

Editor's Note

Here is the tenth issue of *Croatian Economic Survey*, comprising a selection of articles that have originally been published in the *Privredna kretanja i ekonomska politika* journal (Economic Trends and Economic Policy) in 2007. As it was the case with the preceding volumes of *Croatian Economic Survey*, the main purpose is to bring a selection of the most stimulating research articles recently published only in Croatian or in English to a broader international audience. Papers featured in this issue cover a wide range of topics starting from the monetary policy and labor market issues, proceeding towards institutional economics and innovation policy and finally concluding with a topic in the marketing strategy. Differently from the previous issues of the journal, authors do not only come from the local academic community nor do they focus only on the cases related to the Croatian economy. However, their contributions have wide-range implications for all transition economies, including Croatia.

The volume begins with “Econometric Analysis of Monetary Transmission Channels in Croatia” by *Maruška Vizek*. Although the issue of monetary transmission in the case of Croatia has previously been explored in the literature, prolonged data series and advanced time series techniques have allowed the author to explore new insights which partially confirm and contradict the earlier results, hopefully inspiring the future research in the field. The conclusions of the analysis suggest that monetary policy have had a significant impact on the real economic activity in Croatia after the implementation of the Stabilization program in 1993 both through the direct monetary transmission and exchange rate channel. However, interest rate channel, the most important mechanism of monetary transmission in the EU economies, still seems to be inactive. The author urges that this might pose a problem as Croatia accedes to the EU and aims at joining the EMU in the foreseeable future.

The second article of the volume investigates whether a rigid employment legislation in Slovenia affects employment prospects. Issues related to the degree of labor market flexibility and employment security have recently been intensively investigated in the literature. In her analysis undertaken in the article

“Does Rigid Employment Legislation Impede Employment Prospects? Evidence from Slovenia”, *Polona Domadenik* uses matching model with adverse selection to empirically explore the link between employment legislation and a probability to switch from inactivity or unemployment to employment. The results might be particularly interesting for Croatia that also has a rather strict employment legislation. The author argues that in the case of rigid employment legislation firms behave in a biased way. Namely, being exposed to unemployment stigmatizes workers because, in the absence of other signals, firms infer that unemployed workers are of poorer quality. The paper contributes to the ongoing debate on direct and indirect implications of rigid labor market legislation as it identifies the most vulnerable groups of people affected by inefficient legislation.

Addressing a topic from the governance theory, *Ljubica Knežević Cvelbar and Tanja Mihalič* investigate the interrelation between ownership structure and company performance in the case of the Slovenian hotel industry. In “Ownership Structure as a Corporate Governance Mechanism in Slovenian Hotels”, the authors ask whether ownership structure in hotel industry in Slovenia differs from the rest of the economy, and whether such an ownership structure may explain a below-average efficiency of the Slovenian hotels. An empirical analysis verifies the initial assumption that the state-owned and investment funds indeed have above average ownership in the Slovenian hotel industry, implying that the privatization process has not been completed. In addition, the authors argue that ownership structure has had a major impact on a weak performance and low competitiveness of the hotel sector in Slovenia and argue in favor of its further privatization. The contribution is particularly relevant since analyses related to ownership structure and company performance have so far not been undertaken either in the case of hotel or tourism industry.

Collaboration among different partners on innovation development, either in formal or informal way, is a common practice in modern business. The main incentive behind collaboration is that it allows partners to access the resources needed for innovation development that would otherwise remain unavailable. The literature suggests that the type (radical vs. incremental) and complexity of innovation, characteristics of the firms collaborating on innovation development

as well as the factors hindering the innovation process (such as the size of costs, availability of financial resources, lack of qualified personnel, etc.) determine whether collaboration will take place or not. Previous research has shown that only six percent of Croatian enterprises develop innovations in collaboration with other partners. However, in her article "Collaboration of Croatian Enterprises on Innovation Development", *Ljiljana Božić* takes a step forward aiming to determine the factors that can predict collaboration on innovation development in the case of Croatian enterprises. Starting from the factors that have been recognized as good predictors in the literature, she employs discriminant analysis. The results suggest that a lack of qualified personnel is the most important factor contributing to the absence of collaboration on innovation development among Croatian enterprises. Enterprise size and the market orientation index also contribute, but their impact is much weaker. At the same time, the number of radical innovations and the amount of investment in R&D contribute mostly to the establishment of collaboration.

In the last article of this volume, *Ivan-Damir Anić and Sonja Radas* analyze consumers' inclination towards promotional deals in the case of a hypermarket located in Croatia. In "The Consumer In-Store Purchasing Behavior Associated With Deal-Proneness for a Hypermarket Retailer in Croatia", they investigate the relation between consumer purchase and in-store promotion proneness including promotion planning, promotion search, deal purchases and action loyalty. Although deal proneness has been widely studied in the literature across various promotion types, the contribution of this research lies in the fact that various promotion types have been studied jointly. Using descriptive statistics and ANOVA, the authors assess consumers' proneness to different types of sales promotion based on the data sampled from the consumer survey. Their results have important implications for the management since it can infer the consumer response to in-store promotion and, even more importantly, the resulting retail outcome.

The tenth issue of *Croatian Economic Survey* is a suitable occasion to look back and see how the publication has evolved over time but, even more importantly, to pose some new goals for the future. *Croatian Economic Survey* was launched



in 1993. Over the last fifteen years, despite short-lived publishing irregularities, more than 50 research articles have been printed in English covering various areas of economics. The interested reader may access them at www.eizg.hr and see how the topics and methodological approaches have changed over time. However, as Croatia becomes more interrelated with the rest of the world in various aspects, its academic production in the area of economics is no exception. The research papers published in the Croatian economics journals, including *Privredna kretanja i ekonomska politika*, are nowadays often written in English and made available through open access to various electronic databases. Consequently, the need for a publication that reprints research papers previously written in Croatian or in English in order to make them available to the international audience is gradually disappearing. It seems, therefore, that the initial goal of this publication set at the beginning of 1990s has been fulfilled and it is time for the editorial board to make steps towards a different kind of journal. While *Croatian Economic Survey* is to remain a journal open to all areas of economic research, there is an intention to follow a different approach in the editorial policy aimed at presenting original contributions and progressing towards the high-quality international standards.

With this view on the journal's future scope, I would like to conclude and thank all the authors for their original contributions. In addition, special thanks go to everyone involved in the production of this volume for their time and effort.

Editorial board member and guest editor for the 2007 issue:

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