



Digital Nomads: Croatian Experience

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Abstract: *Digital nomads are entrepreneurs or employees who almost exclusively use digital technologies to perform their work. They are addicted to the Internet, work on the road and live in multiple locations around the world. The Republic of Croatia is becoming an increasingly attractive destination for digital nomads. Accordingly, the subject of research of importance for this paper is the fundamental characteristics of digital nomads in the Republic of Croatia. The results of the research are based on primary data collected by the survey method (n=40). The survey was conducted from March 13 to May 13, 2023, in a Google Forms form, which was distributed via the social networks Facebook, Twitter, and LinkedIn. The collected data are the subject of analysis using the methods of descriptive statistics. The findings in this work can be helpful to managers of numerous organizations and political decision-makers at all levels.*

1. INTRODUCTION

Digital nomads are people who are location-independent and use technology to perform their jobs, living a nomadic lifestyle (Hayes, 2021). They do their job without being physically present at a company. Digital nomads are a phenomenon of the 21st century. Digital nomads are a new fast-raising segment of the labor market. According to Schlagwein (2018) around the world lives and works with several hundred thousand digital nomads. Global digital nomads are young people between the ages of 25 and 40. They are usually highly educated and skilled in the use of technology. Many of them come from countries with a high standard of living and a strong economy, such as the USA, Canada, Australia, Great Britain, and developed EU countries. Digital nomads have different driving motives, some of the most common motives are better earnings at lower costs, flexibility, independence, and the desire to travel. Digital nomads often look for ways to balance their work life with other interests and activities they enjoy doing, such as traveling or exploring new cultures. Also, many digital nomads want to avoid traditional working conditions and environments and are looking for ways to create their own work environment that works best for them.

According to research by the Nomadic Report (2023), the largest number of digital nomads currently live and work in Germany (14%), Portugal (10%), the USA (9%), Denmark (8%), and Indonesia (5%). Other countries with lower percentages of digital nomads include Vietnam, Spain, Malaysia, Thailand, France, Romania, Mexico, Brazil, Italy, the United Kingdom, and others. The Republic of Croatia belongs to the group of twenty countries where 1% of digital nomads currently live and work. The Government of the Republic of Croatia, the Croatian Tourist Board, prominent individuals from the world of digital nomads, and the IT communities of Croatian cities are continuously working to promote the Republic of Croatia as a desirable destination for digital nomads. The Republic of Croatia created a legislative framework, clearly defined

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the conditions of residence, made it possible to obtain residence visas and, in addition to all other comparative advantages, made it relatively easy to obtain them.

The conducted research sought to investigate the fundamental characteristics of digital nomads who resided in the Republic of Croatia. Accordingly, the purpose and goal of this research is to find answers to the following four questions:

- Who are digital nomads?
- What criteria are digital nomads guided by when choosing a destination?
- How much did the Digital nomad visa contribute to the attractiveness of the Republic of Croatia as a destination for digital nomads?
- Do digital nomads who visit the Republic of Croatia show any specifics in comparison to other members of the nomadic community?

The work is divided into five parts. In the first unit, the research objective and research questions are determined. The second part presents the theoretical basis of digital nomadism and digital nomads, as well as the criteria that guide them when choosing a certain destination. The third section explains the research methodology and the sample. The fourth unit presents a summary of the results of the authors' empirical analysis. At the end of the paper, there is a conclusion in which the main findings of the paper and the importance of further study of digital nomadism and digital nomads are highlighted.

2. THEORETICAL BACKGROUND

Digital nomads are often self-employed or work in creative industries, IT, and marketing. They are an example of a new segment of the labor market in the conditions of the digital economy. They require flexibility and the ability to adapt to changes in the work environment. Digital nomads can perform various types of jobs that can be done remotely via the Internet. Their occupations are mostly based on digital skills. Some of the most common professions that are represented in the research of the association ATTA (Kelly & Arelano, 2021) in relation to the choice of locations according to the opinions of respondents and the necessary ITC infrastructure are 1) web designer, 2) programmer, 3) copywriter, 4) marketing expert, 5) virtual assistant, 6) online teacher/mentor, 7) writers, 8) travel writers/photographers, 9) editors of web portals, 10) administrators of web sites and social networks, 11) influencers.

