

Can digital nomads solve the problem of tourist economy? The case of Croatian islands

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Abstract

Many Croatian island municipalities depend on tourism, which provides income by using natural resources; however, traditional tourism is labour intensive and low-skilled which leads to low wages and low possibilities to increase productivity. This paper aims to analyse and discuss other possibilities than traditional tourist industry for the Croatian islands to develop. We will turn towards the concept of digital nomads to discuss if digital nomads can be a solution for the Croatian islands. As a starting point, we use a conceptual model inspired by Harris and Todaro's theoretical outline. We discuss the new possibilities that digitalisation has opened for these islands. The digital economy has made where and when work is performed less important. Thus, the lines between work and non-work are blurred. Tourist industry must look ahead for new forms of mobility and new kinds of work and non-work, which may bring positive exogenous effects to the islands in the form of higher educational level, cultural activities, and purchase power. Our main point is that turning towards attracting digital nomads can, to some extent, be a solution.

Keywords: tourism, Croatian islands, digital nomad, creative class, economic development, labour market

Introduction

In the mid-20th century, when the concept of vacation was introduced, domestic and, later, international tourism developed. The tourist industry is a major source of income in many Croatian island municipalities. However, the traditional tourist industry can be a double-edged sword. On the one hand, the traditional tourist industry - namely, people spending one or two weeks of their vacation in a hotel, dining in restaurants, and amusing themselves in bars and clubs - can provide an income to people in regions using the natural resources they have. On the other hand, traditional tourism is connected to several risks and problems. The environmental, as well as the social risks with tourism has long been acknowledged in tourism research (see among others Allen et al. 1988; Cohen, 1978; Gormsen, 1997).

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However, a problem that has been less acknowledged is that of tourist industry's high labour intensity. Because of the low shares of skill and capital, the possibilities to increase productivity are low, which restricts the possibilities for economic growth. For example, in EU 27, the contribution of *wholesale, retail trade, accommodation, food services, transportation and storage*¹ to labour productivity was less than half of the manufacturing industry's contribution. And this goes both for the period 1996-2021 as well as for 2010-2021 (OECD.Stat). This means that a region that is highly dependent on tourism will have a lower income growth and will fall behind when it comes to income and wealth in comparison with a region that has a higher share of manufacturing industry.

Furthermore, the tourist season in the Croatian islands is fairly short (four to five months at best), meaning that the income for the rest of the year is low. This leaves the Croatian islands with problems connected to urban-rural divide - depopulation, low wages, and a reversal of wealth and opportunities for the inhabitants.

This paper aims to analyse and discuss other possibilities than the traditional tourist industry for the Croatian islands to develop. We will turn towards the concept of digital nomads to discuss if digital nomads can be a solution for the Croatian islands. Thus, the research questions we answer are the following: 1. What are the tourist industry problems in relation to labour market and income? 2. How can digitalisation and digital nomads solve the problem?

To answer the first research question, we use a conceptual model inspired by Harris and Todaro's theoretical outline (Harris & Todaro, 1970; Todaro, 1969). We delimit the analysis to 18 municipalities located on the Croatian islands. One reason is that Croatia is one of the countries with the highest share of GDP deriving from tourism.² Another is that the Croatian islands are spatially delimited, often remote, and highly dependent on tourism. They often face traditional rural problems like depopulation, a high share of elderly population, and a low educational level. This makes the Croatian Islands a good case to study. Our conceptual model classifies municipalities by three criteria - unemployment rate, employment growth, and wage - showing 18 island municipalities that have low unemployment, high employment growth, but low wages. This is somewhat of a contradiction in the neo-classical economic theory; however, it can be explained by the existence of amenities and by the fact that jobs in the traditional tourist industry are low-skill and thereby, have a low wage level.

To answer our second research question, we turn towards the possibilities that digitalisation opens. Historically, the industrial revolution introduced a clear cut between work and non-work with employment and the regulation of working hours.

¹ Not all these aspects can be tracked to the tourist economy, but a lot can. Furthermore, the sector can be sorted in a labour intensive and low-skill sector.

² In Croatia, close to 12% of GDP was generated by tourism in 2019.

