



**Varazdin Development and Entrepreneurship Agency**  
in cooperation with  
**City of Prague**  
**University North, Croatia**  
**Faculty of Management University of Warsaw, Poland**



## **Economic and Social Development**

20<sup>th</sup> International Scientific Conference on Economic and Social Development

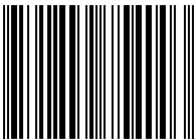


Editors:

**Li Yongqiang, Anica Hunjet, Ante Roncevic**

**Book of Abstracts**

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Prague, 27-28 April 2017

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## **THE CURSE OF BIOFUELS AND MALNUTRITION IN AFRICA**

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### **ABSTRACT**

*The life expectancy of a person in Japan is about 83 years for men and women, 82 years in France while it is 34 years in Swaziland (a small kingdom in Southern Africa devastated by AIDS and hunger). Thus, each year millions of women in Sub-Saharan Africa give birth to a large number of children who die at birth because of food shortage which automatically generates brain damage and motor impairments. In sub-Saharan African countries, 500 000 mothers die every year during childbirth, most of them by prolonged lack of food during pregnancy. Like undernourishment, malnutrition usually affects the children of underdeveloped countries who live mainly in Sub-Saharan Africa. However, authorities intervene only rarely by setting up some treatments to alleviate the suffering of children.*

*The World Trade Organization, the International Monetary Fund and the World Bank are bodies associated with the United states, who consider the right to food as vital and essential. Behind these organizations, there are large private transcontinental companies controlling several areas of activity such as production, distribution, etc..and, thus, have power over the exercise of the right to food.*

*These companies generally have greater financial resources than those of most countries in which they operate and produce very large gains. The same companies provide transportation, insurance and distribution of food goods, a fact which allows them to control the entire production process and makes of each one of these companies a monopoly in its activity sector to behave consequently against the right to food.*

*For these private transcontinental companies, hunger is a scandalous phenomenon which will not be eliminated unless two conditions are met: the first one is related to a strong industrialization with a maximum capital and most advanced technologies as well as the elimination of family farms and food wastage; the second one is relative to the full liberalization of the market. The latter is sinéquanone to defeat the scourge of hunger since a fully liberalized market will enable a free and adequate food, while this remains impossible as long as natural disasters may arise.*

**Keywords:** *Africa, Biofuel, Malnutrition*

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## **THE RELATIONSHIP BETWEEN PROFESSIONALISM AND UNIVERSAL ETHICS OF ENGINEERS**

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### **ABSTRACT**

*Ethics in engineering is not a new issue. It has become an increasing concern in Malaysia. The aims of this study to identify the relationship between professionalism and universal ethics of engineers in Malaysian. This study used quantitative methods to distribute the questionnaire by using random to get data from 40 respondents of engineers from government and private sector. The findings yielded that several variables of professionalism of engineers correlated significantly with universal ethics. This study contributes towards the improvement of Board of Engineers Malaysia (BEM'S) existing policy. Future study should focus on developing a model of Professional Engineers.*

**Keywords:** *Relationship, Professionalism, Universal Ethics, Engineers*

\*\*\*\*\*

## CRISP-DM PROCESS MODEL IN EDUCATIONAL SETTING

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### **ABSTRACT**

*Data mining techniques are being used in areas of prediction and classification, replacing traditional statistical approaches. Their application spans a wide variety of fields and education is one of them. This paper carries out a comprehensive methodology based on the CRISP DM process for data mining in order to gain insights into academic performance prediction. Paper explores to what extent socio-demographic variables, previous education, motivation and learning style can help in identifying successful students. Based on the decision tree method, profile of the typical successful information technology student is identified. Based on the research results it can be concluded that the academic performance is significantly influenced by previous education.*

**Keywords:** *academic success, data mining, decision tree, process model*

\*\*\*\*\*

## THE CONGRUENCE OF CELEBRITIES AND NON-PROFIT ORGANISATIONS IN SLOVAKIA

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### **ABSTRACT**

*Celebrity endorsers can help increase awareness, recruit new supporters and raise additional funds of non-profit organisations. Additionally, they can help change social behaviour of adults or adolescents. The aim of presented paper is to evaluate conative aspects of communication in relation to social responsible behaviour of celebrities within the scope of content analysis. In the research we are applying content analysis in order to investigate congruence and incongruence of information obtained from Facebook posts of 37 celebrities with the emphasis on the detection of conative content in examined communication and previous research.*

**Keywords:** *Adolescents, Celebrities, Facebook, Non-profit organisation, Slovakia Social Network, Social responsibility*

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## **ANALYSIS OF COMPANIES OF THE MEDIA SECTOR BASED ON THE EXAMPLE OF COMPANIES QUOTED ON THE WARSAW STOCK EXCHANGE IN POLAND AND THEIR FAIR VALUE**

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### **ABSTRACT**

*This paper examines share price of the companies listed on the WIG-MEDIA and their fair value between 2005-2014. Data from 2007 to 2017 were collected from the Stooq.pl (Polish portal of shares). Two hypotheses are tested: (1) value of the shares based on the market price; (2) value of the shares as the fair value of shares.*

**Keywords:** *stock exchange, share valuation, fair value, companies, WIG-MEDIA*

\*\*\*\*\*

## **FUNDING HEALTH SYSTEM IN CROATIA**

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### **ABSTRACT**

*The health system has an aim to improve the health of the population and preserve it. However, there is the problem of ways of financing the health system. The financing of the health system is an important determinant of health, and there are three basic methods of financing it: Bismarck model, Beveridge model and the market model. Bismarck, works on the principle of solidarity and reciprocity, or on the basis of*

*contributions paid by the active population. Beveridge model is a model in which health system is financed from taxes paid by all citizens, while market model represents financing of the health system through premiums. This paper will show the functioning of health systems in selected countries, as well as basic, frequently used, models of financing the health care system in the world. The work will explain ways of financing the health system in the example of the Croatian Institute for Health Insurance and will make a comparison of the health systems on selected countries and the Croatian.*

**Keywords:** *health system, financing, Croatian Institute for Health Insurance*

\*\*\*\*\*

## **SPACE WAR – A TECHNOLOGICAL AND MILITARY REALITY**

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### **ABSTRACT**

*During the 2<sup>nd</sup> world war major powers realized that space can be a new battlefield as a lot of space exploration programs were carried out and thus with no intensions to further extend the war a Committee on the Peaceful Uses of Outer Space was created .A Treaty was created which claimed that outer space is the common heritage of mankind, not subject to national appropriation by claim of sovereignty, by means of use or occupation, or by any other means. Space has gone from a realm of science fiction, to a virtual sanctuary where useful technology could be placed without fear, to a contested operational domain in ways that we haven't had to think about in the past. The last time the most powerful nations on the planet faced off was 70 years ago and the next great conflict as outer space - a domain that was unreachable to the militaries of 1945 which is now a technologic and military reality. All the major powers are in the quest of fuel which has left not even the space untouched. With the increasing presence of nations in space for*



*energy needs, the conflict is about to arise. A lot has changed in the last 40 years, leaving existing legislation in dire need of updates that incorporate concerns such as property rights and the activities of commercial corporations This paper focuses on Technological advancement, space exploration , Future of Arms and Ammunition , laws on the following and various other aspects that could lead to a space war among the nations in the quest for the new energy, all the major powers has much to lose if the potential for conflicts in the space escalates further.*

**Keywords:** *Energy, Space explorations, Technology, Treaties*

\*\*\*\*\*

## **LABOUR MARKET POLICY AND ASSOCIATION WITH PRODUCTIVITY**

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### **ABSTRACT**

*The paper deals with the issue of labour market policy and association with productivity. We focus our empirical analysis on the association between labour productivity growth and active as well as passive labour market policies for 20 EU Member States over the 2004-2013 period. Our econometric results based on the panel regression estimates suggest that expenditures for active and passive labour market policies positively relate to labour productivity growth (however, some estimates were statistically insignificant). Since from a theoretical perspective such association regarding expenditures for passive labour market policies may be doubtful, we additionally tested some hypothesis. We conclude, that countries with higher GDP per capita have higher expenditures for passive labour market policies. We have also examined potential detrimental effect of passive labour market policies and found negative correlation between variables expenditures for passive labour market policies and average annual hours actually worked per worker.*

**Keywords:** *EU, labour market, labour market policy, productivity*

## INTERRELATIONSHIP BETWEEN KNOWLEDGE MANAGEMENT AND OPERATIONAL PERFORMANCE

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### **ABSTRACT**

*This paper aims to discover the organizational operational performance to determine potential gaps in implementing knowledge management in process, technology or knowledge workers. A specific case study of ANZ (Australia and New Zealand Banking) group is analysed to unveil its existing knowledge management system and the gap to excel. The banking industry is thriving to complete not merely domestically but globally nowadays. Several published research into banking systems reveals that a strategically set up knowledge management system can deliver proven results (Cham et al, 2016). However, the operational performance from the implementation of knowledge management is under surveyed (Tseng & Lee, 2014). The research method in this paper employs qualitative approach in terms of case study to obtain in-depth understanding. ANZ group is an ASX listed banking company lasts more than 175 years. Currently ANZ is estimated a market capitalisation over \$88 billion and positioned as one of the 'big four' major banks in Australia where has a relative monopoly banking industry. The operations of ANZ Australia and New Zealand include Products & Marketing, Retail Distribution and Corporate & Commercial Banking. A total number of 48,000 employees in ANZ are from 28 countries across Asia in addition to Australia and New Zealand (ANZ, 2014). The research findings conclude that while ANZ expects to become a global banking brand, the well-designed organizational learning and effective knowledge management implementation resulting in better operational performance can realize this goal. It is evident that ANZ has largely invested in research and development, but the Value Added Intellectual Capital (VAIC<sup>TM</sup>) ranking is not yet impressive (Joshi, Cahill & Sidhu 2010). One proposed strategy is to enhance knowledge management systems and engage with domain experts at ANZ and better in line with its organisational goals so that their intellectual capital and capitalise on its extensive global presence can be enhanced and realized. In doing so, developing and harvesting knowledge at ANZ through KM*

*strategies would attract more talented knowledge workers. The bankers then not only can gather more collective knowledge but also fine-tune their products and services according to customer need more efficiently and increase success rate (Sahrawat 2008). Being the market leader in knowledge management can provide competitive advantage to ANZ in Australian banking industry regarded to have reached its 'natural equilibrium' (Cohen et al. 2007; Shih, Chang & Lin 2010). Given the fact of not all customers are price sensitive in banking (Worthington & Welch 2011), knowledge of specific region, diversified culture and customer behaviour is suggested to design the products and strategies which can lead ANZ into the bank of Asia-Pacific (Cohen et al. 2007; Shih, Chang & Lin 2010).*