According to research by Nomadic Report (www.nomadic.report/survey), the average digital nomad is a man, 34 years old, earns about USD 4,500, spends USD 2,000 on average, and lives in rented accommodation, where usually works forty hours a week. He often does multiple jobs for multiple different employers. The length of stay at one destination varies significantly. The earnings of digital nomads depend on the type of work they do. Computer programmers may earn higher salaries (ZipRecruiter.com, 2021).

Digital nomads are guided by different criteria when choosing a destination. Some of them choose destinations based on individual criteria that often change. Some criteria are repeated, confirming the fact that digital nomads choose destinations based more on consideration of the use of free time than employment criteria. The two most common criteria are the cost of living and the climate. Other criteria are the communicativeness of the local population, the quality of the ICT infrastructure, the possibility of working in coworking spaces, security, good traffic connections, natural beauty, and the availability of online delivery services.

Most digital nomads prefer a lower cost of living so they can enjoy a high standard of living with less work. Their choice based on the cost of living can be mathematically represented as follows:

$$FR = TR - TC \quad (1)$$

Where is:

FR – Financial result

TR – Total revenue

TC – Total costs

Unable to significantly increase their total income, when choosing a destination, they decide in options that allow them to spend less. In that case, they value their financial result as follows:

$$FR = TR - CL_{DP} + (CL_{DP} - CL_D) \quad (2)$$

Where is:

CL_{DP} – cost of living in domicile place

CL_D – cost of living in a potential destination

In this case, all options where $(CL_{DP} - CL_D) \geq 0$ are acceptable. The bigger this difference, the more attractive a certain destination is for digital nomads. The equation is written in a broader form to highlight the importance of comparing the cost of living in the domicile and the potential destination of digital nomads.

Accordingly, Table 1 provides an example of destination selection by digital nomads based on a comparison of the cost of living in the place of residence and the desired destination.

Table 1. Destination selection based on the cost of living

	Total revenue	CL_{MD}	CL_D	FR
Destination 1	4500	3200	2200	2300
Destination 2	4500	3200	2500	2000
Destination 3	4500	3200	1750	2750
Destination 4	4500	3200	1200	3300

Source: Own calculations

Based on formula (2), the potential financial result of digital nomads in the case of choosing between the four destinations was calculated. For a digital nomad who has an income of USD 4,500 and a living cost of USD 3,200, the most desirable destination seems to be destination 4, where the cost of living is the lowest (USD 1,200). By choosing this destination, he would achieve significant savings and increase his financial result from USD 1,300 (4,500-3,200) to USD 3,300. Digital nomads can further increase their financial results by increasing their total income by renting out their own properties while on the road.

However, since their decision is influenced by other criteria in addition to the cost of living, the weight factor method seems optimal for evaluating the decision of digital nomads when choosing a suitable destination. This method consists of six steps (Heizer & Render, 2011): 1. Identifying key factors relevant to the evaluation of the potential destination (as listed in Table 2); 2. Determining the importance weights for each of the key factors; 3. Determining the scale for each factor (e.g., from 1 to 10 or from 1 to 100); 4. Determining the number of points for each

potential destination and each factor based on step 3; 5. Determining the product of importance weights and the number of points associated with each factor as well as the total sum of points; and 6. Evaluating the potential destination based on the conducted quantitative analysis, i.e., the average evaluation of the project.