However, in the digital economy, where and when work is performed is less important, which blurs the lines between work and non-work. Telework, digital nomadism, and blurred lines between work and non-work have dramatically changed the situation for work life. These blurred lines become important for traditional tourist sites. With the blurred lines, traditional tourist sites could turn towards attracting mobile people within the digital economy; a group we call digital nomads. As we will discuss later, we argue that digital nomads is a group that connects well to Richard Florida's (2002a, 2002b, 2003) creative class concept. Thus, to understand what attracts digital nomads we can use findings on the creative class.

This paper is structured as follows. In the next section we use our conceptual model to select municipalities we want to analyse further. Then, we analyse these island municipalities. In the last section of this paper, we discuss the concepts of the creative class and the digital nomads, and the new possibilities that have opened for the Croatian islands due to digitalisation.

1. Starting point: finding island municipalities with high employment but low wages

In the neoclassical economic theory, non-forced migration is a regulator of economic activity. Through migration, labour resources are redistributed geographically in response to changing economic and demographic forces (Greenwood, 1997). Migration is a primary driver of regional shifts in the supply of labour and the local level of human capital (Chen & Rosenthal, 2008). Moreover, Milanović (2015, 2016) claims that migration is one of the most efficient ways of resolving global inequality because wage differentials act as magnets of migration. This means that rational individuals who want to maximise their economic wealth will move from low-income and high-unemployment areas to high-income and low-unemployment areas. When they do so, the differences will be levelled out. However, as Harris and Todaro (Harris & Todaro, 1970; Todaro, 1969) point out, some locations may have high unemployment and a high wage level at the same time. The rationale behind this is that people may move to places with high wage levels and may even stay unemployed for a while if they expect to find a well-paid job in the future.

Håkansson and Bohman (2019) and Bohman et al. (2019) developed a conceptual model that classifies municipalities by three criteria: unemployment rate (U), employment growth (ΔE), and wage level (W). Thus, municipalities are organised in one of these eight categories:

1. high U, high ΔE , high W;
2. high U, high ΔE , low W;
3. high U, low ΔE , high W;
4. high U, low ΔE , low W;
5. low U, high ΔE , high W;

6. low U, high ΔE , low W;
7. low U, low ΔE , high W;
8. low U, low ΔE , low W.

The three labour market indicators - unemployment rate, employment growth, and wage level - are combined in a way that marks each municipality as low or high on that indicator. A low indicator value means that the value for the municipality is below the national average, while a high value means that the value for the municipality is above the national average. According to the neoclassical textbook model, people tend to move from category 4 to category 5. Furthermore, high employment drives high wages, but when people move to a high employment and wage municipality, wages are levelled out. According to Harris and Todaro (1970), if the wage differentials are high enough, finding a better-paid job in an urban area may be preferable to having a safer but low-paid job in the rural areas. As a result, urban areas may show both high wages and high unemployment (category 1).

In this paper, we focus on category 6, which refers to municipalities with low unemployment, high employment growth, and low wages. As we pointed out previously, the traditional tourist industry is low-skilled and labour intensive, which results in low wages, but still a high demand for labour. Thus, category 6 seems an appropriate category to choose when studying tourist dependent municipalities. According to Bohman et al. (2019), in Croatia, this category consists mainly of rural areas.³ It consists mostly of municipalities from two regions: a north-western continental part and the coastal area. In the rural parts of north-western Croatia, the economy mainly consists of agriculture with labour-intensive crafts and small- and medium-sized enterprises. In contrast, the coastline is home to Croatia's strong tourism industry. Among the municipalities in category 6, there are 18 municipalities on islands along the coastline. These municipalities are all strongly dependent on the tourism industry. Figure 1 shows where they are located.

Low wages may be an incentive to move from the municipality, but there may be other reasons to stay: good life, good nature, clean air, and so on. This is what has been called "amenities". In the next section, we look further at the mobility and propensity to move from these municipalities.

³ Calculations based on average unemployment 2001-2016, yearly average employment growth 2007-2016, average wage 2016 (Croatian Bureau of Statistics, 2022).

Figure 1. Island municipalities with low unemployment, high employment growth, and low wages (category 6)



Source: authors' representation based on Bohman et al. (2019).

