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Faculty of Business Economics with seat in Košice



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NEW TRENDS IN ONLINE MARKETING

NOVÉ TRENDY V ONLINE MARKETINGU

Miroslava BARKÓCIOVÁ

Abstract

We currently encounter marketing all around us. We have reached a point where it is not an art to produce a product but to successfully market it where it will be sold. Businesses are looking for creative ways to promote their products and services. This offers space for innovation and the search for new forms of marketing. In this article, we focus on affiliate marketing, which is becoming more and more known to people dealing with this area. The paper aims to define affiliate marketing as one of the new forms of online marketing and to evaluate whether it can be used to prosper financially. We will describe what affiliate marketing means and how it works. We define the basic concepts that are important in the field of affiliate marketing. We will also focus on choosing the right area of promotion and brand building. Finally, we will look at the finances that flow from affiliate marketing and suggest which areas could be profitable based on previous years.

Keywords: new trends, affiliate marketing, passive income, earning web, content web

Abstrakt

S marketingom sa v súčasnosti stretávame všade okolo nás. Dostali sme sa do bodu, kedy nie je umením produkt vyrobiť, ale úspešne ho uviesť na trh, kde sa bude predávať. Podniky hľadajú kreatívne spôsoby propagácie svojich výrobkov a služieb. Tu sa ponúka priestor pre inovovanie a hľadanie nových foriem marketingu. V príspevku sa venujeme affiliate marketingu, ktorý sa čoraz viac dostáva do povedomia ľudí zaoberajúcich sa touto oblasťou. Cieľom príspevku je definovať affiliate marketing ako jednu z nových foriem online marketingu a zhodnotiť, či sa pomocou neho dá finančne prosperovať. Popíšeme, čo affiliate marketing znamená a ako funguje. Definujeme základné pojmy, ktoré sú dôležité v oblasti affiliate marketingu. Zameriame sa aj na výber správnej oblasti propagovania a budovaniu značky. Na záver sa budeme venovať financiám, ktoré z affiliate marketingu plynú a návrhom, ktoré oblasti by mohli byť výnosné na základe predchádzajúcich rokov.

Kľúčové slová: nové trendy, affiliate marketing, pasívny príjem, zarábajúci web, obsahový web

Introduction

Since we live in a time of constant development, we cannot be surprised that he did not miss the way of promoting products. From the time when offline marketing, i.e., advertising in newspapers, magazines, or billboards, was enough, we got into a period when without well-thought-out online marketing the product would only partially gain market or, in the worst case, not capture at all. For this reason, more and more companies are interested in new, creative forms of marketing. For the same reason, the marketing departments of large companies are ahead of the world in bringing something new and gaining a competitive advantage in the market. Therefore, they are looking for skilled, creative, and

innovative marketers who can bring new ideas for the promotion itself but also its forms.

By moving most marketing activities to the online world, businesses have reduced costs and can expand their advertising reach. Some forms of online marketing need to devote all your time so that you can prosper financially. Others require less time and can be devoted to in addition to other jobs, because they earn even if you are not actively engaged in them. One such form is affiliate marketing, which we address in the paper.

1 Affiliate marketing

Affiliate marketing is also one of the forms of online promotion. We can consider it as a currently very developing form of marketing. What exactly is it? How does affiliate marketing work?

Affiliate marketing is the process by which an affiliate publisher earns a commission for arranging the sale of another person's or company's products. He gets paid only when he makes the sale, as does the commission sales representative. (Polgári, 2021)

Affiliate marketing is the process by which an affiliate receives a commission for marketing the products of another person or company. Affiliate publishers simply look for a product they like, then promote that product and make a share of the profits from each sale they make. Sales are tracked through affiliate links from one website to another. (Enfroy, 2021)

Affiliate marketing is when you earn a commission for promoting a product or service of another company online. In essence, affiliates conduct online marketing on behalf of the merchant to drive traffic and conversions for the merchant's website. The affiliate company pays the merchant for each completed click or conversion. (Brayer, 2021)

Simply put, affiliate marketing is promoting products or services to someone else. You set up an affiliate publisher account on one of the affiliate networks, find the product or service you like, then promote it, and earn a commission from the sales made through your site. It sounds simple, but if you want to bring more money into your family budget with this marketing, you must devote time to it and you should not forget the basics of how it works. For such marketing to work, 3 groups must be involved.

The first group is the sellers and creators of the products, i.e., the companies that produce them. The advertised product can be a physical product, but also a service. The seller does not have to be actively involved in marketing but is an advertiser and profits from revenue sharing associated with affiliate marketing. (Enfroy, 2021)

The other group is the publisher, also known as the affiliate publisher, it can be either an individual or a company that sells the seller's product in an attractive way to potential consumers. If the consumer finally buys the product, the affiliate will receive part of the revenue generated. (Enfroy, 2021)

The third group is the consumer himself. Whether consumers know it or not, they (and their purchases) are the driving forces behind affiliate marketing. Publishers share these products with them on social media, blogs, and websites. When consumers buy a product, the seller and publisher are profitable. The consumer rarely pays more for a product purchased through affiliate marketing. The publisher's share of the profit is included in the retail price of the promoted product. The consumer completes the purchase and receives the product as usual, without affecting the partner system between the advertiser and the publisher which is a significant part. (Enfroy, 2021)

1.1 Basic concepts

To understand how affiliate marketing works, it is necessary to get acquainted with the basic concepts in this area and their meaning. We've mentioned some of the basic concepts above, and now we'll take a closer look. Polgári (2019) defines them in his book as follows:

Advertiser - this is a company that is interested in increasing its sales. It can be an e-shop, financial services, or various other services on the Internet.

Campaign - the advertiser has his affiliate campaign, which contains information about the advertiser, the amount of commission, as well as other conditions for promoting the campaign.

Publisher - a person or company that wants to make money on the Internet by promoting other companies or services. It can be a blogger, website owner, or influencer who has his own social media site.

Affiliate link/domain - this is a unique "address" through which when a visitor clicks, the e-shop knows that the visitor comes from a particular publisher and can credit him with a commission. Using this link, the publisher brings traffic to the advertiser's website and earns commissions.

Affiliate Network - an affiliate network combines several different campaigns in one system. It's a link between an affiliate publisher and an advertiser. In Slovakia, such networks include Dognet.sk, Affiliate.alza.sk, Affial.com, and many others. As a publisher, you don't have to focus only on domestic networks, but you can also sign up for foreign networks and make money there. You can find many campaigns on these networks.

Cookies - this is a temporary file that is stored in the visitor's browser. Thus, we can assign a commission to the publisher. Cookies also ensure that the publisher receives a commission, even if the visitor returns to the website after a few days.

Hosting - simply put, it is the space on a server that is connected to the internet. Hundreds of pages are usually stored on the server. After entering the address into the browser, the domain will automatically link to the content on the server and be displayed to the user.

Keywords - keywords are used in search optimization. They are used just to get the traffic that is needed for profit. They should have a thematic connection to what you offer on the web.

Of course, in addition to these basic concepts, several others are important in the promotion. Polgári (2019) deals with all concepts in his book “Online marketing: Tvorba zarábajúceho webu”.

1.2 The right area of promotion

When choosing a suitable area to promote, it is best to ask yourself which area is close to him. Each of us has topics that are close to him and, conversely, topics that he has no close relationship with. Many authors describe how to choose the right topic with different definitions, but they all agree on the basic criteria that a beginner should follow when choosing an area

First, it should be close to the area. As we mentioned above, everyone has topics that they know and topics in which they do not know. It is better to choose an area of promotion that will appeal to the publisher immediately. It's hard to promote something that doesn't interest you and that you don't have a relationship with.

Another thing to consider when choosing an area is competition. With competition, the publisher can determine if they can make money in each area. Polgári (2019, p. 46) writes that if the competition is sufficient, it can be considered a signal that there is enough money on the market. In addition, you can use competitors' brands to start building your own. You can take advantage of its shortcomings and thus overtake it in the promotion.

If you have already found the products you want to sell you need to find a good campaign. You don't have to immediately throw yourself into the campaign that offers the best pay. You should consider the price of the product and its potential for growth in the market. If you have a very advantageous evaluation in the campaign but the price of the product will be too high, and the growth potential will be below you will encounter a problem with sales. You can participate in several similar campaigns, combine them, and compare.

The basic pillar of affiliate marketing is site traffic. The higher the traffic, the higher the share of potential customers. Visitors to the site are most attracted and attracted by the appearance of the site and its quality content. Therefore, when setting up the site, you should take the time to rework everything in detail.

In addition to these basic factors, which are good to stick to at the beginning, different authors add various other factors. Sherer (2018) also writes about product quality, advertiser support, or reputation. Choosing the right area is not

difficult, but it should not be underestimated. It is necessary to study everything in detail. When choosing, it's a good idea to look at current trends that people are interested in, what their most common motivations for buying are, and to take this into account when choosing an area as well as building a site.

1.3 Building your brand

The brand-building needs to be thought about right from the start. It is necessary to come up with a good name that will be easy to remember and will not resemble the name of any other brand. Likewise, the name should partly describe the areas you want to address. But you should also keep in mind that you will want to expand your site to other areas in the future. An integral part of every known brand is its logo, which should also be easy to remember. People often make decisions based on their feelings, so it's a good idea to reach for something aesthetic.

Another important step is to focus on who you want to reach. You need to find out what your target group likes, where they most often look for information. If you have chosen an area in which you are familiar, finding this information should not be difficult for you. Based on this information, you know how to target communication with potential customers. In addition to these basic pillars for building a brand, it is necessary to consider others, such as:

Backlinks and mentions

Your website's backlink profile is one of the key ranking factors. The most valuable mentions and backlinks are organic, i. j. people who read your content find it useful and choose to mention or link to your site. But your reader's willingness to mention your website or link to it depends on your reputation. And that represents your domain authority and traffic. (Rastas, 2020)

Clickthrough rate (CTR)

Despite the uncertainty, whether CTR directly affects ranking plays a key role in improving your brand. If users are unfamiliar with your site, branded websites will steal much of these clicks. While quality content may be enough to put you in the top spot for a while, staying in that position, in the long run, means you need to develop a brand strategy. Brand recognition sometimes tends to gain over the power of content. (Rastas, 2020)

Pay attention to your design

Good design is a must for all brands. While it's not that easy to measure the impact of a design on a direct ranking, the design is responsible for the first impression users make when they click on your page. All the details are important - pictures, logos, colors, and fonts. All of them contribute to the general impression that your visitors get and associate it with your brand. Make sure your design is consistent across channels if you use multiple channels. (Rastas, 2020)

Providing excellent customer service

Don't underestimate the power of word-of-mouth marketing. As many as 88% of consumers place the highest level of trust in recommendations from people they know. When you provide excellent customer service, people remember it and are more likely to spread a good name about you. While this type of brand building is not measurable, it does not mean that it is not worth investing in. (Rastas, 2020)

Linking to existing sites

Once you are in the early stages of building a brand, you may need support from existing sites. You can start by identifying well-established sites in your area by addressing them. Try to offer a unique perspective on the topics they cover. Hosting is perhaps the most common way to connect to this site. But even when hosting, you need to keep in mind that quality content is your best asset. (Rastas, 2020)

1.4 Finance - affiliate marketing as a stable income

We have already described the principle of how affiliate marketing works. Publishers and advertisers work together through an affiliate network that controls the entire process from start to pay. The advantage for the advertiser is that they do not have to contact individual publishers, it is enough if they publish a campaign on the network. Publishers choose from hundreds of campaigns published online and do not have to communicate individually with advertisers.

Despite all the benefits of affiliate marketing, it should not be confused with the magical way of fast and undemanding earnings. You can't build quality content that is relevant and able to reach your audience in the long run in a week or a half. Growth is gradual and nothing is guaranteed. There is also no need to understand affiliate marketing as a form of passive income that will generate itself without any activity. Anyone who wants to start with an affiliate must persevere and try several ways to generate a stable and long-term profit. It's a long-distance run, but a significant step forward can also be ensured by using the right and relevant tools to measure your site's performance. (Successful Business, 2022)

Affiliate marketing revenue is individual. It all depends on how much time you invest in it right from the start. If you don't devote enough time to your site, you can't expect high revenue. Likewise, you can't expect day-to-day revenue, every marketing campaign needs time to bear "fruit." There are several ways to make money in affiliate marketing.

Sales commission is a standard way of earning. In this way, the advertiser pays the publisher a percentage of the selling price of the product after the consumer buys the product because of the publisher's marketing strategy. (Enfroy, 2021)

Another way is a commission for a potential customer. It's a more complicated system than a sales commission. The publisher must persuade the consumer to visit the advertiser's website and complete the required action - whether it's filling out a contact form, signing up for a trial version of a product, signing up for a newsletter, and more. If a potential customer performs the requested action, the publisher receives a pre-agreed commission from the advertiser. (Enfroy, 2021)

The last of the most common commissions is a click commission. This method aims to encourage the publisher to redirect consumers from his site to the advertiser's website. This means that the publisher must involve the consumer to the point that he moves from his site to the merchant's site. The publisher earns a commission based on increased traffic to the advertiser's site. (Enfroy, 2021)

In most cases, affiliate marketing is not the main income, but the passive income. This is because your work on the site will bring you income even if you are not currently dedicated to it. Continuous shopping or customer browsing will earn you money long after you've completed your site.

1.5 Design of profitable areas

If you are considering joining one of the affiliate networks and improving financially in addition to work or study, we have a proposal for the most profitable areas.

Lifestyle and wellness are a very growing area of interest, especially nowadays when everyone wants to live longer, healthier, and more fulfilling. This category includes skincare, dietary supplements, exercise programs, or personal trainer services.

Technologies are everywhere we look. They make our daily lives and work easier, especially now, in the last two years, when the global Pandemic-19 pandemic has crippled the world. More and more people are "trapped" at home and need different technologies to perform their work. We can include communication technologies, software, or anything else related to the online world in this area.

Finance in this area can include those financial services that compete with traditional financial service providers. People are looking for different ways to increase the value of their funds. They are increasingly interested in various forms of investment, in the form of securities, precious metals, or, more recently, the most inflected cryptocurrencies.

Hobby this area is grateful because, in this hectic world that will never stop, everyone has their way of relaxing. For a certain group, the best rest is the inactive form in the form of hiking, sports, or travel. The second group prefers a passive form of relaxation such as photography, painting, or even marketing. If marketing is also your form of leisure, your hobby can also become your job.

Housing and the household are potentially prosperous areas. It is based on one of the basic human needs, and that is to live somewhere. In addition, we can include home care here. In household care, a new trend is a transition to ecological, environmentally friendly cleaning products. An integral part of the household is also pets, on whose comfort their owners do not spare.

Of course, there are many more areas to choose from when creating or updating a page. We consider these to be the most interesting now.

Conclusion

The development of online marketing is still in the beginning and new forms of product and service promotion will continue to emerge. We focused on, currently in Slovakia, a lesser-known form of online marketing, namely affiliate marketing, which is known mainly in larger countries.

