



Varzadin Development and Entrepreneurship Agency
in cooperation with
University North, Croatia
Faculty of Management University of Warsaw, Poland



Economic and Social Development

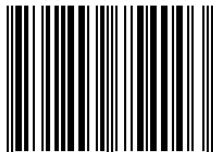
27th International Scientific Conference on Economic and Social Development



Editors:
Marta Bozina Beros, Nicholas Recker, Melita Kozina

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PRIVATE ENFORCEMENT OF COMPETITION LAW IN CROATIA – THE NEW ACT ON ACTIONS FOR DAMAGES FOR INFRINGEMENT OF COMPETITION LAW

Ana Poscic

*University of Rijeka, Faculty of Law, Croatia
aposcic@pravri.hr*

ABSTRACT

The aim of this article is to analyse the situation in the area of damage claims for the infringement of competition law in the Republic of Croatia. The new Act on actions for damages for infringements of competition law contains substantive and procedural rules governing actions for damages for infringements of the competition law provisions. The substantive rules concern the subject matter and scope of the application, the right to full compensation, the presumption that cartel infringements cause harm, joint and several liability of undertakings' that have caused the infringement through joint behavior, passing on overcharges, the effects of consensual settlements on subsequent actions for damages. The procedural rules consist of definitions and rules governing disclosure of evidence, especially the disclosure of evidence included in the file of a competition authority, the effect of the competition authorities' and the courts' final decisions, the limitation periods, postponement of the action for damages for up to two years due to consensual dispute resolution in respect of the claim. Special emphasis will be on certain rules that depart from our legal tradition. The author will attempt to indicate the problems resulting therefrom and offer possible clarifications.

Keywords: *Competition Law, Damage Claims, the European Union, the Republic of Croatia*

ENTREPRENEURIAL ENVIRONMENTS IN INSTITUTIONAL TRANSITIONS

Arilova A. Randrianasolo
John Carroll University, USA
arandrianasolo@jcu.edu

Jenny Rakotoarisoa
Fakotôry, Madagascar
hello@fakotory.org

ABSTRACT

International business, development economics, and strategic management research suggests that as economies transition from relationship-based markets to rule-based markets, entrepreneurs must adjust from network-based strategies to market-based strategies. In other words, as economic development increases, formal institutions become more prevalent than informal institutions. Utilizing this theoretical base, within this current paper, we suggest that the entrepreneurial environments within transition emerging economies foster entrepreneurial activity better than the environments of purely network-based economies with prevalent informal institutions and purely rule-based economies with strong formal institutions. Utilizing data from the Global Entrepreneurship and Development Institute, we utilize a quadratic curve estimation and a multiple regression analysis to provide empirical support for the premise that entrepreneurial environments are optimal in transition economies.

Keywords: *Emerging Economies, Entrepreneurial Environments, Institutional Theory, Institutional Transitions*

GLOBAL FINANCIAL CRISIS, EUROPEAN CENTRAL BANK AND FINANCIAL POSITION OF ECONOMIC AGENTS: A DYNAMIC COMPUTABLE GENERAL EQUILIBRIUM MODEL FOR ITALY

Irfan Ahmed

*Preston University Islamabad, Pakistan
irfan.ahmed@preston.edu.pk; irfisam@gmail.com*

Claudio Socci

*University of Macerata, Italy
claudio.socci@unimc.it*

Francesca Severini

*University of Macerata, Italy
francesca.severini@unimc.it*

Qaiser Rafique Yasser

*Preston University Islamabad, Pakistan
qaiser_rafique1@hotmail.com*

ABSTRACT

This study examines a changing trend of consumption and investment of the economic agents, viz.: social class, government, firms and rest of the world, in the implementation of European Central Bank's Quantitative Ease (QE) policy. The study constructs a financial social accounting matrix (FSAM) for Italian economy for the year 2009. A dynamic computable general equilibrium model (DCGE) is calibrated on FSAM, using GAMS, to analyze the impact of money flow on the behavior of consumption and investments. The findings of the study confirm the positive impact of ECB's monetary policy on the level of investment and consumption.