2. Population and migration

2.1. Population trends in the selected island municipalities

The Harris and Todaro model has advantages but, as mentioned, to understand mobility and the willingness to leave one's home, we have to analyse other factors, such as amenities and previous migration history. In this section, we analyse the demographic trends by using census data (see Table 1).⁴

Table 1. Municipality population data (from the north to the south)

Municipality (island)	Population			Pop. Dev. 2001-2021	Pop. Dev. 2001-21, %
	2001	2011	2021		
Baška (Krk)	1,554	1,674	1,673	119	7.7%
Rab (Rab)	9,480	8,065	7,168	-2,312	-24.4%
Kolan (Pag)		791	812	21	2.7%
Kukljica (Ugljan)	650	714	645	5	-0.8%
Pašman (Pašman)	2,004	2,082	2,144	140	7.0%
Tkon (Pašman)	707	763	749	42	5.9%
Sali (Dugi Otok)	1,820	1,698	1,772	-48	-2.6%
Murter-Kornati (Murter)	2,075	2,044	1,943	-132	-6.4%
Sutivan (Brač)	759	822	963	204	26.9%
Supetar (Brač)	3,889	4,074	4,341	452	11.6%
Milna (Brač)	1100	1,034	948	-152	-13.8%
Postira (Brač)	1,553	1,559	1,556	3	0.2%
Boļ (Brač)	1,661	1,630	1,694	33	2.0%
Jelsa (Hvar)	3,656	3,582	3,522	-134	-3.7%
Sućuraj (Hvar)	492	463	429	-63	-12.8%
Orebić (Pelješac)	4,165	4,122	3,712	-453	-10.9%
Blato (Korčula)	3,680	3,593	3,322	-358	-9.7%
Mljet (Mljet)	1,111	1,088	1,077	-34	-3.1%

Source: Population by municipality, Croatian Bureau of Statistics

Of the selected 18 municipalities, nine experienced depopulation 2001-2021. Some changes are probably caused by movement from one municipality to another on the same island. Furthermore, the differences between the selected island municipalities are bigger than the similarities. For example, while some islands (like Krk and Pag) are well connected by bridges, others are far away and isolated from the mainland. Additionally, some observed islands are relatively close to large cities (like Brač to Split and Pašman to Zadar), so the local inhabitants can relatively easily satisfy their needs for social services, like healthcare or education. For the islands

⁴ For a description of the municipalities, see, for example, Hrvatska enciklopedija (2021), mrežno izdanje. Zagreb: Leksikografski zavod Miroslav Krleža, 2021, available on <http://www.enciklopedija.hr/> and <https://www.adriatic.hr>.

that are far from the mainland, such a possibility hardly exists. As mentioned, life on the islands may have other advantages, which we call amenities, for example, the sea and beaches, the quiet, and easy living.

A central question which arises when it comes to quality of life is mobility. Mobility, or the wish to move, is, in many ways, an indicator of perceived unsatisfactory quality of life on the islands. The next section discusses the reasons for leaving the islands.

2.2. Reasons for leaving the Croatian Mediterranean islands

No doubt, the islands have many amenities, but they also have serious and long-lasting disadvantages, primarily related to limited employment options and inadequate possibilities for professional promotion.

Štambuk (2004) analysed the reasons for migration to Zagreb from the municipality of Selca on the Brač island. She conducted face-to-face interviews with 118 individuals who were born in Selca or whose parents or grandparents were born there. On the question “Why did you select Zagreb as a place of dwelling?”, more than one third of the interviewees stated that they were born in Zagreb, which is the biggest group (36.4%), followed by the group that immigrated with their parents as children (17.8%). The reasons for immigration are education and employment, represented equally (13.6% each). Notably, 8.5% of the respondents immigrated because of what Zagreb has to offer, including the possibility of getting good education and the opportunity of professional advancement. This, as well as other questions, shows that Zagreb has an indisputable advantage in comparison with other urban centres in Croatia.

Small towns, villages, and settlements, particularly those on islands, commonly have advantages such as clean air and nice surroundings, but they also have many disadvantages, primarily related to inadequate social services and limited educational and employment possibilities. The opposite tends to be true for big cities, and residents of large cities have become increasingly concerned regarding safety issues.