Our goal was to define what affiliate marketing is, on what principle it works, and to evaluate whether it is possible to prosper financially through it. We found that affiliate marketing is based on the cooperation of three parties, the advertiser, the publisher, and the consumer. If one side of the collaboration dropped out, affiliate marketing would not work because all parties are equally important in this "triangle."

As for financial prosperity, it is individual for each. It depends mainly on the publisher how he sets up his site, what form of commission he chooses, and how much time he will devote to his site from the beginning. If the publisher decides to redesign his site from the very beginning, he will choose an area that is close to him and at the same time has good growth potential. This initial effort can bring him an interesting financial commission in the long run.

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IMPACT OF COVID - 19 ON THE WORKING ENVIRONMENT AND "HOME OFFICE"

VPLYV COVIDU - 19 NA PRACOVNÉ PROSTREDIE A „HOME OFFICE“

Janka KOPČÁKOVÁ

Abstract

At present, however, due to the pandemic situation that has arisen in connection with the COVID - 19 virus, "home office" is increasingly being mentioned. Some employees were forced to do their work from home under anti-epidemiological regulations. The paper presents the basic advantages and disadvantages of employees performing work at the workplace and employees performing work from the comfort of home. Thanks to this, personnel managers also learned about the individual advantages and disadvantages of working from home. However, despite the initial problems with using audiovisual platforms to do work from home, many companies are also considering follow-up combined work, which would reduce the overhead costs associated with caring for employees while providing their employees with work from the comfort of home. But is such a change of work from home on the part of employees really welcome?

Keywords: Work environment, "home office", meal vouchers, obligations of employees, employees' rights

Abstrakt

V súčasnosti sa však vzhľadom na pandemickú situáciu, ktorá vznikla v súvislosti s vírusom COVID - 19, čoraz častejšie spomína „home office“. Niektorí zamestnanci boli v rámci protiepidemiologických predpisov nútení vykonávať svoju prácu z domu. Príspevok prezentuje základné výhody a nevýhody zamestnancov vykonávajúcich prácu na pracovisku a zamestnancov vykonávajúcich prácu z pohodlia domova. Personálni manažéri sa vďaka tomu dozvedeli aj o jednotlivých výhodách a nevýhodách práce z domu. Napriek počiatocným problémom s využívaním audiovizuálnych platforiem na prácu z domu však mnohé firmy uvažujú aj o nadväzujúcej kombinovanej práci, ktorá by znížila režijné náklady spojené so starostlivosťou o zamestnancov a zároveň zabezpečila svojim zamestnancom prácu z pohodlia domova. Je však takáto zmena práce z domu zo strany zamestnancov naozaj vítaná?

Kľúčové slová: Pracovné prostredie, „home office“, stravné lístky, povinnosti zamestnancov, práva zamestnancov

Introduction

The situation, which arose at the beginning of 2020 on the basis of the COVID - 19 virus, affected the daily lives of all people, but also every single company. The measures and regulations that the government had to take during the pandemic were often challenging. These regulations were not only intended to protect the population from the virus, but also to improve the conditions for doing business, as the pandemic hit businesses hard and reduced their income. Many small and medium-sized enterprises have not been able to cope with declining

revenues and constant reimbursement of costs, which has often had liquidating consequences. In addition to the negative effects on corporate revenues, the pandemic also had a negative impact on staffing the operations.

This paper focuses on the approximation of the introduction of a "home office" and the consequent advantages and disadvantages for employees as well as employers.

Human resource Management

In order for every company to be able to secure its business, it is necessary to focus on the transformation process. The transformation process helps the company to transform its inputs into outputs, the sale of which ensures the achievement of business activities and revenue growth.

Many authors identify three factors of production without which it is not possible to ensure the transformation process. They belong here:

- soil,
- work,
- the capital.

Work is an integral part of every business, because it expresses the human activity through which the overall operation of the business is ensured. The people who provide their services to the company thus become its employees. An employment relationship is established between the employee and the employer, which is regulated by the Labor Code no. 311/2001 Coll. as amended.

The manager is responsible for ensuring that the jobs are filled by suitable employees, he must ensure the entire process of recruiting and selecting employees.

The basic tasks include:

- recruitment,
- appropriate selection of staff,
- staff evaluation,
- higher education and skills development of workers,
- staff care (Kachaňáková, 2008).

The impact of the COVID - 19 pandemic on people 's work

The global pandemic caused by the COVID - 19 virus has worsened the situation worldwide. One of the sectors most affected by the pandemic is:

- gastronomy,
- airlines,
- accommodation companies (hotels),
- transport companies (taxi services),
- travel agencies,
- fitness facilities and the school sector.

The COVID - 19 virus pandemic has also affected other sectors. In 2020, the term "home office" is increasingly mentioned. Managers were forced to provide their employees with work from home. A survey conducted to obtain information on the use of the "home office" during the first wave of the pandemic, which lasted in the spring of 2020, recorded 42% of the population of the Slovak Republic who took advantage of this opportunity and performed their work from the comfort of home. While the survey expressed the satisfaction of individual employees with this form of work, many experts think that employees are unable to deliver sufficient performance within the home environment. Experts say that the work environment also has a negative impact on work, such as:

- The temperature in the workplace should be approximately 18 - 24 ° C so that the employee can perform his work.
- Noise in the workplace can cause a weak concentration of the employee in the performance of his work. Regulation of the Slovak Republic no. 115/2006 Coll. as amended, stipulates that the number of decibels in the workplace should not exceed 40 decibels, so that the employee gives the required performance and the working environment does not adversely affect his health.
- The lighting of the workplace should be sufficient with the appropriate intensity and uniformity so that this factor does not adversely affect the work performed by the employee.

In addition to the negative effects on the work environment, employees can also have a positive effect on the work environment, such as:

- Cooperation - employees can provide each other with experience and knowledge.
- Socialization - contact and building society.
- Corporate culture - building the personality of individual employees.

As most employees preferred to use the "home office", they performed such work through digital processes. Individual employees had to expand their knowledge in the field of information technology and thus ensure the efficient operation of work from home. In several Slovak companies, the following use of digital means and work from home is also expected.

Managers who had to solve the necessary problems of their subordinates through digital tools also had to become flexible. Therefore, most business managers had to go through training and education in order to be able to manage stress, make timely decisions and ensure the smooth running of the business.

The opportunity to work from home was most used by industries, such as:

- education (96.70 %),
- information technologies (95.30 %),
- marketing and advertising (88.40 %),
- economics (80.60 %),
- accounting (79.40 %),
- the law (77.70 %),
- management (74.10 %),
- insurance (63.60 %),
- administration (56.80 %). (platy.sk)

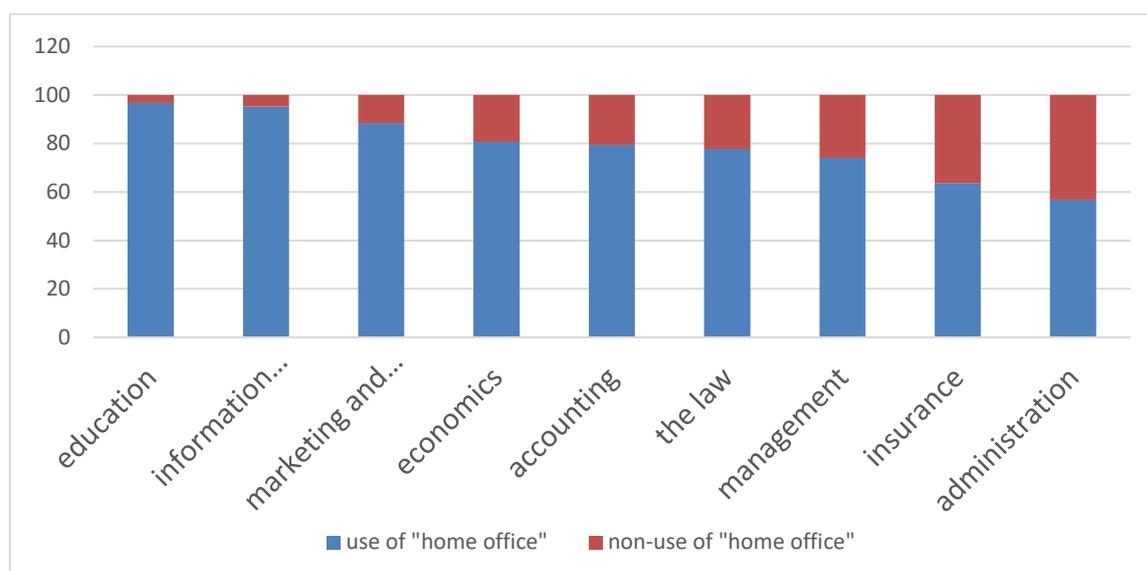


Figure 1 Home office preferences across sectors

Source: Own processing

Figure 1 shows us in which sectors the most used or unused "home office".

It is obvious that this work from home was mostly used by sectors whose work is mostly performed in office spaces through computer technology. Education had the largest share, as pedagogical staff most often had to use various audiovisual platforms to ensure the continuity of student education. Most universities have taken advantage of this opportunity, largely due to government action. The lowest use was in primary schools, as such education would be ineffective.

For the period from 01.07.2021 to 26.08.2021, the companies offered 1,050 job offers for work from home. This represented 2.4 % of jobs. The largest job offers were information technology (13.30 %), but also translation (12.30 %), journalism (7.30 %), marketing and advertising (6.40 %), customer support (5.60 %) , telecommunications (4.50 %) and human resources and human resources (3.80 %). <https://www.finsider.sk/ekonomika/praca-z-domu/>

Work from home could not be used especially by workers who focus on the production of goods and services for customers, as their physical work is needed, which cannot be done from home.

According to the regulation of the Government of the Slovak Republic, from 1 January 2021, on the basis of Art. 5 par. 4 of the Constitutional Act no. 227/2002 Coll. on the security of the state in time of war, state of war, state of emergency and state of emergency, as amended, lay down restrictions: "Employment will be permitted only in the form of a "home office ". Exceptions will be made by employees due to the nature of their work and on the basis of the employer's decision." However, this Regulation shall not apply to: "travel to and from the employment of staff members who, by reason of the employer's decision, cannot perform home office work and return and business or other similar work which cannot be carried out by home office and the way back ”.

In connection with the "home office", the employer incurs obligations, such as ensuring the provision of food, according to § 152 of the Labor Code. Pursuant to this Labor Code, the employer is obliged to provide one main meal to his employee if the employee works 4.5 hours of working time in the form of a "home office", either in the form of meal vouchers or by recharging electronic meal cards. This form of providing meal tickets or cards is also binding for employers who provided meals in their own catering facilities before the declaration of a pandemic situation related to the COVID - 19 virus. It was the form of the "home office" that also changed the form of catering for employees. The employer is thus obliged to provide meal vouchers in the minimum amount of € 3.83, which represents 75 % of the amount of € 5.10, which is intended for a business trip lasting 5-12 hours. The employer may also provide the employee with a financial contribution, the amount of which represents at least 55 % of the price of the meal allowance and at most 55 % of the meal allowance provided during the business trip. Which represents a minimum value of € 2.11 and a maximum value of € 2.81.

However, there are also obligations on the part of the employee in connection with the home office, such as compliance with safety and health at work, as in the event of an accident while performing work from home, this accident could be considered an occupational accident for which the employer is responsible.

According to the research company Buffer, the main disadvantage of working from home is that employees are unable to stop working even after the end of working hours, which has a negative impact on their mental health. Nevertheless, some Slovak companies are considering the combined use of "home office" work from home and work performed from the workplace for their employees even after the end of the pandemic.

Employers would thus take advantage of their reductions in operating overheads. In connection with this way of working, a new working environment will be very important, in which it will be important:

- fast connection to the digital Internet network, especially in the home environment,
- design of home premises to provide virtual video conferences,
- ensuring the training of employees through modern information technologies (e-learning).

It is therefore still difficult to determine the future of companies. However, companies are currently not considering investing in the company's work environment, as they do not know what regulations the government will adopt and at the same time individual companies are considering using combined labor. According to a survey of the company's employees, it is clear that up to approximately 46 % of employees would like a combined job if they could use 1 day of work from home („home office“).

Conclusion

The subject of the article was to point out the advantages and disadvantages of working from home, which was increasingly mentioned during 2020, especially with the deteriorating global pandemic situation caused by the COVID virus - 19. At the beginning of 2020, the government of the Slovak Republic was faced with difficult decisions. During 2021, the number of jobs offered for house work increased. The highest number of these places was recorded by the sector information technology. Individual companies also had a simple role to play, as they also had to reduce their jobs as a result of reduced sales. As a result, many Slovak companies have had to reduce their work capacity, thus losing many people. In addition to the difficult issue of employment, several sectors were forced to take measures and provide their employees with work from home so-called „Home office“. This has resulted in the gradual training of employees through audiovisual platforms such as MS Teams or ZOOM.

The article describes which sectors were most affected by the pandemic situation and at the same time which sectors used the work from home the most. In addition to the basic advantages that employees did not have to travel for work, but could do it from the comfort of their home, it is necessary to point out disadvantages, such as lack of rest from work, as they did not always stop working after working hours, or ensuring safety and health at work performing at home.

The pandemic situation was also difficult for small and medium-sized enterprises, which, depending on the focus of their business, often faced liquidation consequences.

Ultimately, the COVID - 19 virus has affected all countries, not just the European Union, but the world. It had a negative impact not only on individual companies, as their revenues decreased, but also on employees, as they had to face

the rapid training of audiovisual platforms. However, many companies also see the advantage of such work and independently consider the combined work that employees would partially do at their workplace during the week, but also in the comfort of their homes.

Well-known Czech essayist Gabriel Laub said: "Work requires more and more education; education more and more work." In this difficult situation, many employees must have realized this, because they had to be trained to do their job. However, it often cost them a lot of effort and work to be able to learn.

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USING DIGITAL MEDIA TO OVERCOME NEGATIVE IMPLICATIONS OF COVID-19 CRISIS IN AMATEUR SPORTS CLUBS: EMPIRICAL EVIDENCE FROM SLOVAK REPUBLIC

VYUŽITIE DIGITÁLNYCH MÉDIÍ NA PREDÁCHDZANIE NEGATÍVNYCH DÔSLEDKOV PANDÉMIE COVID-19 V AMATÉRSKYCH ŠPORTOVÝCH KLUBOCH: EMPIRICKÉ DÔKAZY ZO SLOVENSKA

Jakub SIEBER

Abstract

Global pandemic of COVID-19 in 2020 brought new modus operandi to people's lives. Mostly all routines organizations were used to had to change. The main research objective of this paper is to analyse if amateur sport clubs were able to overcome COVID-19 restrictions by using digital media. Paper answers the question, if using the digital and social media in more extensive way and bringing some of their activities online helps sports clubs to sustain their functionality for the future. All 58 collected answers were tested by non-parametric Mann-Whitney and Kruskal-Wallis tests. According to results it is possible to assume there is significant difference between floorball clubs using digital media as part of innovation of their routine activities. Clubs using digital media in extensive way results into smaller or not significant decrease in membership base, they also perceive their actual financial budget more stable.