Table 2. Evaluation of a potential destination from the digital nomad's point of view

Critical success factor	Weight	Scores (out of 100)			Weighted Scores		
		D_I	D_II	D_III	D_I	D_II	D_III
Cost of living	0,50	80	80	85	$(0,50 \times 80)=40$	$(0,50 \times 80)=40$	$(0,50 \times 85)=42,5$
Climate	0,15	85	70	80	$(0,15 \times 85)=12,75$	$(0,15 \times 70)=10,50$	$(0,15 \times 80)=12$
Quality of ICT infrastructure	0,10	95	90	80	$(0,1 \times 95)=9,5$	$(0,1 \times 90)=9$	$(0,1 \times 80)=8$
Communicativeness of the local population	0,05	85	75	70	$(0,05 \times 85)=4,25$	$(0,05 \times 75)=3,75$	$(0,05 \times 70)=3,5$
Traffic connection	0,05	80	70	75	$(0,05 \times 80)=4$	$(0,05 \times 70)=3,5$	$(0,05 \times 75)=3,75$
Security	0,05	90	65	80	$(0,05 \times 90)=4,5$	$(0,05 \times 65)=3,25$	$(0,05 \times 80)=4$
Natural beauty	0,05	90	95	85	$(0,05 \times 90)=4,5$	$(0,05 \times 95)=4,75$	$(0,05 \times 85)=4,25$
Coworking spaces	0,025	80	85	80	$(0,025 \times 80)=2$	$(0,025 \times 85)=2,125$	$(0,025 \times 80)=2$
Others	0,025	80	75	85	$(0,025 \times 80)=2$	$(0,025 \times 75)=1,875$	$(0,025 \times 85)=2,125$
Total	1				83,5	78,75	82,125

Source: Own calculations

Based on the data from Table 2, it is clear that the destination D_I is the most desirable for digital nomads. This does not mean that they will not visit other potential destinations, but destination D_I is their first choice. Furthermore, the weighting factor method enables re-analysis based on a change in the number of points of one of the critical factors. For example, if destination D_III raised the quality of ICT infrastructure to the level of destination D_I, then it would be the first choice of digital nomads with 83,625. Just as some things are taken for granted in today's society, such as access to free Internet, the weight of certain critical factors changes quickly and significantly, which can also affect the change in the attractiveness of a certain destination.

Intending to increase its attractiveness for digital nomads, the Republic of Croatia created a legislative framework, clearly defined the conditions of residence, provided visas for the residence of digital nomads, and made it relatively easy to obtain them. According to data from the Croatian Bureau of Statistics (DZS, 2023) from 01.01.2022 until 31.12.2022, 1,223 people applied for a residence visa as digital nomads and 731 or 60% of them were approved. The largest number of visa requests comes from Russia and Ukraine, 63.28%. This data leads to the conclusion that digital nomad visas from Russia and Ukraine are mainly used by those who want to escape from the war. The number of applications for digital nomad visas is followed by citizens of the USA (11.77%), Great Britain (5.56%), Canada (2.37%), Australia (1.47%), China (1.47%), Argentina (1.31 %), etc.

3. RESEARCH METHODOLOGY AND SAMPLE

The survey was carried out in the form of a Google Forms form, which was shared via the social networks Facebook, Twitter, and LinkedIn, and respondents were asked to complete the survey only if they currently reside or have previously resided as digital nomads in the Republic of Croatia. The survey consisted of 24 questions. The survey questions were taken from the [Nomadic Report survey \(2023\)](#), in order to establish the similarities and differences of digital nomads in the world and the Republic of Croatia. The survey was available from March 13, until May 13, 2023. The survey was completed by 40 respondents. Currently, 30 or 75% of them live and work as digital nomads. Most of them are males between the ages of 21 and 48 (see Table 3).

Table 3. Demographic characteristics of the respondents

	N	%
Sex		
Male	26	65
Female	13	32,5
Prefer not to answer	1	2,5
Age		
less than 21	1	2,5
21-27	5	12,5
28-34	14	35
35-41	11	27,5
42-48	5	12,5
49-55	1	2,5
56+	3	7,5
The year the trip started		
2017 and before	9	22,5
2018.	5	12,5
2019.	5	12,5
2020.	14	35
2021.	7	17,5
Relationship		
Solo	15	37,5
Have a partner	22	55
Another kind of relationship	3	7,5
Kind of occupation before was digital nomad		
Full-time employee	16	40
Part-time employee	3	7,5
Didn't work most of time	2	5
Run own company	5	12,5
Freelancer	10	25
Other	4	10
Citizenship		
Germany	8	20
Italy	4	10
Spain	2	5
UK	4	10
France	4	10
USA	4	10
Canada	4	10
Other	10	25
Country of current residence		
Croatia	33	82,5
USA	1	2,5
Italy	4	10
Spain	1	2,5
India	1	2,5

Source: Own research

4. RESULTS AND DISCUSSION

Digital nomads are increasingly present in today's world of work, so it is important to understand their way of life and work. The time that digital nomads spend in one city usually varies (34%), some stay longer than 15 weeks (31%), while 18% of them stay in one city for 3-4 weeks (see Figure 1).