On a scale of 1 (*I do not agree at all*) to 5 (*I fully agree*), the interviewed persons rated the statement “Zagreb is an important Croatian cultural and intellectual centre” the highest (4.7), followed by “Zagreb is connected to the developed world and is a part of it” (4.2) and “In Zagreb, everyone can choose the way of life that suits him or her the best” (4.0). A little bit lower were the ratings for the statements “Zagreb is safe and pleasant to live in” (3.7) and “There are good conditions for a better future for young people” (3.4). Interestingly, the interviewees rated the statement “The economy in Zagreb offers plenty of jobs and there are good earning possibilities” relatively low (3.0) (Štambuk, 2004).

Thus, according to Štambuk’s (2004) interviewees, it is more important for a place to be a cultural and intellectual centre and to be connected to the world than to

offer jobs and career opportunities. Notably, the statement “everyone can choose the way of life that suits him or her the best” fits well with Richard Florida’s concept of the creative class, which is discussed in the next section.

3. The creative class and digital nomads

3.1. Richard Florida and the creative class

According to Florida (2002a, 2002b, 2003), contrary to rural areas, cities have long been seen as nodes for creativity and innovation. However, when it comes to what creates economic growth and economic wealth, until recently, social scientists have focused mainly on the role of firms in cities and neglected creativity’s role. According to Florida, it is the “creative class” that is the driver of creativity and innovation. Following Schumpeter (1942/1992), we know that innovation is the driver of economic development. Therefore, we discuss the creative class (in the form of digital nomads) in this paper as a potential solution to the tourist economy.

The creative class consists of people whose work is to “create meaningful new forms”, and Florida (2003, p. 8) defines a core group of the super-creative who

“produce new forms or designs that are readily transferable and broadly useful, such as designing a product that can be widely made, sold, and used; coming up with a theorem or strategy that can be applied in many cases; or composing music that can be performed again and again.”

Beyond this core group, he finds a group of “creative professionals” who work in knowledge-based jobs in hi-tech sectors, financial services, healthcare services, or business management.

An important group in Florida’s taxonomy is the bohemians (i.e., artists, musicians, writers, poets, etc.). In “Bohemia and economic geography”, Florida (2002b) constructs a bohemian index and shows the positive and significant correlation between the bohemian index and the concentration of high human capital individuals and between the bohemian index and the concentration of high-technology industry. Florida does not claim that the creative class only consists of bohemians, but he argues they are interrelated; the technocrats (engineers, web designers, innovators, and scientists) are, apparently, drawn to the bohemians. As Florida points out, a place with a high share of bohemians signals an environment open and attractive to high human capital individuals, which stimulates the kind of creativity and innovation connected to the hi-tech business.

When it comes to mobility, some patterns of the creative class are that they move away from traditional corporate communities and Sunbelt regions to what Florida (2003) calls “creative centres”. These centres show not only high regional vitality and innovation but also increases in employment and population. According

to Florida (2003), these places flourish because creative people want to live there. Creative people look for an openness to diversity of all kinds and the opportunity to validate their identities as creative people.

Furthermore, the key to creativity, economic development, and innovation lies in *technology, talent, and tolerance* - what Florida calls the “3Ts of economic development” (Florida, 2003). In short, places that show a higher level of tolerance have a competitive advantage as they will attract more creative people with talent. Following Florida’s ideas, Das et al. (2008) create a country-level measure of tolerance based on the World Value Survey (WVS)⁵ to test the relationships between tolerance and talented workers, economic development, and competitiveness. They use four survey responses to construct a proxy of the traditional definition of tolerance. Their main results are that more tolerant countries tend to attract more net migrants, have a greater concentration of talented workers, have higher levels of economic development, and are more competitive.

3.2. Tolerance in Croatia

Thus, to attract people from the creative class, places must have a high level of tolerance. But how high is the tolerance level in Croatia? Since Croatia was not included in the WVS wave 4 (1999-2004), it was also left out in Das et al.’s (2008) study. However, it is included in the latest wave, wave 7 (2017-2022). We used the same survey responses as Das et al. (2008) to estimate tolerance in Croatia (see Table 2). We decided to compare Croatia with some other European Mediterranean countries that may compete for the same segment of consumers. Thus, we compared tolerance, as defined by the four WVS variables, for Croatia, Greece, Italy, Montenegro, and Spain (see Table 3).