Key words: digital media, non-profit organization, sports clubs

Abstrakt

Globálna pandémia COVID-19 v roku 2020 priniesla do životov ľudí nový modus operandi. Rutiny, na ktoré boli organizácie zvyknuté, sa museli zmeniť. Hlavným cieľom výskumu je analyzovať, či amatérske športové kluby dokázali prekonať obmedzenia COVID-19 pomocou digitálnych médií. Príspevok odpovedá na otázku, či rozsiahlejšie využívanie digitálnych a sociálnych médií a sprístupňovanie niektorých ich aktivít v online forme pomáha športovým klubom udržať si funkčnosť aj do budúcnosti. Všetkých 58 zozbieraných odpovedí bolo testovaných neparametrickými Mann-Whitney a Kruskal-Wallis testami. Podľa výsledkov je možné predpokladať, že medzi klubmi, ktoré využívajú digitálne médiá v rámci inovácie svojich rutinných činností, je výrazný rozdiel. Kluby, ktoré vo veľkej miere využívajú digitálne médiá, majú za následok menší alebo nie výrazný pokles členskej základne, stabilnejšie vnímajú aj svoj skutočný finančný rozpočet.

Kľúčové slová: digitálne médiá, neziskové organizácie, športové kluby

Introduction

This paper deals with current issues and challenges that sports clubs in the Slovak Republic, as well as in other European countries, face due to the COVID-19 pandemic. The restriction of the operation of sports facilities, especially indoor ones, has led to a dramatic decrease in the possibility of sports activities. Amateur sports clubs were thus faced with a situation they had not encountered in recent

decades. The main goal of this paper is to find out whether there is a difference between Slovak amateur sports clubs, which during the lockdown period started to implement innovations in the form of the use of digital media. Based on the collected data, this paper tries to analyze how after a year of restrictions, sports clubs perceive their position, especially in terms of the development of the number of members and the financial situation. General question of this paper is, if there is any difference among amateur sport clubs (non-profit organization), which intensified use of digital (social) media compared to pre-pandemic time, how they perceive their financial stability or changes in membership base.

Year of 2020 will be remembered as a year that have changed the way of people's lives, with coronavirus as a main factor. The severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), later referred as COVID-19, originated in wild animals (Singhal, 2020) has caused an alarming global health crisis since its transmission to humans. COVID-19 has already taken millions of lives (WHO, 2020), and hence challenged many governments across the globe to undergo various actions to reduce the spread of the virus and its consequences to people's health and lives. COVID-19 also emphasized globally standardized, top-down control measures, directed vertically at prioritizing to stop disease outbreak. These approaches are now being rolled out for COVID-19, but their limitations are exposed as they clash with the complexity of varied social, economic, and political settings and catalyse wider indirect impacts (Leach, MacGregor, Scoones, Wilkinson, 2020). The effects of COVID-19 have led to financial problems of many firms, that were forced to discharge employees with connection to insolvency of individuals. Many repercussions of COVID-19 crisis might be exposed even later. Beside all mentioned consequences to firms and individuals there is also third sector consisting of non-profit organization, which were forced to change the way of carrying out their activities, especially sport clubs, as many countries prohibited indoor sports during COVID-19 pandemic. Hundreds of third sector organization had to find approach how to deal with pandemic restrictions to outlast long period until situation will be relatively under control. Managing the period of restrictions features how to deal with uncertainty and how to incorporate digital or innovative features not only to outlast current conditions, but how to use it to their advantage and expand their activities.

1 Literature Review

COVID-19 has changed not only the way the humanity lives or works, it also has encouraged approach to sustain productivity, accessibility of various products and services. As referred by Clark et al. (2020) in many regions, social distancing measures have similarities to quarantine, and therefore have a dramatic impact on people's everyday lives. COVID-19 led digital transformation of many processes in kind of natural way. Most of the European countries were forced to close their schools, universities, leisure time and sport facilities, some countries even had a complete lockdown situation and people must stay at home, and nearly every

government prohibited public events including all kinds of sports and indoor leisure time activities (Breier et al., 2021).

As mentioned earlier, this paper focus on sports clubs belonging to third sector and their management of COVID-19 pandemic restrictions. In general, third sector is a vital pillar of national welfare, as it represents a considerable part of many countries' economy and a significant percentage of gross national product (Berzin, Pitt-Catsoupes, Gaitan-Rossi, 2015). As mentioned in research of do Adro and Leitao (2020), in recent years there is lot of interest about non-profit organization, as the numbers of citation and keywords about topic raises.

Non-profit organizations differ by field they are functioning. As this paper is focused on small non-profit organizations represented by sport clubs, there is one primary characteristic for all non-profit organization - no matter organization size, no matter field – education, healthcare, law, sports - non-profit organizations remain the stewards of public funds and private donations and have a responsibility to direct activities towards mission-related activities (Lecy - Searing, 2015). In work of Spaaij, Knoppers and Jeanes (2019) authors describe sports clubs based on recreational participation in organized sport, they are not-for-profit, voluntary based organizations that are guided by national and state sport policies but have considerable autonomy in their operations. It is important to bear in mind, non-profit organizations should create profit, but instead of paying dividends or financial premiums, non-profit organizations should use these resources for enhancing and developing their activities provided to all stakeholders. This statement finds support in Green and Kaine (2013) work, a non-profit has the potential and ability to earn revenues, any surplus is used to achieve or further its purpose or goals, rather than being distributed as payment to members or other persons within the organization. Preston in her research has concluded that some employees in non-profit organizations are willing to work for reduced wages if they are working for an organization that is generating a positive social outlook (Preston, 1989). Aside from attracting employees, an immediate concern for non-profit leaders is retaining the employees once they find them. Non-profit organization leaders have begun to explore and examine organizational factors that challenge the commitment from employees as they plan to fulfil the needs of clients, customers, and other stakeholders (Wallace, 2018). Here comes the possible threat of pandemic, as many people are losing their jobs, they might have tendency to ask for wage or increased wage, as their primary income might be endangered by COVID-19 crisis, that is case when only positive social outlook of organization does not have to be enough, and people will be seeking reward for their volunteer services in form of financial compensation. Employees that tend to be attracted to small non-profit organizations are usually motivated in different ways compared to employees in a for-profit environment. Small non-profit organizations often have lower wages, therefore, pay is not usually a main form of motivation (Robineau et al., 2015). In support of this statement, Bozer, Kuna and Santora (2015) stated that retention

and management of volunteers and key staff is a critical task for non-profit management. Third sector faces challenges of doing more and more activities for more and more people with fewer and fewer resources. As this statement was Thus, that is the main reason why is the issue of leadership and organizational innovation is becoming crucial when it comes to ensuring the sustainability of non-profit organization (Hoefler, Sliva, 2014; Marx, Davis, 2012). Importance of managing organizational resources is urgent priority due to COVID-19 crisis, as consequence of changing the flow of potential resources, especially from national governments to other sectors or fields than sport clubs. Leadership has been treated as a “top-down” process of influence, in which leaders change followers' vision and values to achieve a predefined goal (Hodges and Howieson, 2017). Many businesses had to incorporate or develop online activities because of COVID-19 pandemic. Non-profit organization were not exception, and boost organizational innovation, which in turn impacts on the internal and external factors of the institution. Work presented by do Adro and Leitaó (2020) shows concern with the renewal of management bodies and a lack of qualified leaders. Study also contributes to an action agenda leading to the establishment of new leadership and organizational innovation model for the third sector.

As stated by Dias (2000) adoption of a new technology, which can result in innovation, is justified by the goal of “changing the organization’s status quo in search of improvements” translated to a new way how is product or service offered to satisfy customer needs. Also, Kelly (2012) stated technology as a potentiator source of possibilities and options, which may lead to allow organization to save costs. Technological innovation is the main engine of economic development (Arthur, 2011). This statement shows importance while pandemic restrictions and lot of business were forced to move their activities online if possible. As stated by authors Mussi and Canuto (2008) at the organizational level, it is one of the bases, technological innovation, used to adapt to the rhythm of the market dictated by globalization, or nowadays by world changing because of COVID-19 pandemic and related restrictions. Innovativeness is a very common business practice mainly in small and medium enterprises (Kraus et al., 2012). Responsibility to adapt on changing conditions and implementation of innovation to praxis should be primary objective for executives in charge of any organization, not only businesses led in purpose of maximizing profit or increasing market value. Innovativeness as a result can improve business performance in a hostile environment of economic decline. (Mendoza-Ramírez et al., 2016) As mentioned in introduction, COVID-19 intimidated organizations to innovate. As stated by Cunningham et al. (2008) the innovative (or creative economy) model in which the creative industries act as a producer of or conduit for new ideas or technologies that bring about societal change. In study of King et al. (2020) was stated that social media may represent a helpful coping strategy in the times of COVID-19 pandemic. Jeannotte (2021) noted in his research culture, arts, heritage, and media should be assigned a more

prominent role in the “new normal” as the world plans its recovery from the pandemic. As well as social media represents an alternative method to remain socially connected with peers (Drouin et al., 2020), social media is the most powerful medium for viral marketing campaigns (Kaplan and Haenlein, 2011), and in launching new products (Kaplan and Haenlein, 2012). Ritz et al. (2019) argues that motivation such as perceived economic benefit, sense of control, self-improvement, ease of use and perceived usefulness, tend to influence small businesses to use social media.

2 Conceptual frameworks and research hypotheses

In following part will be described conceptual model of this research. Emphasis of the research is set on three dimensions – Digital technologies, Management of relations and financial management. All of three mentioned concepts will be evaluated, how they can help sport clubs to overcome difficult times during COVID-19 restrictions applied to indoor sports in many countries all over the world.

A. Digital technologies

Applied restrictions of using indoor sporting facilities brought along unpleasant consequences. The most frequently mentioned consequence of COVID-19 in relation to the sports clubs is loss of sporting youth, what may lead to increased health problems or obesity in future. Even though sports clubs could not carry out physical activities in indoor facilities, there were some clubs with innovative approach to connect with their members, especially youth, to stay in touch and sustain the interest of sport clubs’ members. For sport clubs it is essential to have the largest possible member base, consisting mainly of youth. Reason for this statement is that many funds from government, municipality or other institutions are linked to the number of actively sporting youth of particular sport club. Finding the way of connecting with sports club members through digital media such as Zoom, Microsoft Teams, Skype and other provides unique opportunities how retain youth sport clubs’ members engaged and prevent them from leaving not only the sport club, but also sport in general.

Digital technologies present unique and innovative technique how to ensure either physical activity of youth and their attention to the sport, when it is not possible to meet up at practice sessions in gym or sports hall. Management of sport club should be able to ensure mentioned kinds of interactions for its members and find innovative ways to compensate missing activities due to applied COVID-19 restrictions. Digital technologies bring not only opportunity to meet, but also it can be incorporated to other sport clubs’ activities in future to enrich scope of its’ business. As mentioned in study of Kaplan and Haenlein (2010) it is explicit that conventional social media brings enormous opportunities for firms in various sectors.

B. Management of relations

Another aspect which must be considered is managing relations. As long as indoor sports are restricted, sports clubs must find ways how to engage not only with their active members, but also with fans, sponsors, or followers. Absence of indoor sports might lead to lowering the numbers of visitors of sport venues in future, as the interest about sport would decrease during pandemic. Lower interest about sport in comparison with situation before COVID-19 restrictions would lead to lowered income of sports clubs. In general income from sport events brings many channels for sports club budget such as tickets, souvenirs, commercials income and many others. Sponsors or stakeholders also decrease their donations as they see recessive interest about sport. As referred by Breuer, Boronczyk and Rumpf (2021) digitization of sports content and technological innovations in sports media offer disruptive new ways to adapt sponsor messages. Nowadays executives of sports clubs should focus on presenting their work, activities, and club to their members, fans, and stakeholders at numerous social media. Social media should substitute absence of sport events at least to bring some sort of excitement and supply interesting information about sport club. Using social media, such as Facebook, Instagram or other during COVID-19 represents powerful tool not only to limit outflow of general interest, but also it provides opportunity to engage potential members or stakeholders. Lachlan et al. (2021) state that during a public crisis, the audience often turn to the traditional media, social media, and interpersonal communication to seek information.

C. Financial management

As was mentioned previously, the object of research are sports clubs set up as non-profit organization in legal form, it is important for such organization to fulfil similar characteristics as business organizations. COVID-19 crisis represents challenge for sport clubs to overcome time span while restrictions are applied. Management of resources, especially management of financial resources should be executed with care. Sports clubs operating in indoor facilities had to stop their activities what might have led to decreasing incomes from membership fees, sold tickets or fan apparel or they were not able to fulfil needs of receiving donation from government as they had not been actively showing any activity. Many costs were stopped as result of training process interruption, sports clubs had not had to pay costs such as contracting out operating premises, costs for travelling or volunteers. In addition to previous two concepts, clubs which operated through some digital media or produced content for their websites or social media had to allocate financial resource to mentioned activities.

Hypotheses and sub-hypotheses of the paper are formulated as followed:

- H1: Floorball clubs using digital media are experiencing lower decrease in membership base.
- H1.1: Floorball clubs organizing sport online meetings are experiencing lower decrease in membership base.
- H1.2: Floorball clubs using social media are experiencing lower decrease in membership base.
- H1.3: Floorball clubs that increased expenses for social media are experiencing lower decrease in membership base.
- H2: Floorball clubs using digital media have sponsorship contracts for following season.
- H2.1: Floorball clubs using social media frequently have more sponsorship contracts for following season.
- H2.2: Floorball clubs organizing online sport's activity have more sponsorship contracts for following season.
- H3: Floorball clubs using digital media are perceiving their financial budget to be increased in following season.
- H3.1: Floorball clubs which increased their variable expenses for social media are perceiving their financial budget to be increased in following season.
- H3.2: Floorball clubs using social media frequently are perceiving their financial budget to be increased in following season.

This paper is going to examine if model, when sport club is using digital media to interact with their members and stakeholders is perceiving consequences of COVID-19 in different way than clubs that do not use any digital media to interact. First observed variable in model is going to be Change of membership base (MEMch), and how its influenced by digital media factors.

Second observed variable is going to be Use of digital media to manage relations with stakeholders (SPC). Another observed variable is if the club is using digital media (UDM). Examining of UDM variable should answer the question if there is difference in perceiving COVID-19 consequences when sport club is using social media to provide content for stakeholders to satisfy their needs and manage and sustain their interest about the sport and mainly new sponsorship contracts for upcoming season.

Another observed variable of researched conceptual model is going to be Budget expectation for upcoming season in comparison with timespan before March 2020 (BE). Aspects of BE are being related to UDM, to see if there is connection, how respondents perceive their position.

3 Methodology

For constructing methodology of research, procedure described by Sekaran (2003) and Lovas (2001) are followed. As a part of research methodology there should be evaluated parameters to design research project: the purpose of study, the type of research, the unit of analysis, the time schedule, the research environment, the study's scope, the data collection methods, and measurement issues.