*Therefore, it is vital ever more for ANZ to develop a more personalized solution to its customer and delivered by well-trained knowledge workers who have proper knowledge of customer and appropriate strategies to fulfil its knowledge management strategy (Sahrawat 2008; Valenzuela et al. 2013).*

**Keywords:** *Knowledge Management, Operational Performance, Banking Industry*

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## MACROECONOMIC EFFECTS OF WORKERS' REMITTANCES: EVIDENCE FROM THE WESTERN BALKAN COUNTRIES

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### **ABSTRACT**

*Workers' remittances have been in the focus of researchers and policy makers for years due to their magnitude and positive impact on a micro and a macro level. However, the interest in this topic has resurged recently as a result of the upward trend of migrant remittances and especially of the striking increase of remittance inflows to the developing countries. Workers' remittances are an extremely important source of external financing for most of the Western Balkan countries. During the latest global financial crisis, they helped these countries to maintain their foreign exchange reserves stable and to decrease their current account deficits. This study aims to investigate the macroeconomic effects of remittances sent to the Western Balkan countries, especially in times of financial shocks, such as the latest global economic and financial crisis 2008/2009. To achieve this objective, we estimate a model with fixed effects of period using panel quarterly data on migrant remittances per capita as a dependent variable and gross domestic product (GDP) per capita, gross monthly wages, unemployment rates, consumer price indices' and total imports of goods as explanatory variables for four Western Balkan countries (Macedonia, Croatia, Serbia and Albania) over the period 2007-2015..*  
**Keywords:** *Migration, workers' remittances, macroeconomic effects, panel data, the Western Balkan countries*

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## OPTIMAL ORDERING QUANTITIES WITH STOCHASTIC DEMAND UNDER DETERIORATION AND AMELIORATION

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### **ABSTRACT**

*Both deteriorating and ameliorating goods are commonly used in recent years, which increase the likelihood of waste and holding costs respectively. Especially, high deteriorating goods incur waste and changes in material supply and demand; nevertheless, ameliorating goods increase holding costs while adding value over time. These topics follow the conditions of once ordering and single goods with stochastic demands that can be served in the newsvendor problem. In this study, newsvendor problem models are used to derive the optimal solutions such that the expected profits are maximized.*

**Keywords:** *Deterioration; Amelioration; Newsvendor*

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## **THE METHODOLOGY OF REGION ECONOMIC DEVELOPMENT EVALUATION USING MOBILE POSITIONING DATA**

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### **ABSTRACT**

*Aggregate business conditions are vital for the public and decision-makers as to make real decisions, accurate and timely estimates of the conditions should be available. One of the national statistics tasks is to provide with reliable information on the economic, social and demographic processes based on internationally recognized methodology. However, it is not permanently available, especially in municipalities level due to confidentiality restrictions or due to high costs, and this statistic always proclaims economic activity changes long after the fact. At the same time, the companies with operations and customers throughout the Latvia regions collect and regularly update a customer database. So, the rapid development of mobile technologies is giving the new source of statistical data, mobile positioning data, to evaluate the economic development of regions. The objective of the paper is to test mobile positioning data suitability for a*

*theoretical model of updatable Latvian regional business index. The source of the Call Data Record is the largest Latvian mobile network operator "Latvijas Mobilais Telefons". The latency of business conditions is consistent with economic theory which emphasizes that economic activity is about the dynamics and co-movement of many observable variables, so factor analysis was utilized to get basic statistics for Latvian regional business index. It is the clear difference between weekdays and weekend days that indicate call activity relation to economic activity. The results show the difference of the number of call and number of unique users, as well average call intensity between cities and counties. That could be justified by regions size (number of inhabitants, the density of population) as well as by different economic activity in the regions. Cities and counties with the less call activities have a lower economic activity to compare with the other region with high call activities during normal working hours.*

**Keywords:** *Cluster analysis, Factor analysis, Indicators of economic activity, Mobile positioning data, Regional economics*

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## **DEVELOPING CAPACITY MANAGEMENT OF HOSPITALITY IN COMMUNITY-BASED TOURISM TO INCREASE TOURIST LOYALTY**

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### **ABSTRACT**

*This study aimed to examine the influence of Capacity Management of hospitality to increase tourist loyalty in Community-based Tourism. The statistics used in this study included multilateral linear regression analysis (Multiple Regression Analysis).*

*The concept of Capacity Management of hospitality involves many Community-based Tourism units that can influence the tourist loyalty and help members of the Community to learn and grow and improve their performance. Capacity Management of hospitality influencing the tourist loyalty on positive word of mouths was Local resources, Community immunity, planning and leading. Capacity Management of hospitality influencing the tourist loyalty on revisiting was Local resources, planning and leading. Capacity Management of hospitality influencing the tourist loyalty on Protection was Local resources, planning, organizing and leading. Capacity Management of hospitality influencing the tourist loyalty on Trustworthiness was Local resources, Community immunity, planning and leading. The researcher hopes that the results of this study will be useful to develop the organizations within hospitality and Community-based Tourism.*

**Keywords:** *Capacity Managenet ,Community-based Tourism, Hospitality*

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## **ANALYZING PENANG DESTINATION IMAGE FROM ONLINE TOURISM DOMAIN**

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### **ABSTRACT**

*The purpose of this study is to explore the image formation of Penang on the internet by examining the contents of several selected websites from Online Tourism Domain (OTD). Penang is one of the major destinations in Malaysia. It's rich cultural heritage and golden sandy beaches are amongst the quality of Penang as a destination. Nevertheless, limited study was conducted investigating online tourism image of Penang in particular. Therefore, this study was conducted. This study used qualitative approach that combined QDA Miner 4.0 and Word Stat 7.1 software, which were used to analyze the textual content from 25 different OTD. The websites were classified under five sub-categories; Government tourism portal, news and media websites, travel agency websites, travel guide websites, and travelogue website. The finding suggests that each sub-category is unique to itself, and has its own focus and possibly target market. 'Malaysia', the top projected image generated from the study indicates Penang as a location rather than a destination. However, a few images that are also listed might suggest Georgetown, the capital of Penang is the World Heritage site. This research could bring awareness to local tourism marketers, by assisting them to improve Penang image projection. Several Penang*

*major attractions and activities that are not related to heritage and food seem to be less discussed on the studied websites. Such information should not be ignored as it creates competitive advantage as well as vital to gain tourists satisfaction.*

**Keywords:** *Destination Image, Penang, Tourism, Travel website*

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## **IDENTIFYING MONEY LAUNDERING IN BUSINESS OPERATIONS AS A FACTOR FOR ESTIMATING RISK**

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### **ABSTRACT**

*Money laundering and terrorist financing can be performed in many ways, regular business operations being among them. Business activities go through a large number of business changes, which offers numerous options for money or assets to enter the company via seemingly legal business transactions, enabling money or assets to remain in regular business flows once money laundering is completed. On the other hand, the opposite scenario, in which there is interest in money to be transferred from regular flows to alternative flows, including terrorism financing, is also common. This paper will discuss legal business operations as a framework for money laundering and terrorist financing. Cash flow cycles are presented in form of an algorithm as connections between irregularly and regularly acquired assets in the process of money laundering through business operations, as well as re-entry from regular flows into alternative cash flows. The "Butterfly Diagram", presenting groups of business changes enabling entry of larger amounts of money and assets owned by a company in order to be laundered or their exit with the effect or tax evasion or terrorism financing, evolved from the algorithm. Also, the "Butterfly*

*Diagram" includes certain forms of legal and tax misuse which enable legalising the specified activities. The business reality is exceptionally dynamic and needs of money launderers keep growing, which is why there is an increase in types and numbers of business transactions that can be used for money laundering or terrorism financing, resulting in the need to keep modifying the presented "Butterfly Diagram".*

**Keywords:** *financial reports, assets, tax, money laundering, terrorism*

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## **THE NEW CARBON ECONOMY IN SOUTHEAST ASIA; INDONESIA & MALAYSIA FROM CULTURAL PERSPECTIVE**

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### **ABSTRACT**

*Since forests have increasingly been considered a critical issue under United Nations Framework Convention for Climate Change, a new approach to mitigating terrestrial emissions associated with climate*

*change called 'REDD+' (Reducing Emissions from Deforestation and forest Degradation) is introduced. REDD+ is a proposed performance-based mechanism in which developed country donors, corporations, non-governmental organizations, and individuals will compensate developing countries for forest emissions reductions. This leads to "new carbon economy" - the emerging trade in carbon emissions, along with the series of market-based policy instruments designed to reduce global greenhouse gas (GHG) emissions through the creation of markets for carbon. Southeast Asia hosts a number of early REDD+ type projects. However, there have been distinctive differences between countries that have been successful in implementing REDD+. Potraying on frameworks of national culture, this article is exploring the applicability of REDD+ in the developing country of Malaysia which has been cited amongst the highest globally in growth of greenhouse gases (GHG), but the involvement in REDD+ project is so limited compared to Indonesia which is leading in REDD+ implementation. Using Hofstede's construct of national culture, social units in Malaysia and Indonesia are investigated where REDD+ is proposed as a culturally dependent strategy. It is recommended that the successful implementation of REDD+ as new carbon economy demands compliance between the strategies that are adopted and the country's cultural characteristics. This study argues that the ability of the "new carbon economy" to provide real benefits for sustainable development may ultimately be obstructed by the nature of the society itself.*

**Keywords:** Carbon Economy, forest, Indonesia, Malaysia, REDD+ , national culture

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## **DO BILATERAL INVESTMENT TREATIES INCREASE FDI? : EVIDENCE FROM SOUTH ASIA**

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### **ABSTRACT**

*This paper econometrically investigates the effect of Bilateral Investment Treaties (BITs) on Foreign Direct Investment (FDI) into five South Asian countries. It employs an extensive panel data model to conclude that the BITs signed by Bangladesh, India, Pakistan, Nepal and Sri Lanka between 1970 and 2014 have not led to an increase in FDI- a result that is later established on theoretical grounds as well. When this conclusion is juxtaposed with compelling literature on the BIT's deleterious impact on domestic sovereignty and independent policy space, the scope for a pareto superior outcome is envisaged; this outcome is shown to be a Nash equilibrium using an augmented prisoners' dilemma model with a provision for mutual cooperation.*

**Keywords:** *Bilateral Investment Treaties, Foreign Direct Investment, South Asia*

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## PROMOTING UNIVERSITY'S INNOVATION THROUGH INTELLECTUAL PROPERTY RIGHTS: A MALAYSIAN PERSPECTIVE