Table 2. Global tolerance index

Variable	Question in WVS	Description
child_tol, share	“Here is a list of qualities that children can be encouraged to learn at home. Which, if any, do you consider to be especially important? Tolerance and respect for other people”	Share <i>not</i> mentioning Tolerance and respect for other people
No_diff_race, share	“On this list there are various groups of people. Could you identify any that you would not like to have as neighbours? People of a different race”	Share mentioning People of a different race

⁵ World Value Survey <https://www.worldvaluessurvey.org/WVSContents.jsp>

No_immigr, share	“On this list there are various groups of people. Could you identify any that you would not like to have as neighbours? Immigrants/foreign workers”	Share mentioning Immigrants/foreign workers
No_homo, share	“On this list there are various groups of people. Could you identify any that you would not like to have as neighbours? Homosexuals”	Share mentioning Homosexuals

Source: World Value Survey

Table 3. Global tolerance index - selected Mediterranean Countries

Variable	Croatia n = 1,250	Greece n = 1,149	Italy n = 1,394	Montenegro n = 878	Spain n = 1,139
child_tol, share	0.2664	0.5352	0.3802	0.4237	0.1756
SD	(0.4423)	(0.4990)	(0.4856)	(0.4944)	(0.3806)
No_diff_race, share	0.1096	0.2428	0.1040	0.2278	0.1255
SD	(0.3125)	(0.4290)	(0.3054)	(0.4196)	(0.3315)
No_immigr, share	0.2008	0.2559	0.1671	0.5820	0.1317
SD	(0.4008)	(0.4365)	(0.3732)	(0.4935)	(0.3383)
No_homo, share	0.3104	0.3368	0.1126	0.7232	0.1229
SD	(0.4628)	(0.4728)	(0.3162)	(0.4477)	(0.3285)

Source: World Value Survey

Table 3 shows intolerance. Thus, the lower the share is, the higher the share of tolerant respondents. When it comes to raising tolerant children and having neighbours of different races, Croatia does well in comparison to other Mediterranean countries. Only Spain has a lower number. When it comes to having immigrants and homosexuals as neighbours, Croatia does worse than Italy and Spain but better than Montenegro.

These four variables together construct a proxy to compare average tolerance in the countries. While they do not say anything about tolerance in the specific islands, they give a hint about the situation in the country, in general. The WVS does not contain variables on the local level, which would have been preferable, but it does contain variables on the NUTS-2 level. Since this level is only divided in two parts, Continental Croatia and Mediterranean Croatia, it is still on a too aggregated level to draw any local level conclusions.

To conclude, in comparison to other Mediterranean countries, tolerance can, to some extent, be an attractor of the creative class. However, tolerance towards homosexuals can be a critical variable, and may be worth of closer attention.

3.3. Technology in Croatia

According to the European Commission (2022), Croatia ranks 21st of 27 EU Member States in the 2022 edition of the Digital Economy and Society Index (DESI). Between 2017 and 2022, Croatia's DESI score grew slightly more than that of the EU. Despite performing well in digital skills, the country still has a persistent gap as regards specialists in Information and communication technologies (ICT), who, in Croatia, account for a lower percentage of the workforce than the EU average (3,6% versus 4,5%). The lack of specialists is significantly affecting businesses' integration of digital technology, preventing enterprises - particularly small and medium size enterprises, which form the majority of business entities in Croatia - from using the full potential offered by digital transformation. Furthermore, Croatia still scores low in the penetration of 100Mbps services, Very High Capacity Networks, and 5G coverage and in the broadband price index (European Commission, 2022).

Although the share of ICT specialists in the workforce is below the EU average, Croatia's performance on ICT graduates and on enterprises' investment in ICT training is above the EU benchmark. Despite the actions already initiated to improve digital skills for all, an increased pace in the country's digital skills readiness is crucial for the EU to reach the Digital Decade target for ICT specialists. Nonetheless, digital technologies continue to gain popularity among Croatian enterprises: 35% of them are using cloud solutions, 43% are using e-invoices, and 9% are using AI technologies.