As mentioned by Sekaran (2003) the study's goal is determined by the current state of knowledge on the subject under consideration. A research project might be exploratory, descriptive, or test hypotheses. The purpose of this study is to evaluate and explain how amateur sports clubs counteract COVID-19 restrictions. As described before in section conceptual framework, this paper evaluates if concept of using digital technology innovations, managing relations and financial management has positive impact on outlasting COVID-19 restrictions for sports clubs, and how the clubs perceive their financial situation after lockdowns.

The research type could be causal or correlational according to Lovas (2001). Reto and Nunes (1999) stated the following requirements for causal research: 1) the effect must occur before the cause; 2) observable differences in causes should result in systematic differences in effects; 3) Variations in the consequences should not be attributed to anything other than the causes. As this particular research may not warrant to meet described conditions, research must be considered as correlational. The amount of data aggregation is linked to the unit of analysis, which is a study design option. (Lovas, 2001) The sport club in its legal status as a non-profit organization is the unit of analysis in this case study. No professional sport clubs were included in analysis.

According to Reto and Nunes (1999) a study might be longitudinal or cross-sectional in terms of its time schedule. When data regarding the unit of analysis is collected at many periods in time, the study is called longitudinal. The research is cross-sectional when the data for the unit of analysis is obtained at a single point in time. Data for this research were obtained just in one time then time schedule of this study is considered as cross-sectional.

When the goal of the study is to create casual interactions, field and laboratory studies should be conducted. The researcher's interference is moderate to high in this type of research environment. When a researcher wants to learn more about something and to conduct correlational investigations with as little influence from the researcher as possible then field study is conducted. (Reto and Nunes, 1999) In the environment of the research, the field study will be done.

In terms of the study's scope, it is believed that a phenomenon should be investigated in the context in which it happens. This paper focus on sports clubs using indoor facilities, which were limited or absolutely restricted for usage for period of 9 months of last 12 months during time span from March 2020 to March 2021. This study examines floorball clubs in Slovak republic, as floorball clubs

meet demands of research. All floorball clubs in Slovak republic are run as non-profit organization and floorball is solely indoor sport.

Table 1 List of variables

Variable	Measure	Scale
Membership base change (MEMch)	1 = membership base has not changed or increased in comparison to March 2020,	nominal, binary
Membership base (MEMB)	0 = membership base has decreased in comparison to March 2020	interval, Likert
Use of digital media (UDM)	percentual change of membership base between March 2020 and May 2021	nominal, binary
Social media usage (SMU)	1 = digital media implemented,	interval, Likert
Organizing online sport activity (OSA)	0 = digital media not implemented	interval, Likert
Social media expenses (SME)	average number of posts on social media per month	interval, Likert
Sponsorship contracts for upcoming season (SPC)	average number of online sport activities organized per month	nominal
Budget expectation for upcoming season (BE)	percentual change of expenses given only to social media between monthly average before March 2020 and after	interval, Likert

Source: Authors processing.

Data collection methods used in this research are represented by two categories: primary and secondary sources. Secondary source is represented by mailing list of executives of all floorball clubs in Slovak republic. Primary data were collected through a questionnaire. Beyond sending questionnaire to all executives of floorball clubs, they were also agreeable via official national website of Slovak floorball federation about undergoing research and kindly informed to fill questionnaire.

The measurement of construct of this research is done by observing variables previously mentioned in conceptual framework of this research. All of elements of conceptual model are translated into observable indicators to be measurable. Table 1 presents researched concept and indicators as well as their scales.

As long as the variables are from interval and ratio and the assumptions for normal distribution were violated, the non-parametric test is necessary. (Deshpande et al., 2017) The use of nonparametric tests is more general than for parametric tests because they can be used both for data that do not correspond to the normal probability distribution and for data that do not correspond to the normal distribution as stated by Hanclova (2012). The Mann-Whitney U test was used to compare clubs, that used digital media and social media to interact on each of the self-reported answers. In case of comparing mean ranks of social media expenses and social media usage to budget expectance in comparison to timespan before March 2020 was used Kruskal-Wallis test, as budget expectance was

answered in Likert scale. In this case, nonparametric tests are usually used for indicative evaluation, where the original measured data are not used for testing, but only their serial numbers in a variational series created by a certain procedure from the values of both compared sets. The calculations are usually much simpler, but the accuracy and resolution, as strength of the test of nonparametric tests is not as high as for parametric tests. All computations and statistical tests are done by using IBM SPSS 26 Statistics software.

4 Results

Table 2 Descriptive statistics of data sample

Variable	N	Min	Max	Mean	St. Dev
MEMch	58	0	1	.47	.503
MEMB	58	1	5	2.81	1.504
UDM	58	0	1	.47	.503
SMU	58	0	4	2.14	1.444
OSA	58	0	4	1.64	1.823
SME	58	1	5	2.50	1.405
SPC	58	0	1	.41	.497
BE	58	1	5	2.40	1.544
Size	58	1	4	2.52	.995

Source: Authors processing.

Table 3 Hypotheses 1 and 2 test summary – Mann Whitney U test

	Null hypothesis	Sig.	Decision
H1.1	The distribution of SMU is the same across categories of MEMch.	0,00	reject the null hypothesis
H1.2	The distribution of OSA is the same across categories of MEMch.	0,00	reject the null hypothesis
H1.3	The distribution of SME is the same across categories of MEMch.	0,00	reject the null hypothesis
H2.1	The distribution of SMU is the same across categories of SPC.	0,00	reject the null hypothesis
H2.2	The distribution of OSA is the same across categories of SPC.	0,00	reject the null hypothesis

Source: Authors processing.

As it was mentioned earlier, all the questionnaires were sent directly to executives or person in charge. In total 97 questionnaires were sent as there is 97 floorball clubs existing in Slovakia according to National Slovak floorball federation in May 2021. Completely was received 63 answers, appropriate for research was 58 of them. Five answers had to be removed as they were from new floorball clubs, which could not compare their costs with reference time span before COVID-19 restrictions were applied. According to results of non-parametric tests, it is possible to assume there is a difference between sport clubs

using digital (social) media more intense during a pandemic than in the period before.

Table 4 Hypothesis 3 test summary – Kruskal-Wallis test

	Null hypothesis	Sig.	Decision
H3.1	The distribution of SMU is the same across categories of BE.	0,00	reject the null hypothesis
H3.2	The distribution of OSA is the same across categories of BE.	0,00	reject the null hypothesis

Source: Authors processing.

In tables 3 and 4 it is showed that it is not possible to retain null hypothesis in all studied cases. Therefore, the null hypothesis in all cases can be rejected. It is assumed there is no equality in mean rank in two independent samples representing clubs that experienced decrease in membership base noted as “0” and no change or increase noted as “1”.

As illustrated in figure 1, it is obvious that floorball clubs reporting none, or low SMU and OSA are encountering negative trend in membership base numbers in comparison to March 2020. Both variables SMU and OSA might obtain value between 0 to 5, as 0 stands for “not using social media” and 5 represents using social media more than 10 times per month on average in timespan between March 2020 and May 2021. As illustrated in Figure 2, in both situations when floorball clubs are reporting higher social media usage and higher social media expenses in time span March 2020 to May 2021, they are tending to perceive their budget to be increased prior to comparison to previous time span. Another observable effect is fact, that median of perceived budget for upcoming season is at value 1 for three cases of SMU, when use of social media is not used, used one to three times or four to six times per month on average.

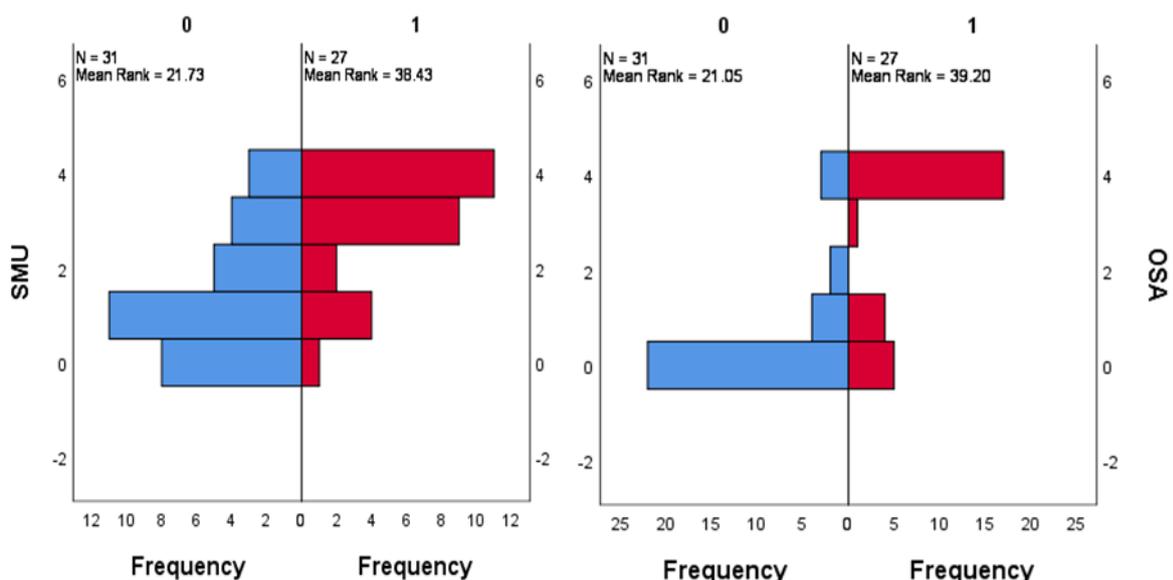


Figure 1 Independent samples Mann-Whitney U test for SMU and OSA

Source: Authors processing.

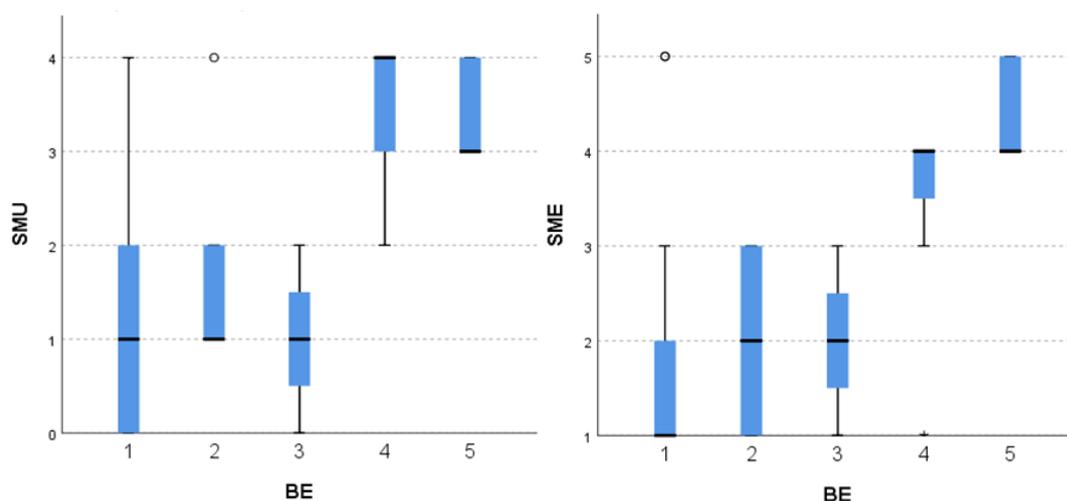


Figure 2 Independent samples Kruskal-Wallis test for SMU and SME

Source: Authors processing.

In figure 2 on the right side where is illustrated relation between answers on SME and BE, it is observable that clubs reporting increase in expenses spent on commercials and posts on social media are all expecting their budget to increase in following season in comparison with timespan before March 2020 and COVID-19 restrictions, as value 4 of BE stands for expected raise from 1 to 10% and value 5 stands for expected budgeget increase by more than 10%.

On the base of respondent's answers it might be assumed that floorball clubs using digital media are more successful in overcoming negative results of COVID-19 restrictions. As illustrated on figure 3, the median of actual percentual change reported by respondents was changing while observing different degree of social media usage. Floorball clubs reporting increase in MEMB (4 – one to ten percent, 5 – more than ten percent) had median of SMU at levels 4 or 3 respectively, that corresponds to figure 2 in previous section.

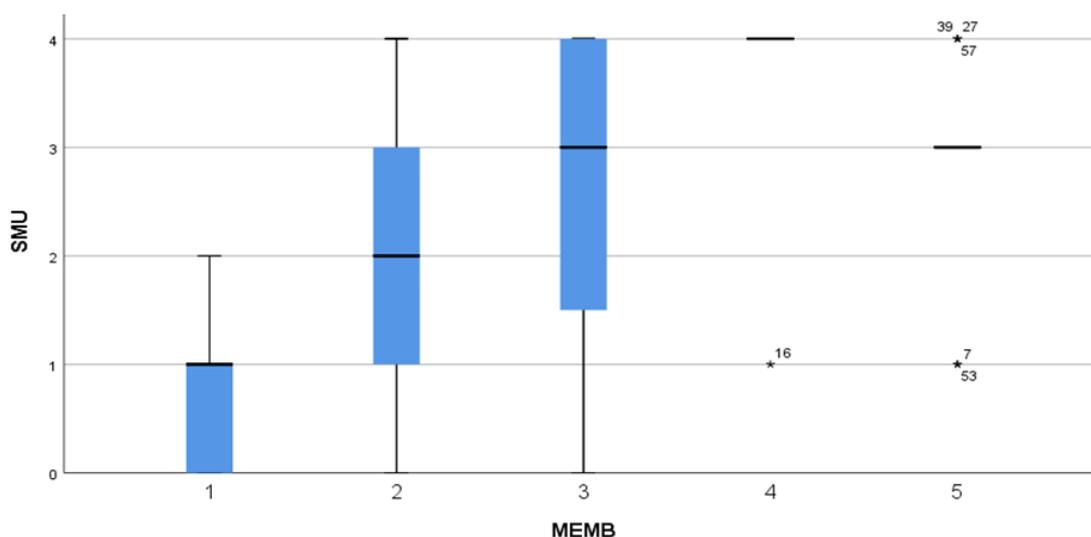


Figure 3 Boxplot of social media usage by membership change

Source: Authors processing.

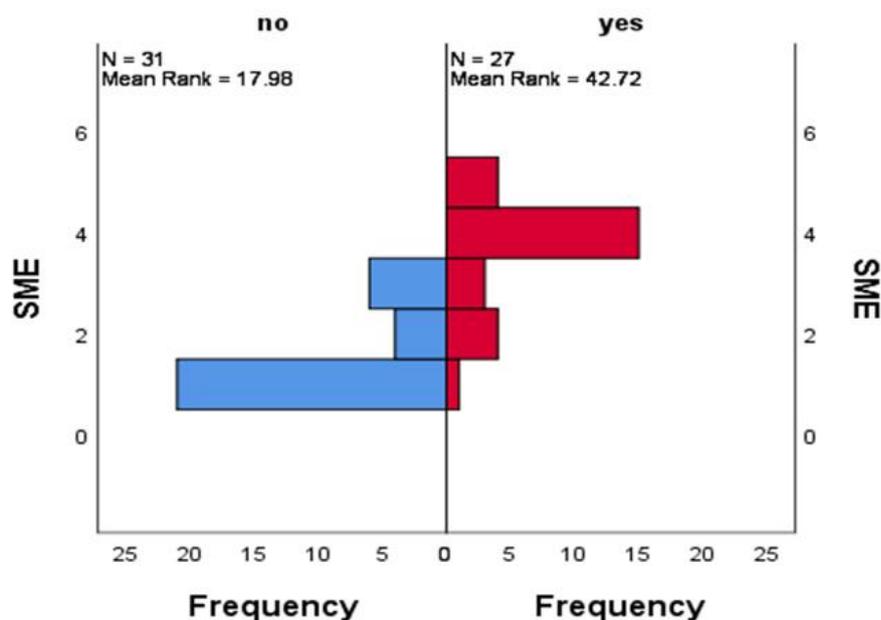


Figure 4 Sponsors contracts for upcoming season and social media expenses

Source: Authors processing.