Keywords: *Financial accounts, monetary policy, investment behavior, social accounting matrix, dynamic CGE analysis*

EMPIRICAL TESTS OF VARIOUS CYCLE EXTRACTION METHODS; GDP VS. INDUSTRIAL PRODUCTION IN CROATIA

Daniel Tomic

*Juraj Dobrila University of Pula
Faculty of Economics and Tourism “Dr. Mijo Mirković”
Preradovića 1/1, 52 100 Pula, Croatia
dtomic@unipu.hr*

Sasa Stjepanovic

*Juraj Dobrila University of Pula
Faculty of Economics and Tourism “Dr. Mijo Mirković”
Preradovića 1/1, 52 100 Pula, Croatia
sstjepan@unipu.hr*

ABSTRACT

Business cycles at their peak can be harmful for the whole economy, yet producing negative growth rates at their bottom. Since there is no general agreement on the causes of business cycles, the most intriguing debates revolve around the question on how to measure these phenomena. A central part of the business cycle analysis is therefore, the extraction of the cycles. The goal of this paper is to empirically test various extraction methods as to find which variable is suited to be named a reference business cycle indicator in Croatia as well as to evaluate the quality and accuracy of these extraction methods. Namely, we focused on deviation cycle extraction methods and compared them with an alternative business cycle approach, the growth rates. It was found that no method yields perfect results, however, most of the extraction methods showed much agreement in confirming a GDP indicator as a credible variable in representing Croatian business cycle.

Keywords: *business cycles, deviation cycle analysis, cycle extraction methods, parametric and non-parametric methods, filters, Croatia*

THE OPTIMAL MODEL FOR ATTRACTING FOREIGN DIRECT INVESTMENT: THE CASE OF THE REPUBLIC OF CROATIA

Vlatka Bilas

*Faculty of Economics and Business, University of Zagreb
bilas.vlatka@gmail.com*

Zdenko Lucic

*Agency for Investments and Competitiveness
zlcuc@gmail.com*

ABSTRACT

In the era of growing competition among countries to attract new domestic and foreign direct investment, it is important to define a quality and long-term strategy of a country, in order to maximize the possibilities of attracting new investments. Furthermore, it is important to identify the optimal model that will enable increased investment inflow and thus contribute to the growth and development of the domestic economy. The paper analyzes the features but also the advantages and disadvantages of different models of attracting foreign direct investment, with particular emphasis on countries considered to be most efficient in this process (Ireland and Slovakia). Also, the existing model in the Republic of Croatia has been analyzed and recommendations for its improvement have been provided.

Keywords: *foreign direct investment, investment attracting model, the Republic of Croatia*

THE ESSENCE OF INVESTING IN ENVIRONMENTAL, SOCIAL AND GOVERNANCE SPACE (ESG) IN SOUTH AFRICA

Emmanuel Innocents Edoun

University of Johannesburg

eiedoun@uj.ac.za

Dudu Mbatha

University of Johannesburg

ABSTRACT

Governance is an important component in corporate environment. It supports efficiency and improves quality. Mbatha Chain Distribution (Pty) Ltd (MCD) is in the business of manufacturing household products and distribute them to retailers. The company is among the one of the biggest retail industry in South Africa and has been operating as a going concern for more than twenty years. MCD is listed in the Johannesburg Stock Exchange (JSE). MCD has the main operating manufacturing site in Gauteng and has chain stores in West and Central Africa and in all the provinces around South Africa. MCD's revenue is generated from 32% of grain products, 30% of consumer goods, 18% of international trade and 20% from associates. ESG is an ethical code of conduct; hence, MCD has considered techniques in analysing the level of risk appetite and risk tolerance that may be seen as acceptable or not acceptable in retaining its sustainability in the food industry. MCD will half yearly evaluate the level of risks and have them monitored in order to mitigate them. MCD has adapted an approach used by Tiger Brands in order to measure the risks in three tiers. Using a theoretical research inquiry, the paper aims to appreciate the use of ESG and the risk attached to it.