The new Strategy for Digital Croatia 2030 is being finalised. For the time being, the actions to bring about the digital transformation of Croatia's economy and society in the next 10 years are governed by the National Development Strategy 2030. The Central State Office for the Development of the Digital Society has presented an implementation programme for the development of a digital society for the period 2021-2024. The programme is oriented towards the digitalisation of society and promotes a balanced and inclusive development for people, economic operators, and public administrations. It includes measures ranging from building cybersecurity competences to improving digital web accessibility, new eCitizens services, and interoperability between public services.

According to the Eurostat (2022), among EU Member States, Croatia has the highest share of individuals aged 16 to 24 with basic or above basic overall digital skills (97%). It is followed by Estonia, Lithuania, and the Netherlands (93% in all three) as well as Greece (92%). The lowest shares were recorded in Romania (56%), Bulgaria (58%), Italy (65%), Hungary (68%), Latvia (75%), and Luxembourg (75%). To obtain these figures, European authorities assessed young people in four specific areas of internet and software use: information, communication, problem solving, and software skills. Information skills include the capacity to identify, locate, retrieve, store, organise, and analyse digital information. Communication

skills involve using emails, social networks, and online communication software, such as video calls, and uploading content online. Problem-solving skills relate to transferring files between devices and installing and managing software and apps. Software skills concern the ability to use and manipulate content (such as spreadsheets and photo, video, or audio files) and to use word processing software.

Despite a poor digital performance, Croatia is among a group of nations that is undoubtedly developing quickly (World Bank, 2021). In other words, Croatia is one in a group of nations that may be referred to as “lagging fast movers” because even while their DESIs are lower than the EU average, they are improving faster than that average.

To conclude, even though Croatia scores low when it comes to digital infrastructure and specialists, the basic digital skills of the population are high. This gives hope for the future for the creative class. However, the low standard on digital infrastructure may be a detractor for the creative class, but according to the World Bank (2021), the situation in Croatia is significantly improving, particularly in four emerging technologies: the Internet of Things (IoT); artificial intelligence (AI); data centres and cloud services; and smart cities.

3.4. The possibilities and importance of digitalisation and digital nomads

Richard Florida’s concept of the creative class fits well with the concept of digital nomads. As Florida (2002a) puts it, “artists, musicians, professors and scientists have always set their own hours, dressed in relaxed and casual clothes and worked in stimulating environments” (pp. 12-13). They cannot be placed in hierarchical control systems; rather, they require what Florida calls “soft control”, where work is done more independently and job security is traded for autonomy. With the rise of the creative class, this way of working has moved from the margins to the mainstream. One group that has pushed this way of working even further is the digital nomads.

Digital nomads are people who work remotely using digital tools and are free to travel from one country to another. Someone who lives in a foreign country and works online can also be included in this group. There are two essential lifestyle traits of a digital nomad: (a) having a business that primarily uses technology (communications and the internet) to sell, market, or deliver products or services; and (b) traveling or living abroad and working at the same time. The phrase was probably coined by Tsugio Makimoto and David Manners (1997). One definition of the digital nomad is that presented in the Nomad Flag (2022) blog: “A digital nomad is someone who desires the freedom to work and live anywhere and uses technology to make this desire a reality.” The same blog provides useful information on digital nomad visas, the best cities for nomading, and digital nomad blogs. The blog also offers links to the Reddit Digital Nomad page (subReddit), which is a lively discussion board for current nomads and those who want to become digital nomads,

as well as *Digital Nomad News*, a daily online newspaper and email newsletter that contains articles useful for the digital nomad community. The list of titles and discussed questions on these webpages is almost endless, for example, “Which countries did you get the most and least attention as a traveller?” and “Working Cafés recommendation in Munich, Germany”.

Due to the nature of digital nomad activities, one can only estimate their number. For instance, Williams (2023) states that there are 35 million digital nomads around the world, of which 15.5 million in the United States alone. Most digital nomads work in information technology (19%), followed by creative services (10%). Almost two thirds (66%) of all self-employed digital nomads have their own business, while 34% are gig workers and freelancers. More than half (55%) of digital nomads worldwide have a bachelor’s degree. Regarding location, the most popular remote working city destination in 2021 was Bangkok, Thailand, while the most visited remote work hub by trip count was Lisbon. A total of 46 countries around the world currently offer, or will soon offer, digital nomad visas. Digital Nomad Couple (2023) believe that the most important reason for the expansion of digital nomadism is the freedom and work-life balance. They presented the results of a survey where 73% of the respondents said they wanted a better work-life balance and 68% underlined that they love the freedom of the lifestyle. More than half (55%) claimed they just love to travel, while 43% wanted to avoid office politics.