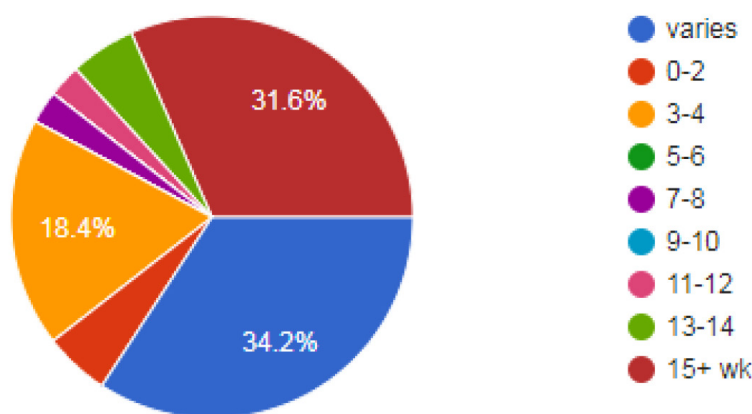


Figure 1. How many weeks do digital nomads usually stay in one city?

Source: Own research

The obtained findings are somewhat different from the findings from the Nomadic Report research. Namely, according to both types of research, the time that digital nomads spend in one city usually varies, but according to the research of Nomadic Report, digital nomads usually stay in one city for 9 to 10 weeks, in contrast to digital nomads who usually stay in the Republic of Croatia for more than 15 weeks.

Digital nomads earn different amounts. Quarterly monthly income varies. Only one earns more than \$7,000. 92.5% of them earn less than USD 4,000, which is slightly less than the average from the Nomadic Report survey – USD 4,500. The amounts are expressed in USD for easier comparison with previous research (see Figure 2).

The primary motive that drives them is not only money but above all the desire for a more comfortable way of life. They often earn less than they would earn as traditional workers in their home countries, so they choose destinations with a lower cost of living to compensate for this difference in earnings.

Digital nomads spend very different amounts. 55% report spending between \$1,000 and \$2,000. The average spending is USD 1,805, and the median is USD 1,750 (see Figure 3).

Digital nomads who reside or have resided in the Republic of Croatia spend less on average than their colleagues who, according to the Nomadic Report's research, spend an average of USD 2,500.

For their stay in the destination, the largest percentage (57%) rent apartments or houses, while 15% use services such as Airbnb. Also, 10% stay with friends and family. A smaller percentage of respondents sleep in hostels, and own their apartments or houses (see Figure 4).

This finding is quite similar to the finding from the Nomadic Reports research, according to which 57% of digital nomads rent apartments or houses for their stay and work in a certain destination.

Digital nomads use a combination of different places to work. The largest percentage (80%) works from their own accommodation, (5%) from shared spaces, (5%) from cafes and bars (see Figure 5).

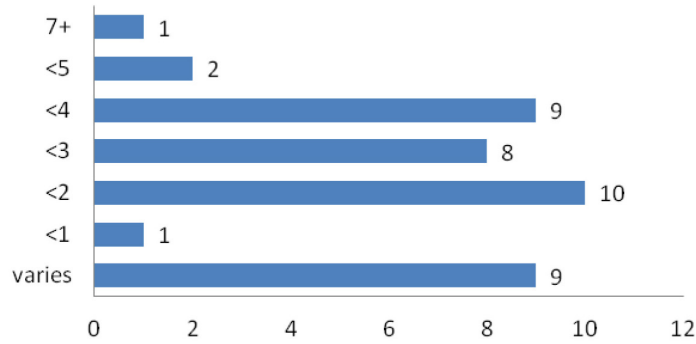


Figure 2. How much do digital nomads earn on average per month (after all taxes)?