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### **ABSTRACT**

*Innovation is inevitably important to elevate the nation's economic growth. For this reason, Malaysian government is committed to undertake various initiatives to significantly encourage and improve innovation activities towards achieving a high income nation. In conformity with the government agenda, university has always been recognised as a core to provide for new innovative development. It is very important for university to set their target to be considered as a highly creative and innovative university. Although many efforts have been put forward to encourage for promoting innovation, nevertheless there are some aspects which are not fully utilised especially on the role of intellectual property rights towards innovation in the university context.*

*Thus, the purpose of this paper is to examine to what extent that intellectual property rights play in promoting innovation and what challenges face by the university in promoting their innovation through intellectual property rights. For the purpose of the study, interviews were conducted with seven academics researchers who have developed their innovation in terms of viable research products.*

*This study identified that intellectual property rights play significant role in promoting innovation for the university. Nevertheless, it was also found that intellectual property rights provide challenges for university to foster its innovation. Findings of this study can be used as a guidance for academic researchers to strategically plan for a dynamic and successful innovative development in the university.*

*These findings are also valuable for policy makers in the university and government to promote innovative development for Malaysia as a whole.*

**Keywords:** *innovation, intellectual property rights, research products, university*

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## USING ACTOR-NETWORK THEORY TO ANALYZE THE USAGE OF MYeHALAL SYSTEM : A CONCEPTUAL FRAMEWORK

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### **ABSTRACT**

*In response to the government initiatives for e-government, JAKIM has introduced the e-application system, namely the MYeHalal to facilitate, expedite and streamline applications for halal certification. However, there has been resistance to use the system, as it is complicated and not user-friendly. Due to the necessity to have the halal certificate, there has been a tendency among some applicants resort to hiring consultants to help them apply the halal certificate online. Rather than facilitating the process of applying halal certificate, the online application seem to slow down the progress of their business, which gives impact to growth of the halal industry. Hence, there is an need to have a nuanced understanding of the factors that facilitate the use MYeHalal to suggest ways to facilitate the use of the online system. This paper initiates a discussion of this issue by proposing a conceptual model framed by Actor-Network Theory (ANT) to understand the interplay between the social and the technical actors in the application process using MYeHalal system. It is anticipated that this framework serves as a platform to enhance the use of MYeHalal that facilitates an efficient and fast application of halal certificate online.*

**Keywords:** Actor-Network Theory, MYeHalal System, Usage

## RETURN AND VOLATILITY RELATIONSHIP IN U.S FINANCIAL MARKET: FINANCIAL RISK SPILLOVER IN US EQUITY AND BOND MARKET

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### **ABSTRACT**

*In this paper, we investigate the relationship between volatility and returns in bond and equity markets during the US financial crisis and EU crisis. We use the GARCH estimated volatility to measure stock and bond market volatility. Also VIX index is used to measure stock market volatility and robust check for result. We use vector auto regression (VAR) model and E-GARCH model with stock markets volume changes for measure relation between stock and bond, returns and volatility. Result shows that three important results. First, one lagged stock market volatility increase the short term bond market return. Second, stock market new information which is measured by stock volume changes affects bond market structure. Third, stock market volatility has asymmetric effects on short term and long term bond market volatility. Our findings show strong evidence of risk spillover between US stock market and bond market. Furthermore, our findings have some important implication for financial investor and policy makers for showing the linkage structure between stock market and bond market.*

**Keywords:** *Stock market, Bond market, Financial risk spillover, E-GARCH model*

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## **BOND MARKET SPILLOVERS AND BILATERAL LINKAGES: EVIDENCE FROM EMERGING ECONOMIES**

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### **ABSTRACT**

*Although there are numerous studies that have looked at the spillover effects in equity markets, little attention has been paid to explore the integration of bond markets of developed and emerging economies. Our paper is an attempt to fill this void by quantifying the spillovers from developed countries on the bond markets of 25 emerging economies. We apply volatility and return spillover models to quantify the extent of the spillovers from developed markets (i.e. the US, UK and Japan) into emerging bond markets. We find that the extent of the return spillovers and volatility spillovers has not been symmetric across emerging markets. We explain these differences using bilateral factors such as trade volume, portfolio investment, cultural and geographical factors. The bilateral trade volume turns out to be the leading explanation for the extent of spillovers between our set of countries.*

**Keywords:** *Bond market integration; Volatility; Spillover; Bilateral trade*

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## UNCOVERED INTEREST RATE PARITY AND MONETARY POLICY

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### **ABSTRACT**

*In this paper the validity of the uncovered interest parity (UIP) between the Turkish Lira (TRY)/US Dollar (USD) and Turkish Lira (TRY)/Euro (EUR) are examined. First, we explore the long-run relationship between the expected rate of depreciation of the exchange rate and interest rate differential using the bound testing approach developed by Pesaran et al. (2001). Secondly, we adopt an error correction model to test causality between the variables. Our estimates show that the UIP hypothesis does not hold for either case. In addition, we find that when exchange rate between the TRY/USD depreciates, interest rate differential increases. Therefore, we conclude that the CBRT may increase the domestic interest rate when the Turkish Lira depreciates against US Dollar with the aim of controlling capital movements. This is consistent with the McCallum (1994)'s argument suggesting that monetary policy behavior may distort the UIP condition.*

**Keywords:** ARDL; exchange rates; uncovered interest parity

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## **CLUSTER AS A MANAGMENT TOOL INSTRUMENT AIMED AT BUSINESS EFFICIENCY IMPROVEMENT**

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### **ABSTRACT**

*In economically advanced countries, the concept of clusterization is a generally accepted and extensively used practice. While reasons for the establishment of clusters are numerous, the most notable ones are the influence of clusters on productivity, innovation, development of new businesses and encouraging exports. Clusters enhance the competitiveness of enterprises, stimulate the production of goods and services which will generate revenue in domestic and international markets. Croatia, as a transition country, is faced with many problems, such as declining competitiveness, lack of direct foreign investments, decline of export. Additionally, a major problem is the fact that there are a lot of small enterprises in Croatia that compete with each other. While a number of years is necessary for cluster development from the bottom up, the state is trying to influence cluster development and accelerate the process of cluster assembly. The Poljomehanizacija cluster is one the more successful examples in Croatia, while it clearly shows all the positive effects of clusterization on increasing small enterprise productivity inside a cluster, as well as a cluster in general.*

**Keywords:** *cluster, competitiveness, strategic alliances, economic growth*

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## DEVELOPMENT OF SUSTAINABLE CONSUMPTION THROUGH CONSUMER EDUCATION

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### **ABSTRACT**

*In the article, we have analyzed recent findings on issues like ethical consumption and consumer education. Although, these are discussed very often in foreign journals, very little is known in Slovakia. We really lack relevant information on family consumption habits and patterns. Thus, it could be perceived as a good starting point for our future research on consumer education in order to develop sound consumption habits and sustainable consumption. Foreign researches proved, that the excessive consumption is becoming a serious problem. Consumer education might be a partial solution, which could help to develop better consumer competencies and increase a consumer literacy not only for children, but also for their parents and elderly people, who are not experienced enough to resist modern marketing tools.*

**Keywords:** *Consumer education, consumerism, ethical consumption*

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# DETERMINANTS OF THE SOCIAL NETWORKING USE WITHIN THE TECHNOLOGY-ORGANIZATION- ENVIRONMENT FRAMEWORK: ACROSS INDUSTRY SECTOR

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## **ABSTRACT**

*The main goal of the paper is to measure the influence of technical, organizational and environmental factors on the degree of social network usage in Montenegrin companies. The conceptual model is based on a Technology-Organization-Environment (TOE) framework. The data was analyzed applying regression models for each industry sector of Montenegrin companies. The results revealed substantial variation of the significance ratio of the observed technical, organizational, institutional and environmental factors across industries. The results of this research can be a useful input for managers and ICT policy makers in opportunities and barriers analysis, for a more successful approach to social networks. In other words, the results of this research can be helpful in better understanding of the factors which have the greatest influence in a specific industry. Also, the systematization of the offered characteristics of these three factor categories can be used for future research.*

**Keywords:** *Social media, Social networking, TOE*

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## **FLEXIBILITY AS AN IMPORTANT TOOL FOR SOLVING PROBLEMS OF LABOR MARKETS**

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### **ABSTRACT**

*At the beginning of the 1990s, the European labour markets were often criticised for being too rigid. A higher degree of flexibility was seen as a condition for rising of the growth, productivity and the enablement of the reallocation of jobs towards developing sectors with positive macroeconomic effects manifested by the growth in employment. Globalisation, technological change, demographic development, new information and communication technologies as well as large-scale social changes are generally considered to be the factors that explain the need to implement labour market reforms in the European Union. Since the early 1990s, increased flexibility of the labour market has become a part of the OECD recommendations concerning its strategy of employment growth. Flexibilization of labour markets is one of the key objectives for EU countries on the national and international level in the European Employment Strategy. The use of various measures for a more flexible labour market is considered to be an integral part of the modernization of labour markets, which effectively contribute to solving the current problems, with an emphasis on disadvantaged groups in the labour market. Flexicurity, as a strategy with the aim of jointly enhancing flexibility and security for the benefit of both parties in an employment relationship, was identified as one of the key objectives in advancing European labour markets in the context of the European Employment and the Lisbon Strategy. Adaptation to the changing conditions requires a flexible labour market combined with a certain level of security, which suits both employees and employers. Overall, the effects of globalisation show an increasing tendency of*

*strengthening the flexicurity phenomenon for all workers in the EU, and this is also due to the sustainability of social protection systems. The contribution aims to identify the importance of flexibility including its various forms, as well as the importance of flexicurity of European labour markets within the context of ongoing changes in society.*

**Keywords:** *Flexibility, Flexicurity, Forms of flexibility, Globalisation, Labour market*

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## **PUBLIC DEBT AND ECONOMIC GROWTH IN THE PHILIPPINES: EVIDENCE OF CAUSALITY**

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### **ABSTRACT**

*The 10-point socioeconomic agenda of the newly elected government in the Philippines calls for a massive increase in infrastructure spending over the next few years in order to plug the gap in infrastructure investments, provide a more equitable access to basic infrastructure services, and to propel the economy into a higher economic growth path. The capital expenditure expansion will be funded in part by increased public debt, prompting the government to raise the annual budget deficit ceiling to three percent of GDP. With this development, this paper examines the long run and causal relationship between economic growth and public debt in the Philippines so as to better assess the potential impact of the recent policy initiative. Time series data from 1986 to 2015 were analyzed using the ADF unit root test, Johansen co-integration test, vector error correction model (VECM), and Granger causality technique. The study reveals that there is a long run equilibrium relationship between economic growth, domestic debt and external debt. In particular, external debt has a statistically significant positive impact on economic growth, whereas domestic debt has a statistically significant negative impact on growth in the long run. However, in the short run, only external debt Granger-causes economic growth, indicating a unidirectional causality. There is likewise no*