Results of boxplot illustrated in figure 3 might be interpreted, that majority of floorball clubs using social media to communicate with stakeholders more than seven times per month on average (values 3 and 4) are not experiencing decrease or stagnation in membership base. In opposite, floorball clubs reporting no use of social media or just one to three times per month on average (values 0 and 1) are experiencing decrease in membership base by more than 10 percent, in comparison to similar timespan before March 2020. Result of Mann-Whitney test in figure 4 might lead to assumption that floorball clubs allocating resources to sponsored ads or posts in social media were able to attract or reacquire sponsors for upcoming season. Fifteen floorball clubs from sample reporting increase of SME in interval from 1 to 10% (value 4) in comparison with timespan before March 2020 were able to secure sponsorship. On the other hand, twenty-one clubs reporting decrease of SME by more than 10% (value 1) in comparison with expenses before March 2020 and no sponsorship for the upcoming season.

Conclusion

In general, it is possible to conclude, that both non-parametric tests brought suggestive results indicating positive effects of applying innovative processes in this case study. In this paper was as an innovative process considered activity, which is not based on the nature of the operation of an amateur sports club. The change in the implementation of innovation was forced as a result of the response to the measures resulting from the COVID-19 pandemic. Third sector organizations, particularly amateur sports clubs should not underestimate the influence of digital (social) media not only in terms of overcoming recent lockdowns, but also as a tool for future growth and self-improvement.

Amateur sport clubs in data sample consisting of 58 entries of 97 existing clubs existing in May 2021. According to examined sample - using digital media, periodic use of social media, allocating resources to promote sponsored content at social media to overcome negative effects of COVID-19 has positive effects in Slovak amateur floorball clubs. Results showed especially the difference between the floorball clubs that retained new technologies during pandemic to adapt and clubs not engaging in mentioned activities. Another finding might be observed in regard how clubs perceive their budget and sponsorship contracts for upcoming season in comparison with timespan before COVID-19 restrictions. Again, there are indicators that clubs perceiving their budget to be raised or at least at unchanged level, there are probably more often using digital and social media. Positive impact of applying innovation through implementation of digital (social) media to interact with membership base leads to conclusion - increased intensity of the use of digital and social media has had a positive effect on amateur floorball clubs to retain their members during the lockdown or to lose a significant part, for example due to the loss of interest in sports, which is not currently possible. A positive response to the increase in the use of digital media can also be seen in terms of the difference between sports clubs and their perception of their budgets for the coming period. Clubs that have intensively used social media to communicate with stakeholders perceive their budget more stable, or do not expect a reduction compared to the period before the outbreak of the pandemic.

Therefore, the general result of this study can be interpreted that avoiding digital media and not trying innovations also in third sector, specifically sport clubs, might lead to continual weakening of the organization with potential financial stability problems.

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TAX REFORMS IN V4 COUNTRIES DURING THE COVID-19 PANDEMIC

DAŇOVÉ REFORMY V KRAJINÁCH V4 POČAS PANDÉMIE COVID-19

Jana SIMONIDESOVÁ – Stanislav RUDÝ

Abstract

The content of the theoretical part of this study are the key concepts associated with the definition of the term reform as well as the definition of the tax scheme and the tax system. The practical part is focused mainly on identifying reforms during the outbreak of the pandemic and the characteristics of tax quotas. As an object of research, we chose the countries of the Visegrad Group - Slovakia, Czech Republic, Poland and Hungary, which share common geopolitical conditions. We base the identification of reforms in selected countries on secondary data provided by the European Commission. Tax quotas are expressed as % of GDP, based on total taxes, including social contributions, total taxes excluding social contributions, indirect taxes, direct taxes, social contributions and environmental taxes.

Keywords: taxes, tax reform, tax scheme, tax systems, tax quotas

Abstrakt

Obsahom teoretickej časti tejto štúdie sú kľúčové pojmy spojené s definovaním pojmu reforma ako aj vymedzením daňového systému a daňovej sústavy. Praktická časť je zameraná predovšetkým na identifikovanie reforiem počas vypuknutia pandémie a charakteristiku daňových kvót. Ako objekt skúmania sme si zvolili krajiny Vyšehradskeho zoskupenia – Slovensko, Česko, Poľsko a Maďarsko, ktoré spájajú spoločné geopolitické podmienky. Pri identifikovaní reforiem vo vybraných krajinách vychádzame zo sekundárnych údajov poskytnutých Európskou komisiou. Daňové kvóty sú vyjadrované ako % z HDP, pričom východiskom sú celkové dane vrátane sociálnych príspevkov, celkové dane nezahrňujúce sociálne príspevky, nepriame dane, priame dane, sociálne príspevky a environmentálne dane.

Kľúčové slová: dane, daňová reforma, daňová sústava, daňové systémy, daňové kvóty

Introduction

Taxes have been a part of human culture since time immemorial, just as the desire to acquire things for free or with as little effort as possible, this is ingrained in the nature of every human being. Historical developments have shown that certain types of goods must be offered from the public sector. Taxes are used in many countries as the majority source of funding for such government expenditures. If we look at this function, no one doubts the necessity of their existence. In order to ensure sufficient funds and at the same time not to impose an excessive burden on taxpayers, the basic task of the government is to create and implement an optimal tax system. The direction of legislative changes in the European Union is influenced primarily by their membership and the global situation, where the trend of globalization and internationalization prevails. Our

goal is therefore to identify reforms in the V4 countries during the outbreak of the pandemic and to characterize tax quotas.

1 Current state of the problem

Taxes themselves are one of the oldest economic categories. Since the founding of the state, taxes have undergone complicated and complex developments that have resulted in the current form of diversity. The development was accompanied by a considerable number of tax issues, which had a significant impact on the functioning of human society and the economy in general. In the past, monarchs used taxes more as a tool of income. Their importance deepened the more there were state positions which needed funding. With the development of society, new technologies kept coming, which led to the adjustment of tax policy and thus subsequent tax reforms and measures. (Lenártová, 2015)

1.1 Definition of the concept of tax reform

Many professionals and economic specialists are now wondering in what effective direction tax reforms are to be pursued. The concept of tax change is based on the principles of fairness, clarity, simplicity, efficiency, neutrality and the elimination of double taxation. (Mikloš, 2005)

From another point of view, tax reform is a complex of changes in the existing tax system (or the creation of a completely new tax system) with well defined goals, which are implemented by compromising economic and political decisions incorporated into new or amended national legislation with precisely defined date. (Lénartová, 2003)

Tax reform can also be seen as an ongoing process of tax policy initiators and tax administrators, constantly adapting their tax systems to reflect changing political, economic and social circumstances. (Owens, 2004) Over the last two decades, almost all OECD countries have implemented structural changes in their tax systems that have significantly changed the way systems work and their economic and social impacts.

In a sense, tax reform signals any change in the structure of taxes, whether in the form of tax bases, changes in rates, or specific adjustments. Depending on the precise formulation of the targets, a positive impact on a country's economy, a reduction in the government deficit and a fairer redistribution of the tax burden are expected. Tax reform is also a natural consequence of the shocks that affect the balance of the tax structure. (Lachová, 2007)

It follows from the above characteristics that the appointed authors essentially agree in their statements on tax reforms. All statements are based on a certain deviation of the past situation from the current situation.

In general, we identify three important arguments that underpin the foundations of tax reform, namely:

- greater willingness of entities to pay taxes and comply with the law,
- contribute to the simplification of tax systems and laws,
- participate in improving tax efficiency.

The first argument speaks of the ability to ensure that individuals do not evade taxes, comply with legislation and have a greater voluntary interest in participating in the payment of individual taxes. The essence of the second argument is to eliminate the administrative difficulties associated with paying taxes. If the first two conditions are met, the third argument can be fulfilled, which leads to an increase in the efficiency of tax systems through the elimination of tax rates. (Gruber, 2007)

In the area of tax reform policy, many countries strive to ensure the sustainable development and growth of living standards, the well being of the population and the prosperity of individual economies as a whole. This requires the state to spend a large amount of funds, which has an adverse effect on the state budget balance. An increase in the price level can also be an undesirable side effect. (Schultzová, 2011)

1.2 Tax systems and tax scheme

The tax system covers a wider area than the tax scheme. While the tax system represents the result of the social, legal, economic organization, historical development and tax policy of individual states, the tax scheme represents the system of taxes collected in a given state at a specific time in a specific territory. The tax system is created using three levels:

- tax method (tax system),
- a system of organizational units established legally and organizationally for the performance of administration,
- a system of different tools and methods used by tax entities. (Burák, 2013)

From a global, maturity and geopolitical point of view, we divide tax systems into three basic groups:

- market tax system in advanced economies - are dependent on long term development,
- market tax system in transforming economies - the existing tax system is shaped by constant changes,
- market tax system in developing economies - characterized by various specifics and peculiarities, but we also identify common features,
- tax system in tax havens - lies in a very advantageous taxation. (Bieliková - Štofková, 2010)

The creation of tax systems is simultaneously determined in different time periods under the influence of different factors. In the long term, demographic and technological impacts need to be taken into account. In the short term, prevail the political impact of taxes and the impact of economic and cultural developments.

The minimum requirement for the tax system is to ensure sufficient revenue to cover government expenditures. A good and efficient tax system should keep its administration costs as low as possible in order to ensure economic growth. The collection and prescribing of tax payments is governed exclusively by the tax legislation in force in the given territory. In most countries of the world, the tax system consists of a combination of direct and indirect taxes, a combination of property taxes and consumption taxes, respectively sales and a combination of income taxes. In direct taxes, the taxpayer and the payer are the same person, unlike indirect taxes, where the taxpayer is the person who pays the tax and the payer is the person liable to pay the tax. Indirect taxes are part of the price of goods and services, e.g. VAT. Each tax also has its legal requirements such as the subject of the tax, the tax subject, the tax base and the tax rate. (Schultzová, 2011)

2 Tax reforms in V4 countries

The European Union is a community of states with different traditions, principles and different histories of social, political and economic systems. For a specific assessment of tax reforms, we chose the V4 countries - Slovakia, the Czech Republic, Poland and Hungary due to their geographical, social and economic proximity and interconnectedness.

The European Commission has accepted a Communication on Business Taxation for the 21st century to promote a efficient, robust and fair business tax system throughout European Union. It sets out both a short term and long term vision to support Europe's recovery from the COVID-19 pandemic and to ensure adequate public revenues over the coming years. It aims to create a stable and equitable business environment, which can boost sustainable and job rich growth in the EU and increase our open strategic autonomy. (European Commission, 2021)

2.1 Slovakia

Several changes have been applied in the Slovak Republic since 2019. The reduction in the tax base - the decrease in revenue to the state budget, was caused mainly by taxes in the area of social security contributions, corporate income taxes and value added taxes. On the contrary, the state budget was increased by an environmental tax. In 2020, the bank levy was abolished, the fiscal effect was reduced and there was a change in motor vehicle taxation.

Table 1 Latest tax reforms in Slovakia

Description of measure	Change	Date
Other corporate taxes		
Abolition of Bank levy since July 2020. Fiscal effect halved in 2020, then full impact.	Rate decrease; base decrease	Legislation: 30-06-2020 In force from: 01-07-2020
Other taxes		
Changes in motor vehicle taxation. Retrospective effect on the year t-1	Rate decrease; base decrease	In force from: 01-10-2020

Source: European Commission, 2021

2.2 Czech Republic

The changes in taxation in the Czech Republic are a prime example that the country is copying EU trends, as in recent years it has made changes in corporate income taxation, changes in VAT and other taxes. In 2020, tax breaks per taxpayer were increased, the possibility of loss carryback was created, the limit and extraordinary depreciation were increased for tangible assets and the rate of excise duty on tobacco products was increased to meet the state treasury.

Table 2 Latest tax reforms in the Czech Republic

Description of measure	Change	Date
Personal income tax: Earned income		
Abolition the super-gross wage, the tax base of employees was reduced.	Base decrease	Announcement: 2020-12-18 Legislation: 2020-12-18 In force from: 2021-01-01
Increase of tax credits for each taxpayer, employee and self employed	Neutral	Announcement: 2020-12-18 Legislation: 2020-12-18 In force from: 2021-01-01
Personal income tax: Unincorporated businesses/Self employment income		
Loss carryback institute (retroactive effect of tax losses for 2020, which can be retroactively applied in tax return for 2019 and 2018)	Neutral	Announcement: 2020-03-24 Legislation: 2020-06-30 In force from: 2020-07-01
The possibility of fulfilling a single flat rate payment obligation for personal income tax, social insurance premiums and health insurance premiums has been introduced (for self-employed persons not being registered to VAT)	N/A	Announcement: 2020-12-18 Legislation: 2020-12-18 In force from: 2021-01-01
Corporate income tax		
Loss carryback institute (retroactive effect of tax losses for 2020, which can be retroactively applied in tax return for 2019 and 2018)	Neutral	Announcement: 2020-03-24 Legislation: 2020-06-30 In force from: 2020-07-01
Extraordinary depreciation for the 1st and 2nd depreciation group of tangible assets (12 months and 24 months)	Base decrease	Announcement: 2020-11-20 Legislation: 2020-12-18 In force from: 2021-01-01
Increase of the limit for depreciation of tangible assets and abolition of depreciation of intangible assets.	Base decrease	Announcement: 2020-11-20 Legislation: 2020-12-18 In force from: 2021-01-01
Value-added tax		
Reduction of reduced rate from 15% to 10% for accommodation, cultural and sporting events and services	Rate decrease	Announcement: 2020-06-30 Legislation: 2020-07-01 In force from: 2020-07-01
Environmentally-related taxes		
Excise duty on diesel was reduced	Rate decrease	Announcement: 2020-11-20 Legislation: 2020-12-31 In force from: 2021-01-01

Health-related taxes		
Increase in excise duty rates on tobacco products	Rate increase	Announcement: 2020-11-20 Legislation: 2020-12-28 In force from: 2021-01-01
Transaction taxes (movable and immovable property)		
Abolition of real estate acquisition tax	N/A	Announcement: 2020-09-25 Legislation: 2020-09-26 In force from: 2019-12-01
Other taxes		
25% reduction in road tax on trucks	Rate decrease	Announcement: 2020-06-30 Legislation: 2020-07-01 In force from: 2020-01-01
Waiver of sanctions, tax deferrals and their reduction CIT, PIT, VAT, road tax and real estate acquisition tax	N/A	Announcement: 2020-03-13 Legislation: 2020-03-16 In force from: 2020-03-16

Source: European Commission, 2021

2.3 Poland

Poland has introduced many reforms in recent times. These mainly concerned taxation in the area of personal income, legal entities, VAT, excise duty and other taxes. The reduction in the inflow of funds into the state budget was mainly due to the new rate of income tax on intellectual property, the rate of excise duty on ethyl alcohol, beer and wine was increased. Also was accepted postponement of deadlines for taxpayers, exemption of construction income, reduction of the flat tax rate and the catalog of liberal professions has expanded.