Source: Own research

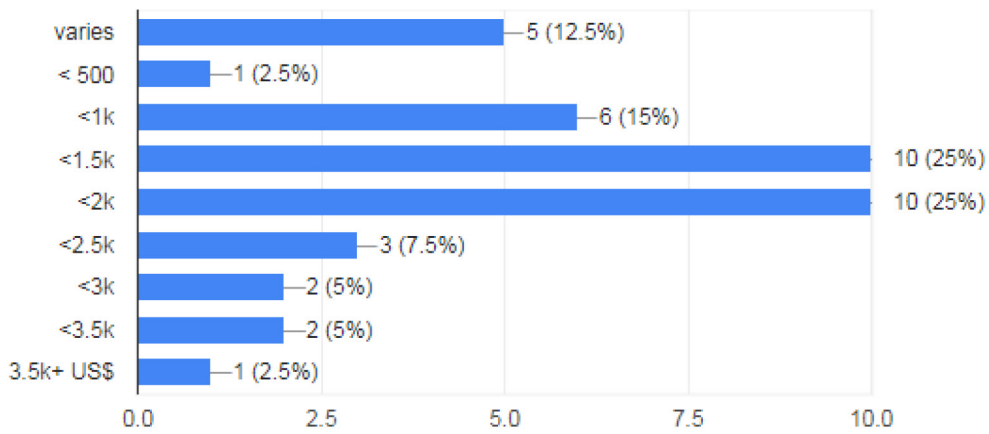


Figure 3. How much do digital nomads spend on average per month?

Source: Own research



Figure 4. Where do digital nomads stay?

Source: Own research

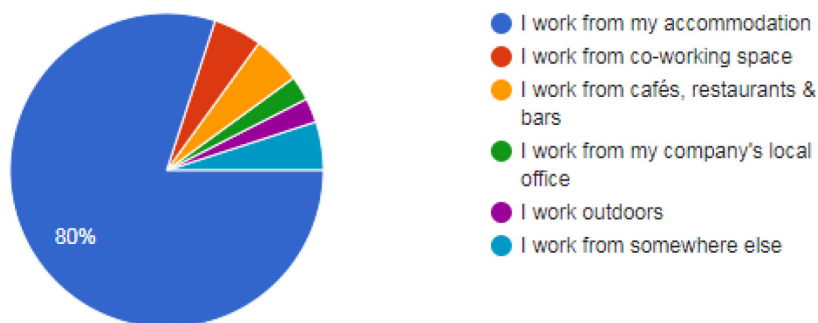


Figure 5. Where do digital nomads work from?

Source: Own research

This finding is almost identical to the finding from Nomadic Reports, according to which 77% of digital nomads work from their accommodation.

The average weekly working hours of digital nomads vary. Most often they work between 20-29 hours a week (27.5%). The same percentage of them work longer than 40 hours a week, while only three of them (7.5%) work less than twenty hours a week (see Figure 6).

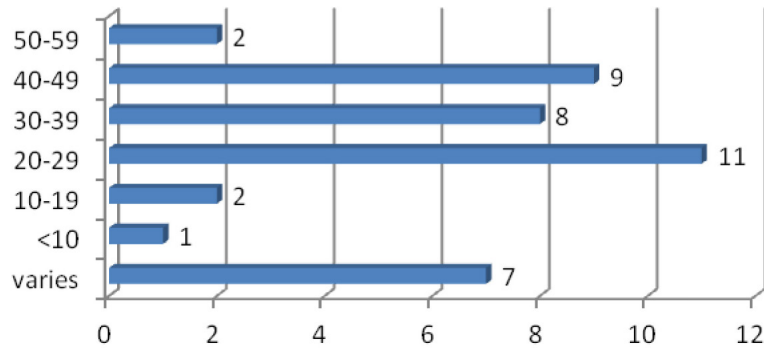


Figure 6. How many hours do digital nomads work on average per week?