*significant short run causal relationship between domestic debt and real GDP for both directions. These findings bolster the need for government to continue implementing sound fiscal and prudent debt management policies in order to maximize the positive impact of external debt on economic performance and to mitigate as well the possible adverse effect of domestic debt on growth.*

**Keywords:** *Causality, domestic debt, economic growth, external debt*

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## **INFORMATION SECURITY INCIDENTS: A COMPARISON BETWEEN THE CZECH REPUBLIC AND POLAND**

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### **ABSTRACT**

*Information security, which is defined as a preservation of confidentiality, integrity and availability of information, ensures a continuity of business and limits a damage by preventing and reducing the impact of security incidents. In order to properly incidents management, a knowledge about these threats should be known, especially about their types and numbers of occurrences. The paper describes selected aspects of information security incidents. It considers legal requirements related to the information security in the Czech Republic and Poland and gives some examples of the information security incidents in these countries. The aim of the research was analysis and evaluation of the information security incidents in the Czech Republic and Poland. The analysis was based on the reports of the Government Computer Emergency Response Team (GovCERT.CZ), the Governmental Computer Security Incident Response Team (CERT.GOV.PL) and on the basis of data from the statistics of the National CSIRT of the Czech Republic (CSIRT.CZ) and the CERT Polska (CERT.PL). These teams were appointed to provide several*



*security services, such as for example: research and development in the area of cybersecurity, education and tutoring, support to defend against threats and registration and handling of incidents. Every year the Computer Security Incident Response Teams prepares reports on the status of cyberspace security. According to these reports, the numbers of information security incidents have grown rapidly and it can be argued that the numbers of reported incidents will grow in the future. The current study focuses on the reported incidents from the years 2013 - 2015. A comparative analysis of incidents is quite complicated, because the reports templates are different and the countries have various incidents classifications.*

**Keywords:** *cybersecurity, incidents, information security, reports*

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## **BUSINESS CYCLES SYNCHRONIZATION WITHIN THE EU COUNTRIES: THE SPECTRAL ANALYSIS**

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### **ABSTRACT**

*The nature of the business cycle is one of the widely discussed topics in economic science. The very existence of business cycles is quite controversial. When we add the problem of economic performance to the issue of synchronization between different sets of countries, we come to the subject of our study. In this paper, we deal with the existence as well as the synchronization of business cycles. The synchronization is studied using the spectral analysis. The spectral*

*analysis explores the cyclical patterns of data, and its main purpose is to decompose original series into an infinite sum of periodic functions, each of which has a different frequency. The advantage and uniqueness of spectral analysis are that it enables the identification and characterization of nonlinear trends and the dominant cycle, including perennial and seasonal components which characterize each time series. The aim of this paper is to determine the existence of the business cycle and evaluate the synchronization process within the EU member states. By studying the data on the gross domestic product and related macroeconomic variables for the EU countries, we offer some conclusions on the nature of business cycle synchronization, cyclical regularities, and macroeconomic interdependence.*

**Keywords:** *advanced time series analysis, economic cycles, spectral analysis, synchronization, EU*

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## **A NEW CREATIVE MODEL OF DA'WAH AS A MEDIUM OF ECONOMIC DEVELOPMENT IN INDONESIA**

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### **ABSTRACT**

*K.H. Muhammad Zaini Abdul Ghani known as Guru Sekumpul is a famous ulema in South Kalimantan, Indonesia for his concept in da'wah as he does not only preach delivering religious believe but also develops economic base benefitted the community. Guru Sekumpul builds and develops methods in preaching called da'wah bil-lisan, da'wah bil-hal, and da'wah bit-tadwin. da'wah bil-lisan is delivering a very interesting and enhancing summon that the recitation attracts up*

*to 200,000 people. da'wah bil-hal is to practice what you preach the concept of Islamic economics reflected in where Guru Sekumpul establishes Al-Zahra Group Company with 108 products. With this concept, Sekumpul area which was once a wasteland now turns into a Satellites Sacred City of Sekumpul with tremendous economic development combining symbols of religion in terms of religious favor and the excitement to grow economic aspects. da'wah bit-tadwin is delivering the religious thought through written works. The masterpiece works of Guru Sekumpul is provided for free for those who want to deepen the study in the premises including food and drink as well as a wide range of facilities. da'wah supported by the economic capability of the preacher (Guru Sekumpul) creates path for economic growth and development of society favoring and practicing Islamic economics.*

**Keywords:** *da'wah, Guru Sekumpul, Indonesia, Islamic Economics, Ulema*

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## **ANTECEDENTS OF WILLINGNESS TO PAY A PRICE PREMIUM**

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### **ABSTRACT**

*Price has become a crucial element plays a key role in deciding which goods or services be purchased, especially in underdeveloped and emerging markets. However, there are some critical values surpass the amount of money will be pay. Taking into consideration of the definition of Willingness to pay a price Premium which says it is the highest price level consumers are willing to pay to buy a good or service, it can be said that it is a situation that can be achieved by the positive comparison of the value that consumers will get against the cost elements they will endure. Having information about which factors*

*motivate consumers to have a willingness to pay a price Premium plays an important role for firms in securing the slippery floor in which they operate. From this point of view, this paper attempts to shed light on the antecedents of consumers' willingness to pay a price Premium. The key research question in that study is what makes consumers willing to pay more? Is there any difference between the impacts of those antecedents on the willingness? If yes, which effects of factors have more impact, independently from others? Data were collected from a random sample from Gaziantep which is one of big cities of Turkey through questionnaires.*

*Because the model of this study aims to find out under which effects does the consumers decide to pay high price, we emphasize on the factors of brand equity, Perceived social image, perceived uniqueness, Green brand image, Brand reputation, Brand Effect, Brand logo which are predicted that have an effect on the willingness to pay a price Premium.*

**Keywords:** *Price premium, Brand Equity, Brand logos, Brand Reputation, Image*

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## MACROECONOMIC DETERMINANTS OF UNEMPLOYMENT IN CROATIA: SUBSET VEC MODEL

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### **ABSTRACT**

*Maintaining low unemployment rate is one of the most important objectives of economic policy. Economic policy affects unemployment mainly through monetary and fiscal policy, trying to affect aggregate supply and demand for goods and services. In Croatia, unemployment rate is significantly higher in relation to other countries of the European Union (EU) and represents a big problem for economic policy creators. Many studies show that unemployment depends on several factors. Therefore, the aim of this study is to determine the impact of productivity, prices and real wages on unemployment in Croatia. For this purpose, the subset vector error correction (VEC) model is applied. The results indicate the existence of two stable cointegration relationships between the variables whereby an increase in productivity, prices and wages lead to a decrease in unemployment.*  
**Keywords:** *Cointegration, Croatia, Subset VEC model, Unemployment*

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## ANALYSIS OF FOREIGN DIRECT INVESTMENT AS A TOOL OF REGIONAL DEVELOPMENT

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### **ABSTRACT**

*Globalization represents a phenomenon of the contemporary world. It is characterized by open borders, constantly turbulent changes, and freedom of movement of goods, services, capital and people. Each country tends to provide greater economic development in the domestic economy and higher living standards for its citizens.*

*The regional development can be defined as a government program which aims to promote industrial development and economic and social regions afflicted by unemployment or other bad economic and social situation. The main objective of the research article is to define and to analyze the foreign investment as a tool of regional development. The relationship between foreign direct investment (FDI) and economic growth is the subject of longstanding debates.*

*These foreign investments represent one of the main factors for economic development that can have positive implications for employment and growth in gross domestic product by creating jobs, boosting productivity and competitiveness, industrial specialization, transfer of sophisticated technology and providing fast access to the global market.*

*The basic problem of the regional development is the decreasing of the differences which are considered as negative between the regions and States, also called disparities that are occurring. But, the target would be the maintenance of the strong sites in those regions, especially in the area of the regional diversity existence.*

*To ensure the effective development, the important point derives from the analysis of the factors influencing the increase of the regional competitiveness and the realization of the targeted activities and projects with objective to decrease disparities, to harmonize development, to ensure regional diversities.*

**Keywords:** *economic growth, foreign direct investment, regional development*

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## **THE MODEL OF STABILITY OF THE PORTFOLIO FOR THE MORTGAGE FINANCING**

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### **ABSTRACT**

*The main subject of this paper is to analyze the financial advisory with focus on the acquisition and the securitization of housing. Financial advisory represents a service offering an independent view to the management of the portfolio of an individual client. The main benefit of the service, for the individual client, is the expertise, individual care, independence, availability of services regardless of the opening hours of financial institutions. The research paper is processed by using specific methods that were selected with an emphasis on the need to generate background data in order to build the Model of stability of the portfolio for mortgage financing. There were used especially those methods: (1) semi-structured interviews with financial intermediaries, (2) questionnaires, (3) analysis of existing financial portfolios, (4) analysis of the supply of mortgage loans from specific banks in the Slovak Republic. The output is the Model of stability of the portfolio for mortgage financing. The model provides the background data for right decisions in the process of applying for a mortgage.*

*Functionality of Model of stability of the portfolio for mortgage financing will be verified by application to particular cases of client's portfolios. The proposed Model of stability of the portfolio for mortgage financing will benefit the applicants for a mortgage, because model provides them the information if their actual revenue is high enough for the requested mortgage. Nowadays many people have turned for advice to financial advisors and intermediaries. The proposed Model of stability of the portfolio for mortgage financing provides the opportunity to check the suitability of the proposed solution, not just blindly trust the skills and knowledge adviser or intermediary. Finally, it may be beneficial for intermediaries and consultants.*

**Keywords:** *financing, mortgage, portfolio, stability*

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## **ADOLESCENTS' PERCEPTION OF CELEBRITIES IN SOCIAL ADVERTISING: ACTIVATION OF TRANSACTIONAL ANALYSIS EGO STATES**

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### **ABSTRACT**

*Celebrities and famous people in general have a high potential for creating and modifying the attitudes and preferences of so-called "ordinary people". From a marketing point of view, they are a unique and effective way of communicating with the consumer. The use of celebrities in marketing activities is inherent in both the commercial as well as a non-commercial sectors. The presented contribution concentrates on the perception of the concepts SELF and the CELEBRITY by adolescents. The study presents results of original exploratory research composed of two phases. The first phase of study applies a method of semantic differential reflecting how adolescents perceive selected celebrities with regards to attractiveness, credibility and likeability.*

*Profiles of the SELF and CELEBRITY concepts are then analysed concentrating on the activation of the transactional analysis ego states. Results of the second phase of the study present how age cohorts of adolescents perceive examined concepts along the lines of dominant*