There is a very broad list of activities that are popular and well-paid in the realm on digital nomadism, including remote developer, affiliate marketer, consultant, freelance writer, graphic designer, blogger, and social media manager. Digital nomads, in most cases, can decide on their own working hours and arrange the delivery date with the client. Jobs which usually do not require a lot of face-to-face work are great options for working remotely. Digital nomads highly value autonomy, flexibility, and the ability to work and travel wherever they please (Hart, 2015). While business travellers mostly travel for limited periods of time because of their work, digital nomads try to gain freedom by travelling whilst working. Digital nomads use social media not only to shape and reinforce their professional identity and reputation but also to actively and strongly *promote* their lifestyle. Crucially, what differentiates digital nomads from other entrepreneurs, who can also use social media for their self-presentation, is the commodification of their life and working experiences (Bonneau & Aroles, 2021). In the broader political-economic sense, such life and work also mean that the burden of discipline and personal responsibility is shifted from the institution or the state to the individual. Such personal responsibility also becomes a substitute for social protections, such as pension and healthcare insurance, which were previously an obligation of the state or employers (Harvey, 2007).

The media often depicts the most important reason for digital nomads to take on such work and adopt such a lifestyle as a longing to escape the disciplining structures of the normal workplace - especially nine to five obligations and the duty to be present in the workplace - and have the possibility to manage one’s working

time and avoid the daily commute. Although, at a first glance, the term “digital nomad” is almost synonymous with freedom, leisure, and constant but pleasant travel, there are also other, less known characteristics, according to Cook (2020). Namely, the disappearance of boundaries between work and leisure and the simultaneous paradoxical effort required to separate them may cause problems. If an individual wants to maintain a work-life balance, a digital nomad lifestyle requires both external- and self-discipline.

Bearing in mind that labour productivity is an important feature in the lifestyle of digital nomads (Müller, 2016), Cook’s (2020) conclusion is somewhat counter-intuitive because digital nomads must often develop and apply disciplining practices in order to separate work and leisure, not to merge them. When people work on their own, they almost forget to stop working, and surprisingly, deadlines are often regarded as positive, organising, and motivating forces (Nash et al., 2018). The lifestyle of a digital nomad involves multitasking: they have to act as both freelancers in the gig economy and entrepreneurs with responsibilities towards their own company, which requires them to manage their personal brand image, contact potential clients, and acquire their trust (Wang et al., 2018).

The relaxed and calm atmosphere that prevails on the Croatian islands can significantly help digital nomads to achieve the desired goal of successful detoxification or efficacious separation between work obligation and leisure time. Thus, the relaxed environment of the Croatian Islands can be an attractor for digital nomads. In return, digital nomads can have a significant positive impact on the Croatian islands. First of all, this implies rejuvenation. As the population on the islands is, on average, significantly older than the population on the coast, the coming and possible staying of young persons could have positive demographic and social consequences. Furthermore, the presence of digital nomads may trigger cultural openness in these mostly closed island communities, which do not usually trust visitors from the coast, particularly foreigners.

Furthermore, an increase in the number of young digital nomads can put pressure on and increase the demand for better quality and accessibility of public services, like healthcare and childcare (or even education), which would also benefit the local population. In that way, digital nomads could indirectly contribute to strengthening the island culture and create better intergenerational understanding. Many Mediterranean countries, including Croatia, suffer from significant regional inequality, and digital nomadism has already demonstrated a potential to improve economic productivity in areas outside of capital cities, particularly in isolated regions like islands, mountains, or remote areas (Black, 2018). One example is the Southern Tablelands in Australia, where few people in the area were open to digital nomads and ready for change. Still, the average age of local population was constantly increasing, so there was a serious shortage of skilled young workers. Such a situation was similar in many small towns in the local area (as mentioned earlier, very similar to the situation on the Croatian islands). However, a proactive Southern

Tablelands local council made it easier for the newly arrived digital nomads to settle and obtain all prerequisites (Black, 2018). Of course, this cannot be achieved overnight, but any progress is more than valuable and welcome. For this region, as well as for whole Australia, there have been initiatives to provide useful guides to draw digital nomads to the country, for example, *Australia for Digital Nomads: Local Guide for Work and Travel Down Under* (Zarb, 2022). This guide provides useful advice for current and potential digital nomads, and can be used as a blueprint for similar publications for other locations.