Keywords: *Governance, MCD, JSE, Consumers goods, ethical code*

THE CONCEPT OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM) IN HIGHER EDUCATION

Sprajc Polona

*University of Maribor, Faculty of Organizational Sciences,
Slovenia
polona.sprajc@fov.uni-mb.si*

Podbregar Iztok

*University of Maribor, Faculty of Organizational Sciences,
Slovenia
iztok.podbregar@fov.uni-mb.si*

ABSTRACT

One of the most important dimension that affects the organization's behavior towards its external environment is managing the client system, which is at the same time the most important task of socially responsible organizations. In the mapping of the system of managing customers from the economic environment to the non-economy, the educational environment is one that constantly establishes contacts with users of educational services that are embedded in the current process of education as well as those who have already completed their education. The competitive environment, demographic dimensions, social and cultural dimensions, economic perspective are only some of the assumptions that have become important for the maintenance and development of contacts with the users of the education, since extremely predisposing market and placement of educational institutions on the map of searched and recognized education became unreliable also for educational institutions. At this point, it became of the utmost importance to establish contacts with the users of education who have already completed their education, but they nevertheless constitute an important communication link between the educational institution and the potential new users of education, and those who are involved in education that need constant communication with the sides of educational

institutions, which in the given circumstances and also in the growing diversity of education in the environment, are becoming a complex component of ways to establish communication between educational institutions. With this paper we want to present the importance of implementing communication with past, existing and future users of educational services at the level of higher education through the CRM system, which is largely detected and welcomed in all environments that work in correlation with clients or different stakeholders.

Keywords: *Customer relationship management, Higher education, Students, Information technology*

THE INFLUENCE OF SERVQUAL MODEL AND ATTITUDE ON CUSTOMER'S SATISFACTION AND LOYALTY IN ISLAMIC BANKS OF SAUDI ARABIA IN DEVELOPING COUNTRIES

Feras Alnaser

*Technical and Vocational Training Corporation, Hafaralbatin
College , Saudi Arabia
sunvictory5@gmail.com*

ABSTRACT

The purpose of this study was to extend the SERVQUAL model with attitude and to investigate the customer satisfaction and customer loyalty for Islamic Banks. This study used survey method where data was collected from 500 respondents through a questionnaire survey. Structural equation model (SEM) was applied to check the hypothesis relationship between proposed constructs. Finding revealed that the extended model has significant impact on customer satisfaction and customer loyalty in Islamic banks of Saudi Arabia. Furthermore, this study unearths certain areas that were not previously discussed in Arab cultural context such as attitude.

The findings of this study will be helpful for Managers and policy makers to improve the service quality in Islamic Banks of Saudi Arabia. Extension of this study in other developing countries is recommended as this study was contextualized in Saudi Arabia cultural context.

Keywords: *SERVQUAL, Attitude, Customer Satisfaction, Customer Loyalty, Cultural Context, Structural Equation Modeling (SEM)*

PROCESS AND PRODUCT ECO-INNOVATION IN THE PRACTICE OF THE COMPANIES INCLUDED IN THE RESPECT INDEX

Bogna Janik

*WSB University in Poznan, Poland
bogna.janik@wsb.poznan.pl*

ABSTRACT

The aim of the study is to identify and assess eco-innovative activities within the companies listed on the Warsaw Stock Exchange. The research is limited only to these companies which are reflected in the RESPECT Index, i.e. the scope of the analysis encompasses mostly manufacturing industries and financial sector companies. In the first case, the paper focuses on eco-innovation in the area of: products/services, organization and marketing. What is especially important, the research took into account only the differences between manufacturing industries and financial sectors. This differentiation implies adequate research approaches and the selection of appropriate methods. In the case of the manufacturing industry, the analysis was based mainly on two research methods, namely survey analysis, digital and documentary source analysis.

In the case of the financial sector, the study was based mainly on desk research as well as digital and documentary sources analysis, whereas survey data analysis was used as a supplementary method.

Keywords: *eco-innovation, eco-innovation output, environmental care, measuring eco-innovation, Respect Index*

ASSESSMENT OF GLOBAL COMPETITIVENESS: METHODOLOGY AND ITS IMPLICATION FOR EU AND EEU

Arpine Sargsyan

*Ph.D. Student, Chair of Theory of Economics, Armenian
State University of Economics,*

Gyumri, Armenia

arpinesargsyan1994@gmail.com

ABSTRACT

One of key issues of any government is ensuring high living standards for its citizens and maintaining it. The implementation of this issue depends on labour productivity, quality of goods and services produced within the given country, as well as the efficiency of production and regulation processes. The issue of maintaining sustainable economic growth and continuously improving country's national competitiveness are strongly interrelated. Competitiveness is a multidimensional and dynamic category, which is the main driver force of market economy and economic development. Competitiveness is defined as the ability of a firm, an economic sector or the entire economy to have sustainable development, high levels of wages and income, economic welfare and at the same time, stay open for international markets. Recent developments of international economic relations and especially increasing interdependence of economies, formation and development of financial and

commodity markets raise the imperative of improving an economy's international competitiveness.