*ego states. The design of the research study demonstrates the application of transactional analysis as the original psychological theory in the research of marketing communications. Using this innovative method we have recorded the perception of celebrities in social advertising among adolescents. It highlights the specific perception of the phenomenon of celebrity at the level of the mensa ego state-Parent, Adult and Child within the defined target group. The application of transactional analysis concentrated solely on the category of recommended celebrities introduces an innovative approach of examining this phenomenon with a high potential for forming the basis of the further practical application of celebrity support.*

**Keywords:** *adolescents, celebrity endorsement, social advertising, transactional analyses, semantic differential*

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## **ASPECTS OF THE STRATEGIC MANAGEMENT IMPLEMENTATION AND ASSESSMENT STAGE REALIZATION IN LATVIAN TRADE UNIONS**

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### **ABSTRACT**

*At the start of this century NGOs became organisations that were engaged in social, political, environmental and economical processes at a national and international level. The special role of trade unions as NGOs involves the aspect of social partnership – unlimited partnership agreements and a social dialogue are an inherent part of the European social model. In order for Latvian trade unions to not only survive in today's changing environment, but also to develop and strengthen their impact on processes in public administration, emphasis should be put on developing strategic management in these organisations.*

*The topicality and scientific importance of the study is based on several factors: decreasing number of members in Latvian and European trade unions; little research on European and Latvian trade union work, especially with regards to the strategic management. Methods applied in the research: theoretical research methods: content analysis of management science literature. Empirical research methods: analysis of documents and expert interviews with chairmen of Latvian trade unions. Aim of the study is to justify the realisation options of the implementation and evaluation phase of strategic management. Tasks of the study: analyse the scientific literature on trade union strategic management; develop the process of Latvian trade union strategic management implementation and evaluation phase. The main results of the study show that the implementation and evaluation stage is an important part of the strategic management process. The author has formulated the main areas for trade union goal setting and has developed a methodology for assessing the strategic management implementation considering specific criteria and indicators.*

**Keywords:** *strategy evaluation, strategy implementation, strategic management, trade unions*

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## **MEASURING THE CELEBRITY: CONTEMPORARY METRICS OF FAME**

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### **ABSTRACT**

*A concept of celebrity plays important role in many disciplines, including cultural, media and marketing studies. From the perspective of theory but especially media practice, it is necessary to analyze this*

*concept as something measurable, as there is lots of evidence of different kinds and levels of fame. Today, there are several tools of measuring the qualities of celebrities created and used in order to make their characteristics more concrete and better traded. In following paper we present and analyze various metrics used for mentioned purpose: Ulmer's Scale, Q-score, E-score, Davie-Brown Index and others. Our primary aim is to provide the most current information on this field, particularly in connection to the bankability of celebrities as media and marketing products.*

**Keywords:** *Celebrity, Fame, Metrics of Fame*

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## **COMPARATIVE ANALYSIS OF MARKETING COMMUNICATION STRATEGY ON SOCIAL NETWORKS: CASE STUDY OF PRESIDENTIAL CANDIDATES DONALD TRUMP AND HILLARY CLINTON**

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### **ABSTRACT**

*In the past ten years, with a rapid development of the Internet and digital technology in general, new trends have developed in marketing communication of all types of industries and in political marketing*

*communication as well. The Internet, and social networks in particular, have become the integral part of integrated political marketing communication and consequently are in the function of branding a political party or a political candidate. The implementation of social networks in political campaigns has enabled direct feedback from a potential voter. Based on this fact, communication during a political campaign can be developed in line with desires and preferences of the electorate. Key messages of a political campaign find a direct way to the electorate through social networks as they offer a possibility of selecting target groups towards which all promotional activities are directed. Additionally, social networks make an ideal channel for content marketing whose primary goal is to attract new voters. Precisely the new voters are the decisive factor in making the decision who to vote for in the elections. The fundamental goal of this research is to establish how the candidates in the US Presidential Elections used social networks in their campaigns and to determine the differentiation in marketing communication strategy on social networks of presidential candidates Donald Trump and Hillary Clinton. Based on the obtained results it can be concluded how Donald Trump used social networks Facebook, Twitter and Instagram to motivate his target group as well as new voters to vote in the election and consequently secure his victory. Despite the boycott of all major mainstream media, Donald Trump managed to convey the key messages of his presidential campaign to the citizens of the US using unconventional marketing strategy, and thus securing majority electoral vote and winning the US presidential election 2016.*

**Keywords:** *social networks, political marketing, US presidential elections, Donald Trump, Hillary Clinton*

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## EMOTIONS IN ADVERTISING AND THE IMPORTANCE OF THE STORY AND CHARACTER

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### **ABSTRACT**

*The article deals with the issue of emotions in advertising, which is investigated in relation to the success and likeability of advertisements themselves. This issue is illustrated directly on several successful examples from Slovak environment. Since numerous scientific approaches consider human facial expressions as the most accurate representation of the internal human experiences, theoretical conclusions are supported by the results of measurements using software Emotion ID. It is a software solution that analyses the responses of people watching the video and transcribe them into statistical data. In addition to the relationship between positive emotions and eventual success of advertising, also other aspects are involved in the process. Since the recipient does not rate advertising according to every viewed moment, as in the most successful Slovak ads, we can observe basic function of the so-called peak-end effect. According to this theory are human emotions based on several key moments in the narrative of the ad. Results showed that with proper application of this pattern, the maximum intensity of the experience manifests itself most precisely at those respondents who reportedly seen advertising message several times. Another area on which the article focuses is building the characters that appear in commercials. Important is not just only their believability, but also consistency and motivation. In this paper, we seek to unravel the relationship between the success and likeability of advertisements and the human emotions by examining the importance of peak-end experience and elements relating to character.*

**Keywords:** *Advertising, Emotions, Character, Peak-end rule*

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## CELEBRITIES IN SOCIAL ADVERTISEMENT: PSYCHOSOMATIC PERSPECTIVE

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### **ABSTRACT**

*Research study identifies cognitive aspects of subjective perception of social phenomena of using celebrities in social advertisement. Theoretical starting points of the study accentuate persuasive/recommendatory models of using the celebrities in marketing communication and theoretical concepts of self in specific area of perception of social advertisement by adolescents. By using the psychosomatic methods – qualitative content analysis of essays with subject "Celebrities and social advertisement" and test of semantic selection (author modified) – we were inquiring about subjective perception of adolescents concerning using celebrities in social advertisement. Results point out a critical approach of adolescents to using celebrities in social advertisement.*

**Keywords:** *Adolescents, Celebrity, Marketing communication, Self, Social advertisement*

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## **ENERGY EFFICIENCY PROJECTS OF BUDGET BENEFICIARIES AND ITS IMPACT ON REGIONAL ECONOMY**

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### **ABSTRACT**

*Local and regional government (further: government) have multifunctional scope. Its activities are limited primarily by financial resources, which highlights the major principle of "good government" that involves selection of projects and programs with best investments effects. In times of economic downturn, criticism and expectations of public opinion is focused primarily on governments' ability to, through the carried-out projects and programs, not only create, but also stimulate economic growth. It is questionable how and how much the implementation of energy efficiency projects affects the regional economic growth. Knowing that on European, national and regional level significant financial resources are planned for energy efficiency project, made us believe that inefficiency could be chance for justified investment projects that could have impact on economic growth. The*



*key research questions addressed in this paper are: 1) what are the range of benefits from energy efficiency for regional economic growth, 2) what is the value of investments and payback period, estimated employment and environmental effects of energy efficiency projects after renewal implementation and 3) what are the main policy remarks (challenges) of energy renewal implementation. After defining economic effects of energy efficiency projects, energetic and environmental impacts of implemented energy efficiency projects in seven budget beneficiaries of Osijek-Baranja County of The Republic of Croatia have been analyzed. Results have led to conclusions and defining policy remarks about impact of those projects on regional economic growth.*

**Keywords:** *Energy efficiency, Economic impact, Cost-benefit analysis*

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## **TRANSITION COUNTRIES IN THE GLOBALISATION PROCESS – RESIGNATION TO THEIR FATE OR LATE AWAKENING**

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### **ABSTRACT**

*Both in the daily politics as well in the academic economic literature, the globalisation process is too readily equated with the process of stepping up the economic integrations in the world, achieving a „new world order“ etc. Moreover, the idea is that the current „system“ is working and that all we need to address is only the "issue" of how to further foster the functioning of the world's economy, as the only possibly economy. Without denying the existence of the global system, we believe that this is merely the "sweet talk" of the many advocates of the neo-liberal concept, Washington consensus and other so-called hyper-globalists. Globalisation is a complex historical and social phenomenon which has marked our era and whose mechanism should be further and deeper investigated, especially when it comes to the current positions and development perspectives for the less developed*

*countries. Our intention in this paper is to seek an answer to the question of whether, and if so, how, the former socialist, generally less developed economies can survive in the conditions of the ever more intense globalisation and the widening gap between the developed and the undeveloped countries, as well as between the rich and the poor, both globally and within individual countries. The courses of action to be taken are but a few: they can either resign to their fate or put their past behind them. Basically, this would be a late awakening with the necessary reprogramming of the current models, which, in our opinion, requires a new development paradigm based on knowledge and reinstalling the concept of (re)industrialisation.*

**Keywords:** *Globalisation, Transition, New economy, Competitiveness, Reindustrialisation*

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## **TOWARDS AN ECOLOGICAL SOCIETY**

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### **ABSTRACT**

*The most essential problem of humankind awaiting an urgent solution is the planetary ecological collapse. It is determined that the risks formed in the shape of ecological and high technological risks and threatening every living being in the earth emerge completely in the consequence of decisions taken. Thus there is a need for social change and it is possible to create an ecological society including not only political institutions and economic relations but also consciousness, life style and the meaning attributed to life. Capitalist, growth-based, rent-seeking, anti-democratic and against nature decisions and practices prevent the citizens having an ecological life. The water we drink, the air we breathe, the food we eat, our houses and cities are thoroughly contaminated, made unhealthy by the hands of the capital and ecological principles are ignored. Today in most parts of the world ecological movements have started and the governments have started planning towards an ecological society. One of the ways to prevent the*

*destruction of living spaces of all living creatures; reduce consumption, production, growth, rent-stating society, industrialization, urbanization by means of neoliberal policy is to build a demand on "Ecological Society" and allow a creation of eco-citizenship by enabling citizens' participation. The aim of this study is to search, examine and explain the answers of such questions as "What is an ecological society?", "How is an ecological society formed?" "What principles is an ecological society based on?" and "What are the other ways of citizen participation?" through historical materialism and critical methods. The findings are evaluated through gathering data from United Nations and national formal documents, written and visual materials of non-governmental organizations' demands and actions.*