Table 3 Selected latest tax reforms in Poland

Description of measure	Change	Date
Personal income tax: Earned income		
Tax deduction for incomes earned in a tax year outside the territory of the Republic of Poland (so-called tax abolition relief) has been limited. The amount reducing a tax is equal to PLN 1 360 – for a tax calculation base not exceeding the amount of PLN 8 000.	Neutral	Announcement: 2020 Legislation: 2020-11-28 In force from: 2021-01-01
Personal income tax: Unincorporated businesses/Self employment income		
Postponement of deadlines for tax remitters (employing enterprises) for transferring the tax advance payments and lump-sum income tax	Neutral	Announcement: 2020 Legislation: 2020-03-31 In force from: 2020-03-31
Accounting early 2020 losses as deductible from the 2019 PIT payment. Enabling PIT taxpayers, whose businesses suffered negative economic consequences of COVID-19, to deduct losses incurred in 2020 from operating income earned in 2019.	Neutral	Announcement: 2020 Legislation: 2020-03-31 In force from: 2020-03-31
Building revenues exemption - taxable building revenues determined for the period: 1. from March 1, 2020 to December 31, 2020, 2. from January 1, 2021 through the end of the month in which the epidemic state declared due to COVID-19 is revoked.	Neutral	Announcement: 2020 Legislation: 2020-11-28 In force from: 2021-01-01
Corporate income tax		
Implementation of the Council Directive (EU) 2017/952 of 29 May 2017 amending Directive (EU) 2016/1164 as regards disparities in the qualification of hybrid structures involving third countries. Provisions to prevent mismatches in the qualification of hybrid structures involving third countries, including on	Neutral	Announcement: 2020 Legislation: 2020-05-28 In force from: 2021-01-01

permanent establishments, hybrid transfers, importing mismatches and qualification mismatches related to dual tax residence.		
Enabling CIT taxpayers, whose businesses suffered negative economic consequences of COVID-19, to deduct losses incurred in 2020 from income earned in 2019.	Neutral	Announcement: 2020 Legislation: 2020-03-31 In force from: 2020-03-31
Value-added tax		
Maintain the current level of VAT rates	Neutral	Announcement: 2020-06-30 Legislation: 2020-07-01 In force from: 2020-07-01
Other taxes		
Postponing the entry into force of the Act on retail sales tax	Neutral	Announcement: 2020 Legislation: 2020-03-31 In force from: 2020-03-31

Source: European Commission, 2021

2.4 Hungary

Table 1 Selected latest tax reforms in Hungary

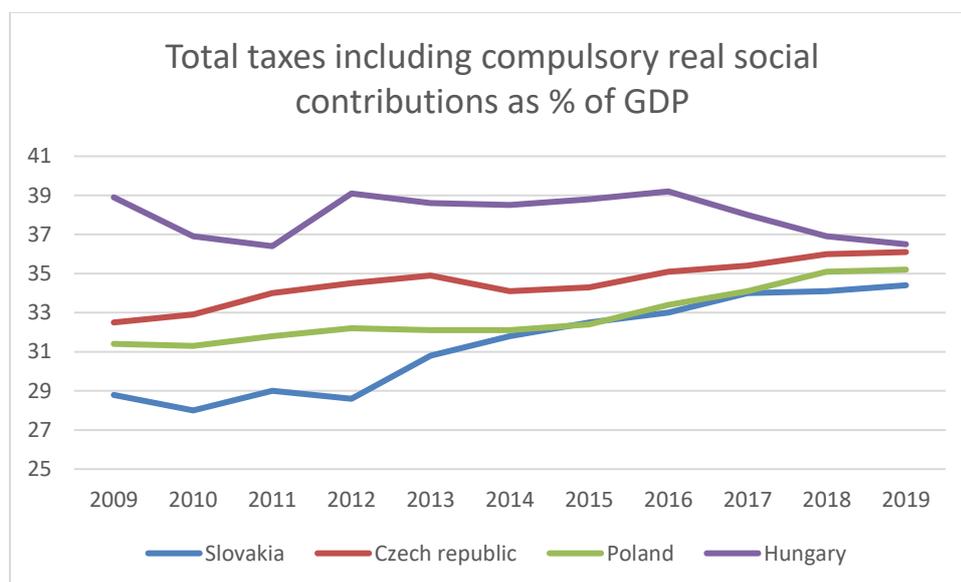
Description of measure	Change	Date
Social security contributions: Employee		
Sectors that were severely hit by the pandemic (e.g. tourism, restaurants, entertainment venues, sports, cultural services, transportation) was exempted from paying employees' SSC-s until the end of June 2020.	Rate decrease; base decrease	Announcement: 18-03-2020 Legislation: 18-03-2020 In force from: 19-03-2020
Social security contributions: Self-employed		
Tax holiday for small businesses under the simplified, small business oriented tax regime (lump-sum KATA) in 26 activities (e.g. personal transport services, beauty services, dental services, accommodation etc.), for the months March, April, May and June 2020.	Rate decrease; base decrease	Announcement: 18-03-2020 Legislation: 18-03-2020 In force from: 19-03-2020
The regulation of the lump sum tax of small enterprises will be modified in order to prevent the harmful practice of sourcing employment contracts into the preferential regime.	Rate decrease; base decrease	Announcement: 03-06-2020 Legislation: 14-07-2020 In force from: 01-01-2021
Corporate income tax		
Abolition of the ceiling (50% of pre-tax profit) of development reserve (which could be applied to 2019 tax year too)	Base decrease	Announcement: 30-04-2020 03-06-2020 Legislation: 30-04-2020 10-05-2020 In force from: 15-05-2020
Abolition of the ceiling (HUF 10 billion) of development reserve	Base decrease	Announcement: 17-11-2020 Legislation: 26-11-2020 In force from: 01-01-2021
Value-added tax		
Decreasing VAT rate to 5% (from 27%) on new built houses/dwellings until 2022 as part of Family Housing Subsidy Programme (transitional rules until 31.12.2026) (contains the fiscal impact of decrease of VAT rate on residential properties to be constructed in brownfield sites, as well)	Rate decrease	Announcement: 01-12-2020 Legislation: 11-12-2020 In force from: 01-01-2021
Health-related taxes		
Introduction of an inflation targeting mechanism into the minimum health security contribution	Rate increase; base increase	Announcement: 03-06-2020 Legislation: 14-07-2020 In force from: 01-01-2020
Transaction taxes (movable and immovable property)		

Buying houses or apartments will be exempted from transfer fees on new dwelling purchases within the framework of the family housing subsidy programme.	Rate decrease; base decrease	Announcement: 17-11-2020 Legislation: 26-11-2020 In force from: 01-01-2021
Other taxes		
Introduction of special tax on credit institutions. This one-off tax is based on the system of the bank levy, and credit institutions may deduct the amount so paid from their tax obligations in the next 5 years in equal instalments.	New tax	Announcement: 14-04-2020 03-06-2020 Legislation: 14-04-2020 09-06-2020 In force from: 01-05-2020
Introduction of a special retail tax. The tax is base is the net turnover.	New tax	Announcement: 14-04-2020 03-06-2020 Legislation: 14-04-2020 09-06-2020 In force from: 01-05-2020

Source: European Commission, 2021

As in other countries of the Visegrad Group, there have been fundamental changes in the taxation of income of natural persons, legal entities, changes in the taxation of social contributions, VAT and other taxes. The inflow into the state budget was ensured by the creation of new taxes in the form of the introduction of a special retail tax and a special tax for credit institutions. Tax breaks arose in the area of exempting fees for the purchase of new housing, in the form of tax holidays and flat rate tax adjustments for small businesses.

3 Tax quotas in V4 countries

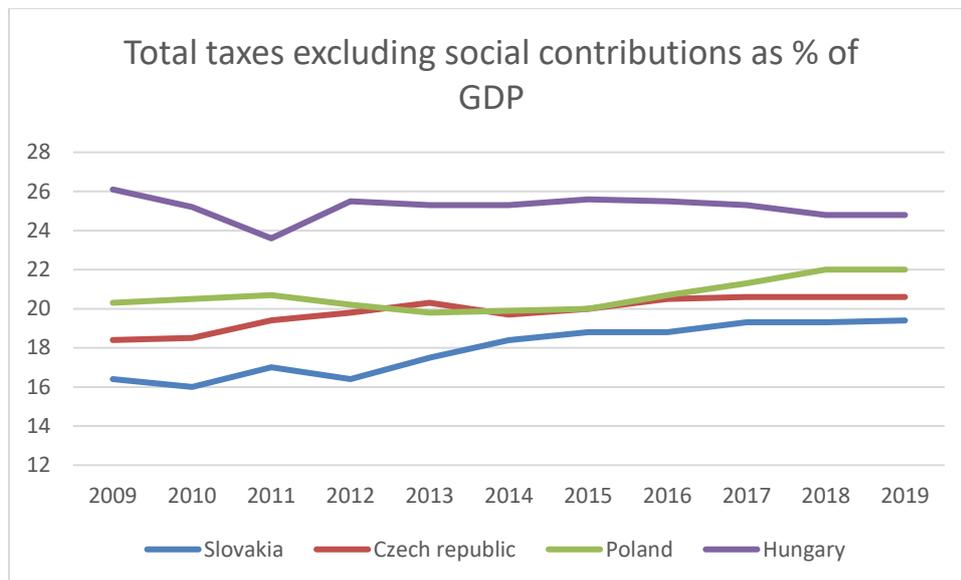


Graph 1 Total taxes including compulsory real social contributions as % of GDP

Source: own processing according to European Commission, 2021

The previous graph 1 shows the development of the share of total taxes in GDP, including social contributions. It is clear that there is a relative increase in countries over the period. As an example we can mention the Slovak Republic, where the share of taxes in GDP has increased from 28,8 % to 34,4 % in the last decade, which represents a change of 5,6 %. A negative change in the development is recorded in Hungary, where the share of taxes in GDP changed

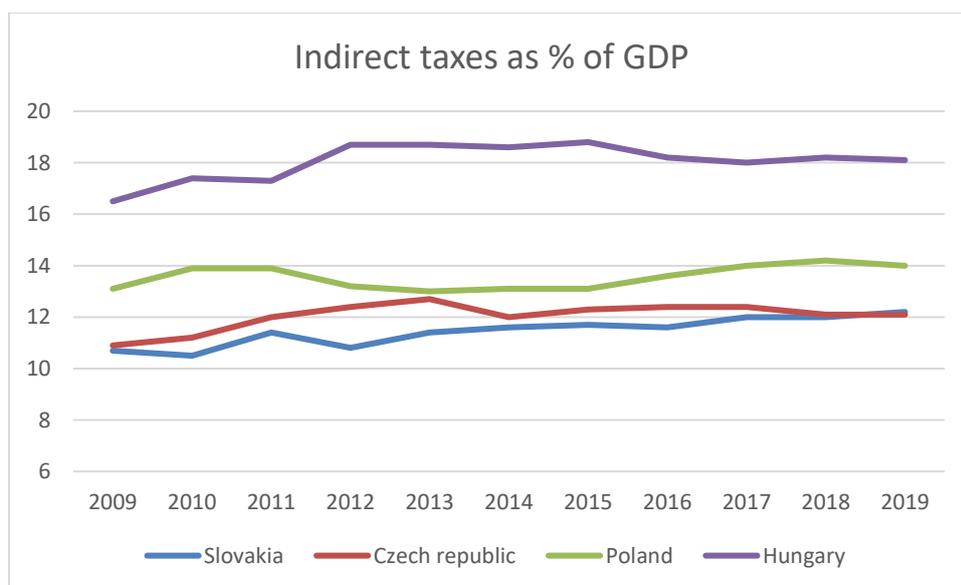
by 2,4 % from 2009 to 2019. The growing trend makes national tax systems less competitive. In 2019, the lowest share of total taxes in GDP in Slovakia is 34,4 % and the highest share in Hungary is 36,5 %.



Graph 2 Total taxes excluding social contributions as % of GDP

Source: own processing according to European Commission, 2021

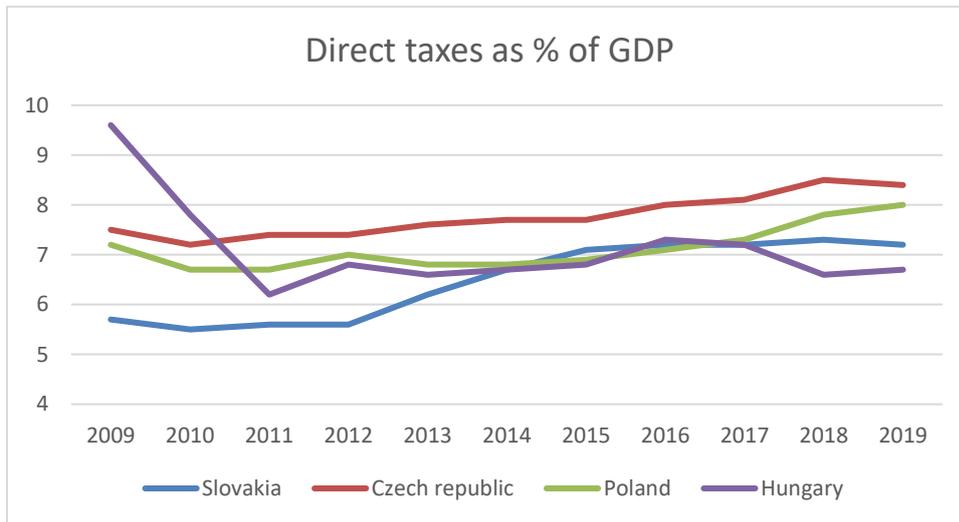
If we start from Graph 2, where social contributions are not taken into account, the lowest share of taxes in GDP is again achieved by Slovakia, but with a much lower value of only 19,4 % compared to including social contributions. The highest share in the given category up to 24,8 %, corresponds to Hungary. In Slovakia the largest change in the last decade was 3 %.



