism in the fight for higher goals, sacrifice and the sacrifice of some general human values. Distinguished scientists and artists, famous in the world, are an important part of forming the image of a country, but many of them have built their careers as immigrants. Sport and athletes are also an important factor in creating the image of a country. According to some research, achievements of athletes are what Croats are mostly proud (followed by the Homeland War, the Catholic Church.... And at the bottom of the achieved is level of democracy) (Culig et.al. 2007). It is no coincidence that a large number of countries invest much effort and resources in building top athletes who will represent them in international competitions. The successful athletes reflect the desired image of the (physical) readiness and skill of a nation. Important sporting events like the Olympics or the World Cup follow a billion people around the world, and they are a great opportunity to promote the values of a country. Croatia's athletes helped to present the Croatia to the world.

Exports: public image of products and services and the extent to which consumers are actively seeking or avoiding products of a certain country.

Companies and products originating from some countries undoubtedly contribute to its recognition and reputation (Vedris and Kesic, 2006). Companies from some countries are currently operating throughout the world. They represent the country they come from. Countries are recognizable and properties of products that come from them as well as for its culture and art (Pavicic, 2004). There are some products of Croatia that have been successfully exported, but it is necessary to create a series of original Croatian products that cannot be found elsewhere in the. Croatian Chamber of Economy has made a valuable attempt with projects from 1997 marking products with "Croatian Quality" and "Made in Croatia". Tags "Croatian quality" are awarded to 110 Croatian products whose properties (ingredients, design, ergonomic criteria, ecological criteria) follow high international standards. The label "Made in Croatia" has been assigned to the 60 original Croatian products that reflect tradition, research and development, innovation and invention. On the other hand, a good image, the power of a country as a brand, contributes to the export economy of the country. One of the first marketing experts who investigated this subject, Akira Nagashima concludes that the image, the reputation, the stereotype of a country is very important for marketing its products (Nagashima, 1970). Some states therefore decided to take advantage of just their national identity as a comparative advantage in the economy. They use it when selling products, because they are not the determinant makes special, different, original products. The importance of the concept of country of origin in the last ten years has gained in importance more than ever before, although scientists have studied this phenomenon since the seventies and ongoing globalization failed to downgrade the image of a country (Skoko, 2012).

State Power: public opinion on the competence and fairness of the government of a country, and how they see its commitment to global issues such as peace, security, justice, poverty and the environment.

The positive perception of politicians and representatives of foreign public means a positive perception of Croatia. Furthermore, Croatia is markedly emigrant country, and Croatian immigrants have gained a reputation in political and economic circles around the world, which could certainly be more used to promote the country's image.

Investments and immigration: the power of the country that attracts people to live, work or study in it, and how people perceive the quality of life and business environment of a country.

This category is also weak link in branding Croatia and it needs a lot of work. Experiences of those who have tried to invest in Croatia are not satisfactory. In this category looks it looks as if Croatia is a country where people want to rest and not work. In this segment of the power of a brand Croatian diaspora could help a lot. If Croatia communicated to its diaspora to invest and return to Croatia (for example, Israeli diaspora returned or invested in Israel) our negative economic and demographic trends would reverse and Croatian brand could become stronger.

Conclusion

The research has fully confirmed earlier results of research (natural beauty as the main association to Croatia). However, it is clear that there is a great importance of immigration in the recognition of Croatia (even 63.5% of respondents knew someone from Croatia). In all the research so far in the first place are tourism and natural beauty, while culture and other important factors pictures unfortunately fall far behind. Comparing the research of Croatia as a brand, we can come to the conclusion that there is a difference in how we see ourselves on how the world perceives us.

The publics have created the image of Croatia, which is far away from war. Unfortunately, some other important elements of national identity such as culture, history, traditional heritage, famous people, remain relatively unknown to foreigners. There are other elements of identity, such as the economic and administrative environment that could still be developed.

Categories that follow are the weakest link of our brand and are directly dependent on the ability and the legal and administrative framework of the measures to be taken by factors of state power. These are the categories of "Export" (image in public goods and services and some of the extent to which consumers actively seek or avoid products some countries), "Government" (public opinion on the competence and fairness of the government of a country, and how they see its commitment to global issues such as peace, security, justice, poverty and the environment), "Investments and immigration" (the power of the country that attracts people to live, work or study in it, and how people perceive the quality of life and business environment in a country). It is significant that these three are the weakest categories because due to them Croatian diaspora did not receive an appropriate opportunity to participate in the economic and political spheres of the Croatian state or who did not received appropriate conditions for investment or repatriation.

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