**Keywords:** *Eco-sociology; ecological society; ecological living; transition, eco-citizen; democracy*

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## **GLOBAL VERSUS LOCAL KNOWLEDGE IN DIY ECONOMY**

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### **ABSTRACT**

*According to Charles Handy (2015) whether we like it or not we are forced to move into a DIY (Do It Yourself) economy. Farmers of this new DIY economy, who use the tools and means of the information age for problem solving, best practice sharing, or implementing new business models from the rise of the collaborative consumption can be called cyber farmers. To solve problems in real life we look for information, knowledge in many ways by formal, informal learning, experience sharing. The wide spread of information technology, social media globally has a significant impact on the knowledge sharing, experience mining. The knowledge gathered from the available sources over the internet is accidental also the application of this knowledge locally in a global environment raises many questions.*

*Nicholas Carr (2016) in one of his blogs talks about the illusion of knowledge, how the internet is making us shallow, but at the same time giving us the illusion that our knowledge is deep. In today's environment with around 8000 disciplines, by specializing in one or couple would mean to ignore more than 7990 (Nicolescu, 2002). This leads to the need of transdisciplinary approach, which would mean to not only look at certain problems from one or more disciplines, but go beyond the disciplines. In the process to mind, validate the knowledge available globally the following have to be considered (1) consistency of the accessible knowledge; this relates to the notion of internal validity, (2) relevance of the consistent knowledge; this relates to the notion of construct validity and (3) applicability of the relevant knowledge; this relates to the notion of external validity. The aim of this paper is to show a model for cyber farmers to help their learning process in the DIY economy.*

**Keywords:** *applicability of knowledge, consistency of knowledge, relevance of knowledge, transdisciplinarity, DIY economy*

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## **EQUITY CROWDFUNDING**

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### **ABSTRACT**

*Equity crowdfunding is an exciting new development on the financial market, allowing a wide range of investors to acquire equity in a company through an internet platform. Yet, due to the inherent complications of the model, which is traditionally heavily regulated by various legal restrictions, it is the slowest growing of the four most eminent crowdfunding models to gain widespread recognition.*

*Advantages of equity crowdfunding are greater financing options and lower fixed costs as opposed to going public with an IPO, while the biggest disadvantage to investors is the information asymmetry and therefore the danger of a false or fraudulent investment. As the financial regulations for investments went in the direction of increased investor security following the economic crisis of 2007, such development seemingly impaired the development of equity crowdfunding. Today, two opposing visions of crowdfunding development can be seen – regulation camp, seeking to increase the legal restrictions for investments and therefore provide additional security, and liberal camp, seeking to lift the restrictions and therefore improve access to this new innovative source of financing. The clash is nowhere more obvious than in the development of equity crowdfunding. Where direct investments are restricted, new innovative ways to circumvent them were invented. Given the inherent international potential of internet platforms and therefore crowdfunding in general, differentiating legal regulation, especially noticeable on the EU level, prevents the crowdfunding from reaching its full potential. This paper will analyse the advantages and disadvantages of the equity crowdfunding, analyse the regulation on the main crowdfunding markets, gather research data from public sources and conclude that the countries which regulated and allowed investments through the equity crowdfunding model have better chances of successfully funding SME and startup companies through providing alternative financing option of equity crowdfunding.*

**Keywords:** *Equity crowdfunding, financing, innovation, regulation, investment security*

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## THE EFFECTS OF ORGANIZATIONAL CYNICISM ON TURNOVER INTENTION: A SURVEY IN HOSPITALITY INDUSTRY

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### ABSTRACT

*In the recent years organizational commitment started to be an important matter between psychology, sociology, social psychology and organizational behavior branches. Employees with a high commitment to the organization are deeply connected to the organization's goals and objectives they fulfill their duties properly and it costs nearly three times an employee's salary to replace someone, which includes recruitment, severance, lost productivity and lost opportunities.*

*Employees leave organizations for many reasons like lack of commitment, motivation and organizational cynicism. Organizational cynicism is the employees' negative emotion against organization. This behavior of employees in the organization are caused by emotions such as disbelief and distrust. The aim of this study is to search the effects of general cynicism levels, organizational cynicism levels, negative attitudes and their effect over turnover intention and organizational commitment.*

*For this purpose data obtained by the questionnaire; cynicism perceptions and level of intention to leave were tested through hotel industry located in İstanbul. 375 questionnaires were accepted and statistically evaluated.*

*Desired analysis has been applied in order to determine the general cynicism and organizational cynicism and their effect to turnover intention.*

*As a result of analysis of the obtained results, a significant correlation was found between organizational commitment and turnover intention.*

**Keywords:** *Cynicism, organizational commitment, turnover intention, hotel industry*

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## **NATURAL MONOPOLY REGULATION: THE CASE OF WATER SUPPLY IN CROATIA**

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### **ABSTRACT**

*The Natural Monopoly in the water supply in Croatia, its organization and water management are been analyzed in this paper because water is the basis of life. The Natural Monopoly is a market structure created by the subadditivity of costs. Due to the negotiation process, the Croatian legal regulations were harmonized with the EU Directives. Croatia is a water wealthy country and is responsible for the efficient use of its good. Water financing, which components define the price that consumers pay for the service, applicable acts in the sector of water supply, are analyzed in this paper. Regulation in water supply is needed, and the best option is an independent regulator, who will be most focused on controlling prices, and efficiency in the water supply in general. In the Strategy of Croatian Waters there is an idea of passing the ownership of Water supply and noneconomic price in the future from public to municipalities and cities.*

**Keywords:** *Natural monopoly, water supply, water management, water price, regulation*

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## **SAFEGUARDING TRANSFER OF SECURITIES IN THE CONDITIONS OF THE SLOVAK REPUBLIC**

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### **ABSTRACT**

*Execution of subjective rights and duties resulting from obligations is ensured by a system of legal guarantees. In the broadest sense, this guarantee is provided through the existence of civil and commercial law itself. In the narrower sense, the civil law guarantees lie in an exact definition of subjective rights and duties that follow in case the duties from obligations were not performed properly and on time. (Cirák, 2008) In this concept however, the decisive guarantee remains the ability of the eligible person, i.e. the creditor, to seek judicial protection of his rights. Securities Act distinguishes between safeguarding obligations through contractual and statutory lien as well as through safeguarding transfer of securities.*



*In cases of safeguarding of obligations the rights and duties of participating subjects are primarily following provisions of Securities Act and provisions of Civil Code, Art. 151a through Art. 151me on liens, and Art. 553 through Art. 553e on safeguarding obligations through transfer of rights, are followed as subsidiary regulations. (Stoličn, 2012)*

**Keywords:** *Civil Code, obligation, safeguarding transfer, securities, Securities Act*

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## **THE PERFORMANCE OF THE INVESTMENT TRUST INDUSTRY: EVIDENCE FROM CROATIA**

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### **ABSTRACT**

*This research paper deals with the performance analysis of money market UCITS funds which represent the dominant type of open-end investment funds with a public offering, in terms of net asset value. Referring to the period from the January 1, 2014 to December 31, 2016, this research was carried out on a sample of 17 selected money market UCITS funds in the Republic of Croatia, which were treated separately according to the few key data, like investment funds' net assets, number of investment funds, and investment structure. Management performance was analysed using descriptive analysis, but also by means of risk-adjusted return measures using Sharpe and Sortino ratios.*

*Selected 17 UCITS money market funds (MMF) for the purpose of this research are Allianz Cash, Auctor Cash, Erste Euro – Money, Erste Money, HPB Euronovčani, HPB Novčani, Locusta Cash, NETA MultiCash, OTP euro novčani, OTP novčani, PBZ Dollar, PBZ Euro novčani, PBZ Novčani, Raiffeisen Cash, Raiffeisen euroCash, ZB europlus, ZB plus.*

**Keywords:** *Croatia, money market UCITS funds, investment funds' net assets, downside deviation, Sharpe ratio, Sortino ratio*

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## **NEW DIGITAL CONSUMER TRENDS AND CONSUMER PROTECTION RIGHTS CHALLENGES OF CROATIA AND EU IN INFORMATION ECONOMY**

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### **ABSTRACT**

*New digital consumer trends are developing with the continuous rise of the information technologies while new information tools for making purchasing decisions emerge providing consumers with an ever wider choice available online 24 hours a day. The new digital products and services have also emerged but together with this new evolution the new privacy and personal data protection challenges have been encountered. Data processing, especially processing of personal data, developed the need for increasing privacy protection with regards to new digital products and services, such as internet of things. This could be done in the framework of the on-going revision of EU data protection framework but also the protection of consumer rights will need to follow the revision in the same context. Action should also be taken in order to protect consumers from unfair contract terms and offer them effective dispute resolution in a global and internet-based context (with special regard for cloud computing services). In addition, the reduced frontier between digital services and products may create legal uncertainty and protections of citizens's privacy with respect to the definition of digital economy new surroundings.*

*In this paper, the author will present the new emerging digital consumer trends with regulation overview of consumer protection rights in the Republic of Croatia and in the EU as well with emphasis on the possible challenges associated to them. It aims at contributing to the reflection on future policy actions that would improve consumer protection on EU level and it's empowerment which will result with better protection of consumers rights in fast growing digital economy.*

**Keywords:** *consumer protection rights, data processing, data protection, information economy, digital single market, EU, legal framework, personal data, regulation*

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## **SPECIFIC CHARACTERISTICS OF CONTRACT ON PURCHASE OF SECURITY UNDER CONDITIONS IN THE SLOVAK REPUBLIC**

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### **ABSTRACT**

*Capital market as a complex of institutions and transactions, mechanism of demand and offer for medium-term and long-term monetary capital represents the part of financial market, where the movement of securities takes place and it is the part of every functioning market economy. After 1989, securities have become substantial tool in*

*companies' management, whose main goal was to store and evaluate free funds and invest them in securities. It is not possible to be successful without the knowledge of legal regulation of securities on the securities market. (Piškanin, 2006) The main goal of this paper is to examine the issue of contract of purchase of security in the conditions of the Slovak Republic. The essential legal enactments except the Constitution of the Slovak Republic are Act about securities and investment services, Commercial Code and Civil Code. (Drgonec, 2012) The content of the paper is anchored in the area of financial management, however it also offers the outstanding overlaps into the area of constitutional and commercial law. It has the effects of multidisciplinary and also international legal research of the issue, whose concept and legal regulation remains to a large extent, after years of professional and amateur discussions (not only) in the Slovak legal environment unfinished*

**Keywords:** *act, contract of purchase, financial management, securities,*

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## OPTIMAL MANUFACTURING QUANTITY FOR SCREENING EQUIPMENT POLICY WITH IMPERFECT PRODUCTION PROCESS

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### **ABSTRACT**

*The trading-off between quality requirements and quality costs are an important issue. This study derives an optimal order quantity and the optimal number of screening equipment such that the total profit per manufactured batch is maximized. Illustrative case studies, numerical examples, and sensitivity analysis are presented to demonstrate the proposed model.*