Conclusions

The natural resources of the Croatian islands make them an ideal vacation destination for many, both international and national tourists. However, from an economic development perspective, the traditional tourist industry is problematic. It is labour intensive, and the jobs are low-skilled. Because of low capital and skill shares, the tourist industry has difficulties in increasing productivity. Therefore, tourist dependent regions will fall behind in the development of income. We refer to this as a double-edged sword: it is both advantageous in providing jobs and problematic when it comes to economic development and growth. Furthermore, many islands appear to have problems in terms of depopulation; that is, people tend to leave. One reason may be that the islands offer few alternatives when it comes to education and career development. Life on the islands also has some drawbacks due to isolation and limited access to public services, such as adequate healthcare, primary education, and year-round entertainment. These problems are common in rural areas and well-known in the urban-rural divide discussion.

One way to halt depopulation and to increase productivity is to look towards the possibilities offered by digital nomadism. For digital nomads, the desired goal is to sustain a life of travel while working online. Their lifestyle involves location independence and more freedom, flexibility, and wellness compared to other workers. However, mobility and temporary living often come with income tax complications: Where is the person registered and for how long? Would it be possible to register for a shorter period, and how can registration be simplified? However, enhancing and emphasising the advantages while simultaneously mitigating the disadvantages can be significant factors in attracting digital nomads to visit, live, and work on the islands. Digital nomadism undoubtedly opens up many opportunities for businesses and governments, so they ought to strategically respond to it.

In the digital economy, with the rise of the creative class and digital nomads, where and when work is carried out has changed, thus blurring the lines between work and leisure. An important part of digital nomadism is the desire to engage in travel activities (e.g., sightseeing, exploring the destination, and understanding and immersing themselves in the local culture), self-development activities (e.g., sports, arts, and meditation), and entertainment-related activities (Bonneau & Aroles, 2021),

but probably even the more important is the longing to escape the traditional working structures and the mandatory commute and presence in the workplace. Our main point in this article is that the Croatian islands must look ahead for a new form of tourism - one that capitalises on digital nomadism - to bring in positive exogenous effects in the form of higher educational levels, cultural activities, and purchase power. Sometimes, the observed disadvantages can be turned into an advantage. For example, the remoteness of an individual island and its irregular or rare connections with the mainland are not necessarily a drawback for those people who do not have to commute to work but do it via the internet.

In this paper, we have drawn parallels between the concept of digital nomads and Richard Florida's concept of the creative class. As Florida points out, the creative class tends to settle in places where tolerance is high. Accordingly, tolerance must be factored in when considering the Croatian island as a viable option for digital nomads. When we compared the average national tolerance in Croatia with tolerance in other Mediterranean countries, which may be competing in attracting digital nomads, we found that Croatia does well on two variables, namely teaching tolerance to children and having people of another race as neighbours; however, it does not do as well when it comes to tolerance against immigrants and homosexuals, not least when it comes to having these groups as neighbours. On the other hand, these results are based on national averages and do not say anything about tolerance in specific places. Places that want to attract digital nomads must consider working on increasing tolerance. The WVS do not have value variables on the local level, but for future research, this would be very valuable. With local level data, it would be possible to estimate which places have the potential to attract digital nomads. Thus, with local level data on values (i.e., tolerance), it would be possible to estimate differences in values between urban-rural, also between places attractive for the creative class and digital nomads.

To conclude on our results, in order to attract digital nomads, the Croatian islands have to increase tolerance and, probably more importantly, to increase technological infrastructure when it comes to Very High Capacity Networks and 5G coverage. However, there is no standard method that all countries or places, including the Croatian islands, can adopt in attracting digital nomads. In fact, there are different routes towards achieving the desired attractiveness, and there are no golden rules to be followed. Thus, in the Croatian context, each island should investigate its good and bad characteristics and try to eliminate the most severe obstacles. If there is only one rule, it should be to preserve the authentic and tranquil island environment, which are the most desired values in the modern, fast-paced world.

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