The need to study economic competitiveness is closely related to the country's economic development and living standards of the population; thus is considered to be one of the main dimensions of the country's economic policy. Many international organizations, research groups, as well as individual researchers analyse the issues of assessment and improvement of the level of international competitiveness. There are various approaches in assessment of the level of competitiveness (i.e. Global Competitiveness index, IMD World competitiveness yearbook, The Harvard Institute's assessment of competitiveness for International Development (HIID), etc.). Meanwhile, there is not a single definition of international competitiveness and a comprehensive framework of indicators, which determine the given phenomena. The idea of this paper is to develop a new methodology that will include as many indicators describing competitiveness as possible, to make thorough analysis and measure the level of international competitiveness in different countries. One of the outstanding features of the research is that it is useful for evaluating social, political or economic policies in a given country and its results can be applied in the process of policymaking. Another distinguishing advantage of the presented methodology is that it allows us to add more indicators to existing ones and make the research broader - depending on the purposes and given circumstances.

Keywords: *Competitiveness, framework, indicator, index, factor analysis, assessment, theory, factor, weighting coefficient, obstacles*

GOVERNANCE OF NON-ECONOMIC PUBLIC SERVICES IN THE REPUBLIC OF SLOVENIA

Bojan Ticar

*PHD, Full Professor of Law, Faculty of Criminal Justice and Security and Faculty of Law, University of Maribor, Slovenia
bojan.ticar@fvv.uni-mb.si*

ABSTRACT

Slovenian non-economic organizations are sui generis non-membership corporations, which provide non-economic public services (i.e. health, education, culture, sport, child-care, elderly-care etc.). These organizations are established, as public institutions (official legal form) owned by the state or a municipality. A corporate governance relationship between a public non-economic organization and the state or a municipality is implemented within the scope of the right of the public owners (i.e. the state or a municipality). State or municipality can directly appoint the majority of the members of the council of this institution and usually general manager. Due to their inability to directly manage the institution, the state or municipality transfers the authority to manage such to its members in the council of the institution, who exercise this power on their behalf. This applies to both state-founded and municipality-founded public institutions. In the article, the author summarises the relationships between the public-owner of a non-economic public organization (i.e. public institution) and the public institution's bodies (i.e. the council of the institution, the general director, and the expert council thereof) and proposes certain necessary changes to the relevant legal regulation.

Keywords: *non-economic public organizations, sui generis corporate governance, legal environment for business*

THE RESEARCH AND INNOVATION OF SMART SPECIALISATION STRATEGIES: THE TRANSITION FROM THE TRIPLE TO QUADRUPLE HELIX

Mark Deakin

*Edinburgh Napier University,
School of Engineering and the Built Environment,
Centre for Smart Cities,
Edinburgh, United Kingdom
M.Deakin@napier.ac.uk*

Luca Mora

*Edinburgh Napier University,
School of Engineering and the Built Environment,
Centre for Smart Cities,
Edinburgh, United Kingdom
L.Mora@napier.ac.uk*

Alasdair Reid

*Edinburgh Napier University,
School of Engineering and the Built Environment,
Centre for Smart Cities,
Edinburgh, United Kingdom
Al.Reid@napier.ac.uk*

ABSTRACT

This article suggests the Entrepreneurial Discovery Process (EDP) that underlies Research and Innovation Strategies for Smart Specialisation (RIS3) is not so much caught in the transition from the Triple to the Quadruple Helix, as rooted in a division within civil society. In particular, rooted in a division within civil society, over public trust in the EDP and around the democratic deficit of RIS3. Over public trust in the EDP and around the democratic deficit of RIS3 as a transgression, which centers attention on the participatory governance of science and technology, which is regressive in nature and whose knowledge

economy seeks to overcome such limitations as part of the search for sustainable regional growth that serves civil society.