**Keywords:** *Screening equipment, Imperfect production process, Quality costs*

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## ACCEPTANCE OF CLOUD ERP SYSTEMS IN CROATIAN COMPANIES: ANALYSIS OF KEY DRIVERS AND BARRIERS

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### **ABSTRACT**

*In previous research, we determined an actual state of application of business information systems in Croatian companies. With regard to technological developments in Cloud Computing and Software as a service (SaaS) licensing models, a Cloud ERP systems are imposed as possible solution for raising the level of using information systems in businesses. So, the focus of this research was shifted to identify the level of readiness of accepting Cloud ERP systems in Croatian companies. The study is based on the literature review, where key drivers and barriers were systematized. Next, the online survey was designed and conducted among Croatian companies, with responses from total of 74 companies. Survey results gives the perception of the importance of certain key drivers and barriers for accepting Cloud ERP system in Croatian companies. The most important key drivers, according to this research are: ubiquity and availability; easier upgrade; low initial investment and faster and easier implementation. Our research recognized following barriers as the most important: problems related to security; privacy and confidentiality; and problem of compatibility and integration with other existing systems.*

**Keywords:** *Acceptance of cloud ERP systems, ERP, cloud ERP systems, key drivers, barriers*

## THE IMPACT OF ENTERPRISE SOCIAL NETWORKS ON MANAGEMENT PROCESS IN THE CZECH REPUBLIC

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### **ABSTRACT**

*The process of globalization affects economic consequences in business and management. Due to globalization, there are various key changes, especially the rapid development of information technology. Effective management and leadership involve creative problem solving, motivating employees and making sure the organization accomplishes goals. Managers addresses the issue of the significance and financial and non-financial benefits of information technology to business management. For manager thinking about investing in IT for the first time, picking the right technical tool for organization is not easy. Different platforms can cater for the needs of different kinds of businesses. Enterprise Social Network is one of many information tools. The aim of this paper is to provide an answer to the research question of the impact of Enterprise Social Networks on the management process. Research methodology is based on questionnaire survey in the Czech Republic. The research includes both sequential and parallel managerial functions. The determined hypothesis focuses managers' decision-making process. Whether corporate social network has an impact on the decision-making process managers is explored. The research results presented influence of the Enterprise Social Networks on the managerial functions. Research results show that Enterprise Social Networks are an increasingly common part of the modern workplace, and in cases, replacing intranets. The emergence of consumerized IT has lead employees to expect user-friendly systems that offer functionality. This paper discusses whether Enterprise Social Networks are becoming increasingly popular worldwide in enterprise / business.*

**Keywords:** *Information Systems, Enterprise Social Networks, Functions of Management, Organizations*

## AN ANALYSIS OF LEVEL OF NET WORKING CAPITAL IN COMPANIES OPERATING IN PURCHASING GROUPS

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### **ABSTRACT**

*Management of net working capital is a very complex process since it concerns assets as well as the very important parts of liabilities, i.e. current liabilities. Working capital is a buffer that protects the company against the loss of liquidity. It should be positive for the safety of the operation of businesses. However, its too high the level means unnecessary costs that are incurred by the company. Therefore, the determination of the optimal level of net working capital has a large impact on the profitability of the company and its capabilities of current liabilities regulation. Bankruptcies of large enterprises, payment backlogs and increasing competition in the markets makes it difficult to define a strategy of working capital which will let managers determine the optimal level of safety in order to keep safety in the market. In addition, the management process of net working capital hinders the operation of enterprises in the purchasing groups. The specificity of the functioning of purchasing groups is based on joint purchasing. Therefore, common operation has a large impact on the management of various elements which shape the level of net working capital, i.e. inventories, receivables and short-term and long-term liabilities. The aim of this paper is to analyze the level of net working capital in 32 commercial companies operating in the Polish purchasing organizations. To perform the analysis the financial data derived from financial statements for 2013-2015 were analyzed. For the research the selected financial indices were applied and a preliminary financial analysis of the selected items was conducted. The analysis is expected to provide information if the units tested have an excess or deficiency of the optimal size of net working capital. Research also aims to answer what management strategies of working capital the commercial enterprises pursue, and in which areas of management of net working capital the managers of enterprises should introduce measures leading to optimize the level of working capital.*

**Keywords:** *net working capital, purchasing groups, strategies*



## **IDENTIFICATION OF STAGE PHASE GROWTH IN THE CHECKLIST METHOD USING DIFFERENT STATISTICAL PARAMETERS**

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### **ABSTRACT**

*Check-list method is one of the method which can be applied to analysis of phase stage in analysis of growth. The application of this method means obtaining answers to a list of statements describing a status of development of a company. The method corresponds with the basis four-phase model of development of an organization including the following phases: establishment, growth, maturity and decline was accepted for analysis of a company. For each of the developmental phases a separate control list was prepared, each one includes 15 synthetic criteria and 42 analytical criteria. A total number of analytical criteria amounts to 168 and they are the identifiers of developmental phases. Statistical analysis of obtained research results of quantitative character is to support a process of identification of a phase of a company development. Various estimators may be taken into account for statistical analyses. The article discusses the interpretation of research results obtained for a company, bearing in mind various estimators of central tendency and variability.*

**Keywords:** *Check-list, Management, Phase growth, Statistical analysis*

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**RELATIVE EFFECTS OF TRUST AND SERVICE  
QUALITY ASSESSMENTS ON PERCEPTIONS OF  
RELATIONSHIP QUALITY IN INTERFIRM RELATIONS  
IN THE CONTEXT OF CONVENTIONAL  
DISTRIBUTION CHANNELS**

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**ABSTRACT**

*This paper attempts to shed light on the role of trust and service quality on relationship quality. Building long-term and high quality inter-firm relationships is imperative for efficient and effective management of distribution channels. The study focuses on the relative effects of two critical factors on assessments of relationship quality in conventional distribution channels, namely, perceived service quality of the exchange partner and degree of -affective and cognitive- trust placed in the exchange partner. Data were collected from a random sample of 458 firms operating in two big cities of Turkey through questionnaires. Findings of regressions indicate that cognitive trust, affective trust and service quality have a positive and strong impact on relationship quality, independently from each other.*

**Keywords:** *Interfirm Relations, Trust, Service Quality, Relationship Quality*

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## THE EFFECT OF FAIR VALUE AND HISTORICAL COST ON FINANCIAL PERFORMANCE – A COMPARATIVE OUTLOOK

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### **ABSTRACT**

*The changes taking place in today's economy have led to the reconsideration and the redefinition of the goals for business activities and the ways in which these might be conducted. Therefore, a need has arisen to have another look at the reasonability of financial reporting as well. In many cases traditional financial statements proved to be inadequate. That is why efforts were initiated in order to implement an integrated system for combining financial reporting with CSR (Corporate Social Responsibility) reporting [Maćkowiak E. 2014: 183]. As a result, an integrated reporting approach was developed to present financial and non-financial data. The problem of how to ensure the disclosure of non-financial information was addressed by Directive No. 2013/34/EU on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC.*

**Keywords:** *historical cost, fair value, value, financial statements*

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## DEVELOPMENT OF AN INNOVATIVE MANAGEMENT MODEL USING METHOD ENGINEERING

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### **ABSTRACT**

*Organizational systems transform input to output, creating thereby added value. The use of different management methods ensures that the transformation process is focused on achieving long-term objectives that are defined in the strategic plan, so organizations can realize growth and development. Thereby, many methods can't be used in standard and exactly the same way every time and in every development challenge and often it is not also enough to apply a single management method. It is necessary to find an appropriate way to customize generic methods to specific circumstances of the development project or undertaking. This paper will describe how to develop an innovative and unique management model by combining two management methods, one for performance measurement and one for quality management, using method engineering.*

**Keywords:** *transformation process, management methods, method engineering*

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## FACTORS AFFECTING BANKRUPTCY RISK: AN APPLICATION ON BORSA ISTANBUL

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### **ABSTRACT**

*The aim of this paper is to reveal the factors affecting bankruptcy risk. In the paper, the factors affecting capital structure is examined by testing 79 Turkish manufacturing firms traded on Borsa Istanbul, with 474 observations from 2010 to 2015. Using Modified Altman's Z-score as proxy for bankruptcy risk on panel data analysis, the significant relationships are found between independent variables and bankruptcy risk. Profitability, leverage, size, liquidity, growth, age, firm value, dividend payments, derivative usage dummy, and ownership structure are used as the firm's specific variables that affect financial distress. In addition, Ante Pulic's (1998) Value Added Intellectual Coefficient (VAIC) is employed as proxy for intellectual capital. According to results of the study, intellectual capital is positively related with Z-score.*

**Keywords:** *Altman's Z-score, Intellectual Capital, Panel Data Analysis.*

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## BUSINESS COMMUNICATION IN AN ORGANISATION

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### **ABSTRACT**

*The paper deals with business communication in an organisation, stressing its importance for any type of organisation. What is meant by organisation is the association of people, i.e. employees whose goal is to fulfil certain tasks. This simple definition implies the need for business communication, which involves transmitting the message from the sender to the receiver. Organisational success depends largely on the quality of communication. The latter is built up by employees with their communication skills, which are crucial in all segments of company operations. It is important to develop these skills as they can have a significant impact on company performance. Disagreement between two or more participants can escalate into conflict. In organisations with large number of employees disagreement is to be expected. It is important to recognize conflict in time, deal with it and possibly resolve it, thus preventing negative action by participants. Proper business communication is of utmost importance also in resolving conflicts.*

**Keywords:** *organisation, communication, business communication, formal and informal communication, conflict*

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## A NATURAL RESOURCE-BASED VIEW OF THE FIRM: RESOURCE-BASED ANALYSIS

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### **ABSTRACT**

*Due to increasing environmental challenges and rising concern for environmental protection, companies have experienced a shifting focus toward sustainable development. This paper describes the concept of corporate environmentalism and a natural resource-based view of the firm. The purpose of this paper is to explain resource-based analysis from the environmental point of view. Within resource-based analysis, the environmental impact of firm's assets such as physical, human, financial, information, organizational, and reputational is explained. Furthermore, the role of firm's capabilities in achieving environmental protection is described as they have a crucial influence on the possibility to reduce negative and to create positive impact of the firm on the environment. The conduction of resource-based analysis enables the firm to determine the main areas for improvement in environmental protection. The paper emphasizes the need for integration of activities across organizational departments and organizational boundaries through the whole supply chain. Furthermore, the paper present the methods of assessment of environmental strength and weaknesses based on Balanced Scorecard framework.*

**Keywords:** *corporate environmentalism, natural resource-based analysis*

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## **EDUCATIONAL ASPECT OF ADVERTISING FROM PERCEPTION OF FUTURE MARKETING EXPERTS**