Source: Own research

This finding points to the conclusion that digital nomads residing in the Republic of Croatia work fewer hours per week compared to their colleagues from the community who work an average of 40 hours per week. According to research by Nomadic Reports, as many as one-fifth of digital nomads work between 40 and 49 hours a week. It is important to note that digital nomads do very different jobs, from different places, so their working hours may vary depending on their location and the type of work they do.

Only 16% of respondents stated that the introduction of the nomadic visa had an impact on their arrival in the Republic of Croatia, while 50% had no impact on them (see Figure 7).

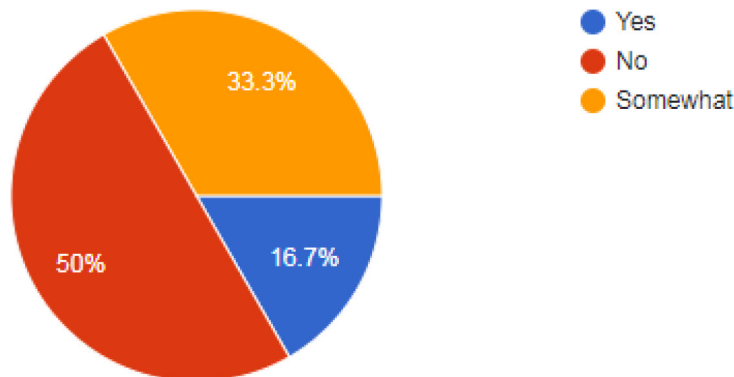


Figure 7. Did the introduction of the nomadic visa have an impact on your arrival in Croatia?

Source: Own research

The digital nomad lifestyle is an increasingly popular way of living and working, with many individuals opting for this type of flexibility and freedom. Numerous companies and countries can take advantage of this opportunity by attracting digital nomads and creating a stimulating environment for them to stay and work. Therefore, it is essential to continuously study and understand this community in order to adapt to changes and take advantage of all the benefits that a digital nomad way of living and working can provide to individuals and organizations.

Accordingly, there is a need for further research and monitoring of the phenomenon of digital nomadism for a deeper understanding of its implications for society, the economy, organizations and individuals themselves. The digital nomad lifestyle is a complex phenomenon with many dimensions. Understanding its implications for society, economy, organizations and individuals requires an interdisciplinary approach that includes economic, sociological, psychological and technological perspectives. Only through comprehensive interdisciplinary, multidisciplinary research can one get a complete insight into this increasingly widespread way of life and work and contribute to the development of adapted strategies and policies.

5. CONCLUSION

Digital nomadism brings certain challenges and problems, such as a lack of stability in life without a permanent address, difficulty in maintaining a balance between work and free time, and lack of social interaction. Also, the status of digital nomads in some countries is still not clearly defined, so there are problems related to tax systems, security, and other aspects of life to which they must adapt. The advantages of this way of living and working include freedom and flexibility in work, the possibility of traveling and getting to know new cultures and increasing productivity, creativity, and job satisfaction.

Digital nomads in the Republic of Croatia are mostly men, in a relationship, aged between 21 and 48. They come from economically developed countries. 40% of them worked full-time before becoming digital nomads. The time they spend in one city most often varies (34%), while one-third of them stay longer than 15 weeks in one city. They earn less than \$4,000 and spend about \$1,800 on average. For their stay, they usually rent apartments or houses, where most of them work. On average, they work more than 20 hours a week, while 27.5% of them work more than 40 hours a week. The number of digital nomads who used a digital nomad visa to stay in the Republic of Croatia is negligible. It is obvious that the digital nomad visa did not increase the attractiveness of the Republic of Croatia as a destination for digital nomads. The fundamental specificity of digital nomads who stayed in the Republic of Croatia is that they work fewer hours per week than their colleagues from the nomadic community, but also that they earn less on average. This finding leads to the conclusion that earnings are not the primary motive for the arrival of digital nomads in the Republic of Croatia, but other criteria such as the climate, communicativeness of the local population, the quality of the ICT infrastructure, natural beauty, etc.

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