Graph 3 Indirect taxes as % of GDP

Source: own processing according to European Commission, 2021

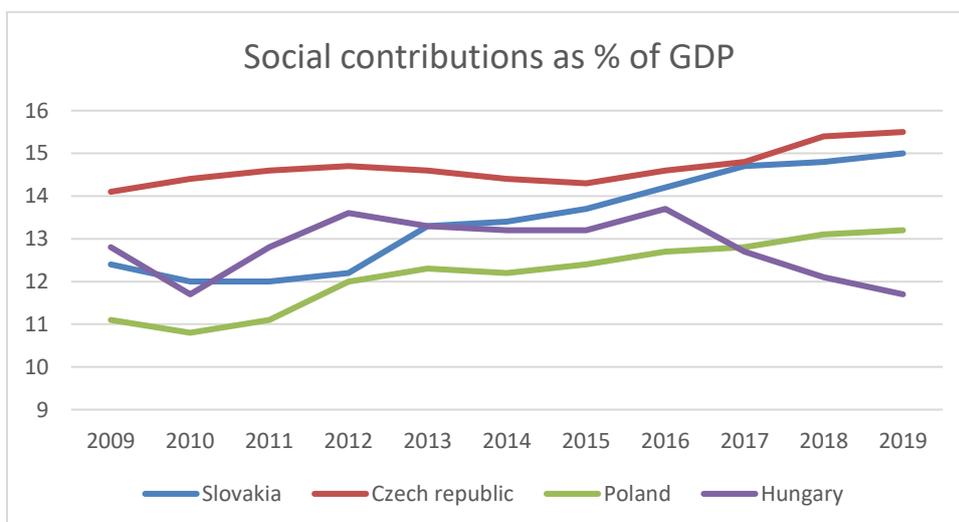
Indirect taxes are those in which the taxpayer and the payer are two different persons, e.g. VAT. The Czech Republic, which acquired a share of indirect taxes in GDP of 12,1 % in 2019 is the best in this category, which increases its competitiveness. The largest negative change can be observed in the chart in the development of the share of taxes in Hungary, from 16,5 % in 2009 to 18,1 % in 2019. The above mentioned increase in the share of taxes in GDP in Hungary reduces its competitiveness.



Graph 4 Direct taxes as % of GDP

Source: own processing according to European Commission, 2021

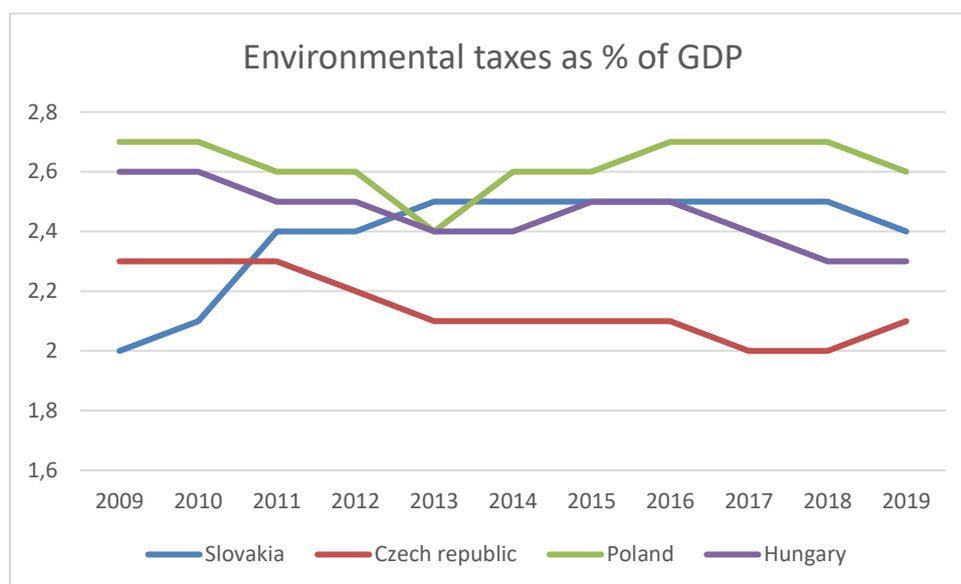
Direct taxes differ from indirect taxes in that they are levied and paid by one and the same person, e.g. personal and corporate taxes. It is positive that all countries are above the EU average. The best country with the lowest share of direct taxes in GDP is Hungary, with 6,7 % in 2019. This value represents a decrease in the share by 2,9 % compared to 2009 which slightly contributed to the increase of its competitiveness.



Graph 5 Social contributions as % of GDP

Source: own processing according to European Commission, 2021

Hungary clearly has the lowest share of compulsory social contributions expressed as % of GDP at 11,7 %. Compared to 2009, the country reduced its social contributions by 1,1 %. The Czech Republic increased its fees in the area of social contributions by 1,4 % over the last decade and ranked among the other V4 countries in 2019 as the country with the highest burden - 15,5 %. At the same time a significant change is recorded in Slovakia, whose social contributions represent 15 %, while at the beginning of the period under review they gained only 12,4 %.



Graph 6 Environmental taxes as % of GDP

Source: own processing according to European Commission, 2021

There is currently a strong emphasis on environmental taxes. While in 2009 Slovakia had the lowest environmental taxes expressed as a share of GDP, in 2019 the overall change represents a shift of 0,4 %.

Conclusion

All countries are facing many significant economic and fiscal changes in their development. In recent years, the reforms have focused mainly on the areas of personal and corporate taxation, VAT, property, and the issue of environmental taxation is becoming more and more important. In some areas, state intervention is necessary and it is difficult to imagine that these areas should be left on the market. State intervention can have both positive and negative effects at the same time. Our goal was to identify reforms in the V4 countries during the outbreak of the pandemic and to compare the development of the tax burden by setting tax quotas in these countries.

In this paper we verified the total revenues from social security taxes in numerical and graphical terms for the period 2009 to 2019. We compared the selected countries using the indicator of tax quotas as % of GDP, as countries have diametrically different economy size, population and thus even completely

different tax revenues. The data used showed that over the period under review, the increase in the share of total and individual taxes was different, sometimes more pronounced, elsewhere only slight.

We can state that the only country in which the inflow of funds into the state budget prevails over the outflow is the Czech Republic. At the same time, there is a presumption that the country has increased its competitiveness by implementing new tax reforms in the recent period. In countries such as Slovakia, Hungary and Poland, the declining trend in public finances prevails.

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INNOVATIVE FORMS OF FINANCING INVESTMENT PROJECTS

INOVATIVNE FORMY FINANCOVANIA INVESTICNYCH POJEKTOV

Roland WEISS – Zuzana KUDLOVÁ

Abstract

Project financing is the provision of funds to finance actions, large-scale projects that are volume or size intensive. With the development of social networks and the shared economy, newly created investment platforms have recently improved, which negotiate the opportunity for small investors to participate in larger projects in the real estate business. The aim of the paper is to analyse the possibility of using an innovative form of financing investment projects - crowdfunding in the business of real estate as per the conditions of the Slovak Republic and to identify the current state of legislation for providers of collective financing services within the EU.

Keywords: innovative, investment, project, crowdfunding, real estate

Abstrakt

Projektové financovanie je zabezpečenie finančných prostriedkov na financovanie akcií, projektov veľkého rozsahu, ktoré sú náročné na objem alebo veľkosť. Rozvojom sociálnych sietí a zdieľanej ekonomiky sa v poslednom období vylepšujú novo vzniknuté investičné platformy ktoré sprostredkujú príležitosť drobným investorom podieľať sa na väčších projektoch v oblasti nehnuteľností. Cieľom príspevku je analyzovať možnosť využiť inovatívnu formu financovania investičných projektov - crowdfunding v oblasti nehnuteľnosti v podmienkach Slovenskej republiky a identifikovať aktuálny stav legislatívy v rámci EU pre poskytovateľov služieb hromadného financovania.

Kľúčové slová: inovatívne, investovanie, projekt, hromadné financovanie, crowdfunding, nehnuteľnosti

Introduction

Internet has connected together millions of people. Some of them just find an idea how to make best use of this opportunity and start an unique business model that will earn much money. All young people know they need money to start their business idea. Many of the banks, however, do not like new businessmen as they hate risky investments. But in need of money so you want find an angel that does not care whether the investment is risky or not. Therefore someone used internet commercial services to obtain money for the idea. No matter how risky it is, it enables you to have money to start. Starting with 2006 publications and literature have helped to meet the word crowdfunding. Actually it comes from crowd sourcing but nowadays is highly popular and known as crowdfunding all over the world.

Investment project

Project financing is the provision of funds to finance actions, large-scale projects that are demanding in terms of funding.

It provides a new system of investments for the entire project, its own cash flows and assets, it also mitigates investment risk and can secure funds at low costs for the benefit of the investor. The subject of financing is an extensive long-term investment project, where the loan repayment regime is derived from the project's planned revenues. In addition to implementations in infrastructure, energy, transport or mining, project financing is also used in development projects. This article focuses on the financing of development projects in the field of real estate, which consist in medium-term or long-term financing of construction, purchase, extension and reconstruction of real estates.

Nevitt and Fabozzi (2000) define project financing as the individual financing of an economic unit in which future earnings and cash flow are first considered, from which the loan will then be repaid. The characteristic features of project financing include:

- the debtor to the bank is a legally established project company for a given project (SPV - special purpose vehicles), the service life of which may not exceed the period for which it was established,
- the project must be accompanied by project and financial documentation,
- own and foreign sources are used for financing, where the project is provided mainly from foreign sources,
- loans are secured in the construction (implementation) phase and also in the project operation phase,
- the loan repayment period can reach 15 to 20 years,
- the loan amount is between 65 and 80% of the total project value,
- close connection of loan repayments to the future cash flow from the project,
- the funds invested in the project are repayable from the revenues generated by the project,
- risk sharing. To assess the project risk, verification by an independent expert is required,
- also required is the cooperation of technical specialists, finance, architects, rental agents, project managers and analysts.

Real estate development is a process that includes several processes, namely the preparation, construction, use and financing of real estate. (Ivanička, 2004) Development projects are created on the basis of a client's order or as the developer's own investment plan. The developer manages the entire investment process from the pre-project phase, through the planning phase, construction implementation to its sale or lease. It must also estimate the market potential, the future demand, the real calculation of construction costs and the developer bears

the uncertainty of the selected project. The loan return is the proceeds from the sale and is repaid after the implementation of the project.

Real estate investment is currently considered to be the best long-term investment, where the investor carries out the construction of the real estate and, after the realization, operates it and repays the loan from the proceeds. However, it also has its disadvantages, real estate has weaker liquidity and we do not have to get to the money immediately or not in an adequate amount.

Bank loans

Funds for project implementation are most often obtained from banking institutions (long-term or short-term loans) or bond issues. A separate form of long-term financing is the so-called project financing, where the funds obtained for investors are targeted only in connection with the project. Each bank loan application is subject to an analysis of the applicant's creditworthiness and an analysis of the investment project. Based on the results of these analyses, the bank then decides whether to grant the bank loan application (and under what conditions) or not. The possibilities of obtaining foreign sources of financing and the price of such financing depend on a number of factors, which the bank assesses before making the final decision. The most common form of external project financing is an investment loan. A company can obtain a loan in two forms:

- Bank (financial loan), provided by commercial banks as well as insurance companies or pension funds. Investment projects are most often financed through medium-term (with a maturity of 1 to 5 years) or long-term loans (with a maturity of 5 or more years).
- Supplier credit, provided by suppliers of fixed assets to customers.

The provided investment loan is gradually repaid by instalments throughout its maturity, including the payment of interest (fixed interest rate loans predominate). Usually a guarantee is required to provide the loan (it can also be a realized project, real estate or other assets of the investing company).

Innovative forms of financing

Crowdfunding is the process of raising a lot of money from a large group of people or crowds to fund a specific project. This method is especially common on the Internet. To better understand the concept of crowdfunding, it is necessary to first become familiar with the concept of crowdsourcing, which Howe (2006) compares to outsourcing, but also to bringing together the creative ideas of a large group of people, either for free or for a small fee. Brabham (2008) defines crowdsourcing as an online problem-solving production model that combines the knowledge of individuals and online communities with a goal. It is not possible to clearly define a generally applicable definition of crowdsourcing, but it is essentially an attempt to bring together as many people and their specific knowledge as possible to achieve a certain goal, usually on the Internet. Crowdsourcing could be compared to solving a complex project divided into

many smaller parts, which is solved by a large group of creative people and the result is achieved together. Although crowdfunding also involves a large number of individuals to achieve a certain goal, unlike crowdsourcing, it is primarily a matter of obtaining funds for the implementation of a certain project. Crowdfunding, although first mentioned in 2006, is becoming an increasingly important way of raising capital, especially for start-ups and individual entrepreneurs who would otherwise not be able to secure sufficient funding (Zhang, 2012).

One of the benefits that motivate project developers to turn to crowdfunding is the relatively easy availability of capital. Most entrepreneurs are unable to obtain funding from business angels or banks mainly because they are unable to grow fast enough or have the potential to enter the stock market, or simply - there are not enough angel investors for the ever-growing demand for funds and banks require thorough proof of income and records in registers (Bechter et al., 2011). Sigar (2012) describes crowdfunding as an opportunity to fill this gap by connecting the public with small businesses that are detached from traditional sources of capital

Equity based crowdfunding

This type of crowdfunding is based on investments with financial consideration. Investors as depositors invest in a certain company and subsequently, precisely because of the funds invested by them, they profit from its profit, or acquire an ownership interest in it, so they become shareholders. It is a system similar to stock trading. This form, in addition to the accumulation of financial capital, can subsequently prepare the company for the opportunity to obtain, for example, a loan from a bank.

We also encounter the concept of real estate crowdfunding, which is a mass financing of a project, where a large part of people lend money to a specific entity for the purpose of construction. It is an increasingly less popular concept in Slovakia, but across borders it is the opposite case. More than 50 billion Euros have already been invested in real estate worldwide through real estate crowdfunding. The minimum investment is usually from 10,000 Euros and the horizon is 5 years or longer.

Compared to bank loans, it can be used repeatedly even in the event of failure. Utilizing Internet connectivity, online crowdfunding platforms bring together a large group of people and fund great investment deals, through these platforms it is possible to bring together thousands of people of equal interest in real estates without having to leave their homes.

However, even this modern method of financing has its risks, namely the credibility and creditworthiness of the developer. When investing abroad, you will not personally control the construction and you may have problems with

recovery in case of problems or risk in case of termination or crowdfunding platform fraud.

Cross-border transactions are limited and usually involve non-investment models, such as bulk financing of rewards and donations, where regulatory barriers are minimal. However, Europe has so far failed to create a European equivalent of US-based global platforms in these areas with relevant platforms that retain local focus and anchorage, while competing with US-based actors in localized functions and services (e.g. language, payment systems, customer support, currencies). In addition, most platforms running investment models, such as equity and debt-based collective financing operate only in a single country, partly due to the fragmented regulatory environment within Europe. However, most European countries are relatively small domestic markets, where local platforms may have difficulty in reaching a sufficient scale towards profitability without an international reach.

In this context, the European Union has created a single crowd funding regulation for equity and loan capital financing. The ambition of the European Crowdfunding Service Provider (ECSP) regime was to improve access to finance for SMEs across Europe while paving the way for fewer restrictions on cross-border investment activities across the continent. During the reflection and negotiation process, the proposal was transformed from a so-called opt-in regime to a binding regime for platforms in all Member States, which is a possible source of harmonization and thus a reduction in market fragmentation since 2021, when the regime enters into force.