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### **ABSTRACT**

*From the perspective of education, the influence of media and marketing communication has its consequences at the social and psychological level, whereby the direct and indirect influence of the environment on human development was proven at the level of a paradigm. In several of our previous research projects, we focused on the advancement of contemporary theory of social responsibility to the level of social responsibility of marketing messages, which in addition to initial commercial purposes also support the personal development of the recipient of communication.*

*In the presented study, we focus on the analysis of perception of this issue by future creators of adverfacts and marketing experts. From the educational perspective, we identify two core areas of the socially responsible education by means of marketing messages (1) and commercial education by means of adverfacts (2), which we interconnect with the revised Bloom's Taxonomy. The pedagogical and socialization aspect of adverfacts is interconnected with the KESMAK model, whereby the adverfact denotes a situation creating the object of indirect education in the form of creatogenic environment. These theoretical assumptions are confronted with the results of the content analysis of collages made by marketing communication students, which were created on the topic "Educational advertising".*



*By mapping out the effects of educational elements in marketing messages, we monitored the impact of existing messages on the reactions and attitudes of the target groups. The results of this research confirm the effectiveness of the initial educational intent in messages only partially. Completing our analysis with the views of authors of these messages provides a more complex view of this issue; streamlines our recommendations for creation of adverfacts emphasizing education and for the elaboration and production of marketing messages with the educational content in commercial sphere.*

**Keywords:** *Education in advertising. Social responsibility. Creation of educative advertising*

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## **BUSINESS PROCESS MODELING AND PROCESS ORIENTED APPLICATION IN IMPLEMENTATION OR DEVELOPMENT OF NEW INFORMATION SYSTEM**

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*Business Process Management (BPM) allows process owners to improve the way they are doing business. Crucial first part of business process management dealing with output value projections by analysis and comparison of current and future business processes is business*

*process modelling. Based on the value projections of future impacts for new business processes contemporary BPM tools enable the development of Process Oriented Applications (POA) or process software that should support future processes and enable improvements. The paradigm of process oriented applications implies an active collaboration of process owners with IT experts when developing new software, tailored by business needs. This paper tends to answer the two research questions: "How do process oriented applications help in new information system development?" and "How does this kind of process oriented software improve business process efficiency?".*

**Keywords:** *business process modeling, ICT implementation, information systems development, process oriented application, POA*

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## **EMPLOYER BRANDING THROUGH CSR AND SURVEY**

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### **ABSTRACT**

*This paper examines the role of corporate social responsibility (CSR) within the segment of employees' job satisfaction. It questions how can organizations enhance their reputation through corporate social responsibility (CSR). In what way could CSR, focused on employees, create motivational internal environment and also serve for enhancement of external organizational image. It considers why is corporate social responsibility a competitive advantage in a contemporary global market therefore a process that can easily stand out in stakeholder's mind. Furthermore, paper examines how and why are employee engagement programs important part of the overall corporate social responsibility. The author analyses cases of successful organizations that have been selected as a best employers in Croatia. Through comparative analysis of different cases and by giving examples of the CSR best employer approaches, this paper is awakening the idea of integrating, more intensively, public relations*

*activities within the corporate social responsibility programs. The paper is questioning the criteria and standards for best employer awards and how employer branding can be used for improving organizational reputation. Moreover, the author analyses tools and techniques which can be implemented in CSR programs that are aimed for employees. The paper also gives a media perspective on CSR. It observes publicity as strategic outcome of CSR. The author illustrates how publicity and media relations are associated with corporate social responsibility programs and employer branding. The concept of CSR is associated, as well as supported, with the public relations and marketing professions which are inevitably intertwined in their activities. Employer branding is therefore observed through the role of corporate social responsibility and public relations.*

**Keywords:** *corporate social responsibility, employees, employer branding, employer survey, public relations*

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## **STRENGTHENING BUSINESS PARTNERSHIPS OF SMES EMERGED FROM PUBLIC PROGRAMS THROUGH RELATIONAL COORDINATION MECHANISMS**

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### **ABSTRACT**

*In Latin America the low number of formal SMEs causes reduced rates of economic growth. In order to fight unemployment and social exclusion, Latin American countries have introduced public policies and programs focused on the Social and Solidarity Economy. One of this programs is "Spinning the Development" implemented by the National Institute of the Popular and Solidarity Economy from Ecuador. The objective of this program is to eliminate barriers to early childhood and basic level education by giving free uniforms to pupils. Additionally, the program aims to improve live conditions of micro and small size companies from the textile and clothing manufacturing sector by offering them the possibility to access public contracts for the production of scholar uniforms. The first years' results of the implementation of this program show that the contracts closed with sole proprietorship have not contributed to strengthening these businesses. In the last cycle 2015-2016, the program has given priority in the award of contracts to formal business partnerships. This practically presses these businesses to work on partnerships, which is contrary to the concept of a partnership based on the voluntary union of people for reaching a goal. Therefore, for a long term survival of these partnerships, their goal must go beyond of achieving public contracts for the production of uniforms. In this research the relational*

*coordination model has been applied to evaluate the quality of relationships among the partners belonging to business partnerships from the program "Spinning the Development" in Tungurahua, Ecuador, and its impact on perceived advantages and satisfaction with the partnership results. By using a Structural Equations Model analysis it is shown that through relational coordination mechanisms business partnerships can improve the quality of relationships among their partners, the perceived advantages of the partnership and the satisfaction with its results.*

**Keywords:** *Latin America, public programs, SMEs, Social and Solidarity Economy, relational coordination*

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## **IF - THEN SCENARIOS: SMART DECISIONS AT SMEs**

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### **ABSTRACT**

*In the last few years the behavioural economics has been closing up to the traditional economics which must count and measure everything. We can observe this phenomenon in the field of the business decisions where the bounded rationality was recognized by Herbert Simon (1982). Nowadays Simon's thesis has just been turning into smart decisions. What makes a business decision "smart" and whether we can support this kind of decisions efficiently at SMEs or not?*

*The actuality of these questions comes from the fact that we can recognize a paradigm shift much less in the field of business making than in the info-communication in the last few decades. Experts are convinced that in the field of decision supporting there is an upcoming paradigm shift whose main point is that the models, based on the allocation of scarcity resources, have lost their relevance in the time of abundance, more precisely they have over-swelled their domain (Velencei, Baracscai, 2016). So studies and researches show that in the time of abundance the keys to a smarter complex decision making are*

*the behavioural patterns which can be recognized by for example knowledge-based expert systems. According to Daniel Kahneman, as one of the most respected behavioural economists, the model of intuitive decision-making, as pattern recognition, is a further developed form of Herbert Simon's thesis (Kahneman, 2011).*

*C.K. Prahalad and Gary Hamel ask the question in the prestigious Strategic Management Journal (Prahalad, Hamel, 1994) "Why search for a new paradigm?" Actually why is a new management paradigm necessary? Probably we will see the innovations in another way through new eyes and perhaps we can support the intuitive decisions not only at large enterprises but also at small and medium ones by these knowledge-bases and patterns in them.*

**Keywords:** *behavioural economics, decision support, smart decisions, knowledge-based systems, expert systems, SMEs*

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## **TOWARDS A BETTER UNDERSTANDING OF THE SPECIFIC DETERMINANTS FOR THE GROWTH OF AFRICAN MANUFACTURING SMEs**

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### **ABSTRACT**

*The objective of this research is to define, conceptualize and analyze some often obscured factors in studies on the growth of manufacturing SMEs in Africa. The specific determinants studied are identified, not only from the pre-collection of data conducted on the field, but also as a result of an analysis of the scientific literature. The variables studied in this research are: business growth (net profit after tax), corporate social responsibility (donations and sponsorships), investment in*

*research and development, use of external expertise, taxation of the business by Government (direct and indirect taxes) and access to energy by businesses. The sample studied concerns the case of 1,025 businesses in the Republic of Benin, between 2008 and 2013. The information collected from the businesses studied emanates from their financial reports over the period covered by the study. Using the random effects panel regression method, this study shows the importance of the factors studied and proposes a contextualized analysis model, based on the selected factors. The results of the random model estimate indicate that the variables referred to as sponsorships, use of external expertise, investments in infrastructure (II) and indirect dues and taxes (IDDT) are significant at different thresholds irrespective of sector. In other words, they have an impact on the growth rates of businesses regardless of their sector of activity. The study also shows the importance of aspects such as the use of external expertise, investments in research and development, and corporate social responsibility for large and very large businesses in the sample studied.*

**Keywords:** *corporate social responsibility, growth of African manufacturing SMEs, investment in research and development, specific determinants, taxes, use of external expertise*

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## AN EVALUATION OF SMALL BUSINESS POLICY INITIATIVES INTENDED TO STIMULATE REGIONAL DEVELOPMENT

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### **ABSTRACT**

*Throughout the world, regional development is seen as a response to the growth of unemployment, outdated skills, dying country towns and the flows of people to ever expanding cities. In response, Governments are turning to small business to boost the economic sustainability of regional areas and economies as a whole. The purpose of this paper is to investigate the changing environment in which small business operates, the changes to the small business sector in the past ten years, and the initiatives taken by Governments in Australia to stimulate small business. The paper concludes with some recommendations for further research.*

**Keywords:** *small business, small business policy, business support, regional development*

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## **INTERNET TOOLS IN COMMUNICATION DEVELOPMENT ROLE OF SMALL AND MEDIUM ENTERPRISES IN CROATIA**

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### **ABSTRACT**

*The paper emphasizes the importance of using online tools in communication development role of small and medium sized Croatian enterprises. Technology currently moves at a rapid pace that can be difficult to follow, but it is important, and even essential, that the enterprises implement and keep track with the new technological possibilities and strategic approaches to be competitive in a global economy. In modern economy, it is crucial for enterprises to change business models and adopt new techniques because of new consumer behavior in a digital age. To stay relevant enterprises, need to adapt their marketing approaches, where understanding and application of information and knowledge become a key to success.*

*The research is focused on how small and medium sized enterprises in Croatia are considering the importance of technological changes, and are they giving enough attention to the changes in business that need to be done. The focus in the research is on internet tools usage in developing marketing communication with emphasis on Google products. It was meant to measure the level of knowledge, understanding, and willingness to learn and embrace a new form of communication to reach potential customers.*

*An online survey was carried out and a questionnaire was sent to 1500 small and medium sized enterprises in Croatia, with 275 of them being filled it out. Results of the research gave insight about current usage of internet tools, reasons for not using internet tools, which tools are being used the most, and knowledge about customer behavior regarding information gathering and shopping online.*

**Keywords:** *business communication, information technology, internet tools, marketing communication, marketing strategy, small and medium sized enterprises*

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