In order to ensure a clear understanding of the nature of crowd financing services and the risks, costs and charges associated with those services, providers of crowd financing services should furnish their clients information that is true, clear and not misleading.

Crowd finance providers that provide crowd financing services consisting of facilitating lending should make certain relevant information available to all clients, such as loan or project default rates.

Crowd finance service providers that apply loan valuation to crowd funding projects or propose to value crowd funding bids should disclose key elements of their methodology. The requirement to disclose methods for calculating loan ratings or determining price or interest rate should not be set in such a way so as to require the disclosure of sensitive business information or in such a way that hinders innovation.

Analysis of the current market situation

According to the 2020 Cambridge Center for Alternative Finance (CCAF) Alternative Finance Benchmarking Report, the total alternative finance market in Europe reached € 15.3 billion in 2018. The European online alternative financing market tripled between 2015 and 2018. In 2018, there were approximately 632 crowdfunding platforms in Europe, contributing a total of € 6.5 billion to the crowdfunding market. Despite the negative effects of the global pandemic in 2020, many European countries have seen an increase in the crowdfunding market. The two leaders of the European crowdfunding, Germany and France, collected approximately 1.26 billion Euros and 1.02 billion Euros. Crowdfunding is expected to continue to grow in the coming years. In 2020, many European countries also saw an increase in real estate crowdfunding. It is understandable and natural that investors choose to look for low-risk investments, such as real estate investments. In 2020, real estate crowdfunding increased by 35% in France, while in Italy it increased by 185%.

We have identified only two active equity based crowdfunding platforms in Slovakia. Crowdberry and InvestinSlovakia. In view of the regulatory change and the liberalization of the collective finance market, we have examined whether these platforms comply with the specific requirements of the EU Investor Protection Directive, namely to make certain relevant information available, such as default rates on loans or investment projects offered. Both platforms publicly declare adherence to the ethical rules of conduct and transparency, which we consider to be the basic principle of any kind of business in a decent democratic society. Therefore, it is appropriate to add information about project owners or their business history to the projects. As each platform has its own methodology for finding, selecting and assessing the suitability of a project for bidding through the platform, they may consider it a trade secret. But for the average investor, more information is needed, especially about the owners of projects or companies that receive funding.

Conclusion

The aim of the contribution was to assess the possibility of innovative form of financing the project in the real estate business available for small investors from all over the world. It is also a new way of obtaining money for new projects for starting businessmen. From year to year, this new form - crowdfunding – is becoming more popular and generates higher volumes of money for to the real estate sector. A good investment today means investing in real estates. Investment in flats in larger cities can beat inflation, even though in Slovakia it is higher than the EU average, rising house prices far exceed this level. Therefore, even today, investing in real estate seems like a bet on a relatively certain and conservative investment.

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THE EFFECT OF ANNOUNCING THE PAYMENT OF DIVIDENDS ON THE MARKET VALUE OF THE COMPANIES

VPLYV OZNÁMENIA VYPLÁCANIA DIVIDENDY NA TRHOVÚ HODNOTU SPOLOČNOSTÍ

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Abstract

Traders in the financial markets are often seeking opportunities how to obtain returns from their freely available financial means. The contribution is aimed at assessing the effect announcing the payment of dividends on market capitalization of publicly traded companies. To fulfil the stated aim, analyses of the individual announcements of dividend payment made during the year of 2021 were performed. Attention was paid mainly to investment opportunities, representing high dividend yields for potential investors. The development of the stock prices at the companies were monitored at each company for the period starting with the announcement of information on of dividend payment till the date since when the stock owner is no longer entitled to own the dividend. Based on the results obtained we can conclude that at companies obtaining high dividend yields, there arises the opportunity to obtain higher than market earnings.

Key words: dividend, dividend announcement, dividend yield, financial market

Abstrakt

Obchodníci na finančnom trhu často hľadajú príležitosti ako čo najlepšie zhodnotiť svoje voľné finančné prostriedky. Cieľom príspevku je posúdiť vplyv oznámenia vyplácanej dividendy na trhovú kapitalizáciu verejne obchodovaných spoločností. Pre splnenie stanoveného cieľa autori analyzovali jednotlivé oznámenia o vyplácanej dividende počas roka 2021. Pozornosť bola venovaná hlavne investičným príležitostiam, ktoré pre potenciálnych investorov predstavovali vysoký dividendový výnos. Vývoj cien akcií jednotlivých spoločností bol sledovaný od zverejnenia informácií o vyplácanej dividende do dátumu, od ktorého majiteľ akcie nemá právo na dividendu. Na základe uskutočnených výsledkov možno usudzovať, že pri spoločnostiach, ktoré pri oznámení vyplácania dividendy dosahujú vysoký dividendový výnos je možné dosiahnuť vyšší ako trhovú výnos.

Kľúčové slová: dividenda, oznámenie dividend, dividendový výnos, finančný trh

Introduction

International stock market is an attractive place of realization of investments for individual economic subjects. Before investment on the capital market, several factors are assessed by the investors. The rate of return is considered the most important as it depends on the paid out share on profit in the form of dividend on the one hand and on price movements on the other. Hence, the contribution is focused on the decision on the dividend to be paid and the subsequent effect on the movement of the company stock prices.

Financial literature refers to several theories focused on the relation between dividend policies and yields of stocks. In 1961 authors such as Miller a Modigliani

(1985) came up with the Dividend Irrelevance Theory, suggesting that in a perfect world with no taxes or bankruptcy cost, the dividend policy is irrelevant. They assumed that the dividend policy of a company has no effect on the company's stock price or its capital structure.

The Cash Flow Signaling Theory assumes that changes in the dividend payment are the explicit signals on the current and future cash flow, which in return at some costs is knowingly directed by the management to their stock holders (Bhattacharya, 1979; John and Williams, 1985; Miller and Rock, 1985).

Authors such as Miller and Rock (1985) were investigating the effect of dividend payment on condition of asymmetrical information at current cash flow within the company and symmetrical information at planned company investments and company assets values. In their opinion, the payment of dividend is usually linked to the operational cash flow of the company assuming that the amount of investments and external financing remain constant. If the company announces payment of the dividends, which are higher than expected by the market, it will result in increased cash flow to the company, leading to increasing the stock prices. Thus, the theory holds that increasing (decreasing) the dividend will result in increasing (decreasing) the stock prices, at which, the levels of the dividends are interlinked with the levels of permanent profit (Miller and Rock, 1985).

The mechanism of paying and announcing dividends may vary from country to country. The formal way of announcing and paying the dividend is subjected to local legislative norms as well. When examining the effect of announcing the dividend on stock prices, publicly traded companies present in the US market have been subjected to analyses.

In the USA announcement and payment of dividends is based on four key dates:

- Declaration date – on that day the session of the board of directors of the joint-stock company is held and the amount of the dividend at the given time is declared.
- Ex-dividend date – from this date one until the date of record, all stocks are sold already without the announced dividend. Between the ex-dividend date and the date of record, the stocks at the stock exchange are sold carrying the notes ex-dividend or dividend-off. During the period between the declaration date and the ex-dividend date, the stocks are sold carrying the note cum dividend, meaning that the buyer is entitled to the dividend.
- Date of record of stock holders.
- Dividend payment day - the day, when the stock holders having been registered on time, i.e. before the ex-dividend date could become owners of the stock, and to whom the dividends are sent. Mostly it takes two as much as four weeks since the date of record.

1 Methodology

To be able to assess the effect of the announcement of dividends paid, the data of year 2021 have been collected. During the separate days of the monitored period of time, data on the dividends as to the sum of the dividend payed, ex-dividend date, dividend announcement day and the development of prices of the individual stocks for the period monitored. This way 12 298 reports on dividend payment have been collected. Some companies were paying out dividend once in a year, others several times in a year. The number of dividend announcements during the year of 2021 is presented in Table 1. The most common interval is the quarterly payment of dividends.

Consequently, the analysis was focused only on companies paying out dividends quarterly. Attention was paid on joint-stock companies and excluded from the selection were Exchange trade funds. As we were examining the effect of the dividend payment announcement exerted on the development of stock prices of the companies where dividends were paid out quarterly, included into the selection were only the cases the announcement of the dividend took place only after the ex-dividend date, related to the previous dividend, so as to avoid the potential effect of announcing the previous dividend.

Table 1 Number of dividend announcements in 2021

Number of announcements in 2021	Number of companies
1	192
2	267
3	178
4	1538
5	48
6	2
7	0
8	1
9	0
10	1
11	105
12	255
13	12

Source: own elaboration

The individual data have been obtained from the platform Nasdaq.com and other publicly available sources. Apart from the date of dividend announcement, we were also monitoring the time, when the information of the dividend has been made public. In case the dividend announcement was made public after the closing trading hours on the given day (after hours), included into the analysis was the opening price of the given stock during the next trading day. In case when the dividend announcement was made public before starting the trading day (pre-

market), the opening prices of the given business day has also been included into the analysis.

2 Results

To assess the effect of dividend on the development of stock prices, the period between the dividend announcement and the ex-dividend date were scrutinized, i.e. until the day when the stock owner still can claim the dividend. The periods varied from company to company.

As first, the length of the period lasting from the time of dividend announcements till the ex-dividend date. The average length of time of those periods was 21,57 days, with the median of 15 days, and the longest period of time still included into the comparison took 89 days, while the shortest one only one day.

Table 2 Dividend yield and the length of the period between the dividend date and ex-dividend date

	Div. Yield	Days
Average	0,84 %	21,57
Median	0,62 %	15,00
Min	0,00 %	1,00
Max	30,16 %	89,00

Source: own elaboration

The average quarterly dividend yield at companies with quarterly dividend payments was at 0,84%, which at maintaining the same level could amount to a yearly dividend yield of 3,32%. Maximum dividend yield was at the level of 30,16%, at half of the companies on announcing the dividend, the quarterly dividend yield represented more than 0,62%.

As our plan was to assess the effect of dividend on the stock prices, have chosen stocks with high dividend yields, with quarterly dividend yield over 3%. Such requirements were met with 31 companies. As some companies pay dividends several times in a year, while some were leaving out one or more periods of payments during the time-scale scrutinized, each of the companies were included into the analysis only once.

Basic statistics concerning the lengths of periods between the date of announcement and the ex-dividend date are presented in the Table 3. Table 3 is illustrating companies, at which on the date of dividend announcement the quarterly dividend yield was more than 3%.

Table 3 Length of the period between date of announcement and ex-dividend date

	Number of days
Average	19,5483871
Median	13
Maximum	85
Minimum	7

Source: own elaboration

Based on the data obtained, we have calculated the maximal possible return during the period monitored for the potential investor as presented in Figure 1.



Figure 1 Maximal return for the period between the dividend announcement and the ex-dividend date

Source: own elaboration

Maximal and minimal return have been calculated on assumption that the potential investor invest immediately after the dividend announcement (on opening the market, if announcement is made prior to the trading day, or starting the business the next day, if the announcement of the dividend is made after trading hours). Maximal return was determined as the return in time of the maximal price, whereas minimal return was determined as that in time of minimal prices recorded during the period of time monitored.

Investing into securities also involve some risks, consequently attention was also paid to the maximal possible loss for the period monitored. See results presented in Figure 2.

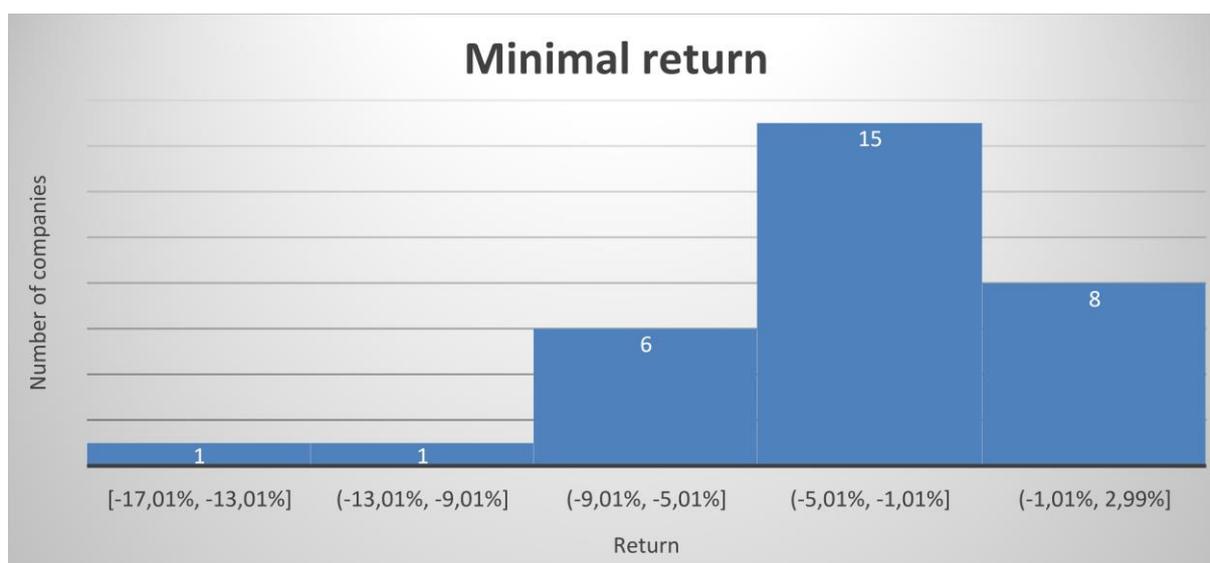


Figure 2 Minimal return during the period between the dividend announcement and the ex-dividend date

Source: own elaboration

Basic statistics of both maximal and minimal return are presented in Table 3. The average maximal return was at 13,03% whereas the average maximal loss for a potential investor was at – 3,69%. In half of the cases the maximal yield was more than 9,27% and maximal loss 2,67%. Maximal potential return was at 47,4% and maximal loss over the monitored period was 17,01%.

Table 4 Basic statistics of maximal and minimal return

	Return	
	Max	Min
Average	13,03 %	-3,69 %
Median	9,27 %	-2,67 %
Percentile 25	3,95 %	-4,88 %
Percentile 75	17,93 %	-1,02 %
Max	47,40 %	0,00 %
Min	0,35 %	-17,01 %

Source: own elaboration

Conclusion

The aim of the contribution was to assess the effect of dividend announcement on the subsequent development of stock prices at companies that paid their dividends in the year of 2021. Based on the results obtained, it is possible to conclude that the announcement of a dividend with high yield may turn into a right opportunity for a potential investor. Apart from the data provided, it is also important to take into consideration further factors such as taxes related to dividend payments and transactional cost that reduce the profit obtained. Also involved in making business at financial markets are some risks, consequently we have focused both on maximal potential return and maximal potential loss. When

stock prices are falling while maintaining the absolute value of dividends, however, the dividend yield is increasing, turning it into a potential investment opportunity. Apart from dividends and information related to their payments, stock prices are definitely affected by other factors, too. With the high dynamics of development at the capital markets in mind, there is a need to constantly revise the hitherto known theories and perform further empirical studies for better understanding of the rules that underlie the processes of development.

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