Keywords: *Regional Innovation, Smart Specialisation, RIS3, Entrepreneurial Discovery Process, Knowledge Economy, Democracy, Participatory Governance, Sustainable Regional Growth*

BALANCE SHEET RECESSION OR REFLATED TRAILING LIQUIDATION? ENDURING MALINVESTMENT AFTER THE CRISIS OF 2008

Gabriel A. Gimenez Roche

NEOMA Business School, France

gabriel.gimenez-roche@neoma-bs.fr

ABSTRACT

Although the financial crisis of 2008 generated one of the worst recessions in recent history, recovery came in relatively fast, in less than five years for most developed countries. Nevertheless, annual growth rates have hardly risen above 2% in those same countries. Meanwhile, inflation rates continue to be at their lowest despite unconventional monetary policies driving interest rates toward zero. Economist Richard T. Koo equates this situation, particularly the one experienced by the Euro Zone, to a balance sheet recession similar to the one afflicting Japan in the last twenty-seven years. Commercial bank credit stagnates because of companies preferring to clean up their balance sheets of any excess debt instead of investing. Therefore, unconventional monetary policies fail to effectively reactivate the economy despite massive liquidity injections, which also results in zombie banks. Koo's diagnostics is that active monetary policy is thus useless, and that government expenditures should rise not until the economy grows, but until balance sheets are completely

cleaned up. This paper, however, argues that balance sheet recessions are only possible precisely because of massive liquidity injections as those provided by unconventional monetary policies. These policies allow banks to avoid immediately calling back on loans, which would trigger a liquidation process of the malinvestments incurred during the unsustainable economic boom preceding the crisis. In this manner, companies can survive by gradually and discretely scrapping those malinvestments for years to come, while sacrificing an immediate return to business. Instead, more dynamic and flexible financial and labor markets together with more expeditive bankruptcy legislation could allow for smoother and faster liquidation processes. In this manner, the economy would favor more careful and liquid investors, while driving debt overhung malinvestors from the market, thus allowing for faster recovery and more sounder economic growth.

Keywords: *liquidation, malinvestment, reflation, scriptural credit, unconventional monetary policy*

DIGITAL TRANSFORMATION AND E-BUSINESS IN CROATIAN COMPANIES

Igor Pihir

*University of Zagreb, Faculty of Organization and Informatics,
Croatia
igor.pihir@foi.hr*

Nikolina Zajdela Hrustek

*University of Zagreb, Faculty of Organization and Informatics,
Croatia
nikolina.zajdela @foi.hr*

Renata Mekovec

*University of Zagreb, Faculty of Organization and Informatics,
Croatia
renata.mekovec @foi.hr*

ABSTRACT

This paper combine digital transformation and e-business as two connected concepts in which e-business is prerequisite for digital transformation. Both concepts, are described, trends in there development and implementation are presented in literature review and perception of benefits; usage and the cause of pure application were investigated. Research was conducted on sample of 436 Croatian companies. Results indicate that perception about e-business benefits are generally positive, but usage does not show the same trend, while causes of poor application which has been tested does not show significant as perceived. Finally, according to the results, the same problems, like in e-business implementation, could be expected in digital transformation in Croatia as well as in other countries of EU.

Keywords: *Croatia; digital transformation, e-business, perception, use of e-services*

SETTING THE COUNTERCYCLICAL CAPITAL BUFFER THROUGHOUT THE FINANCIAL CYCLE

Jan Frait

*Czech National Bank, University of Finance and Administration
Prague, Czech Republic
Jan.Frait@cnb.cz*

Jan Hajek

*Czech National Bank, Charles University Prague, Czech
Republic
Jan.Hajek@cnb.cz*

Miroslav Plasil

*Czech National Bank, University of Economics Prague, Czech
Republic
Miroslav.Plasil@cnb.cz*

ABSTRACT

Basel III regulatory framework an important macroprudential instrument: a countercyclical capital buffer. This instrument is designed to reduce the consequences of worsened access of firms and households to banking credit in bad times. This paper proposes the approach to the countercyclical capital buffer using the experience of the Czech National Bank. It describes its decision-making process from assessing the position of the economy in the financial cycle through to setting the buffer rate. The approach that can be labelled discretion guided by multiple-factor analysis builds upon the signals from both individual and composite indicators of financial cycle and systemic risk. The paper then describes the factors that the macroprudential authority takes into account when setting the specific countercyclical capital buffer rate.

Keywords: *countercyclical capital buffer, credit-to-GDP gap, credit losses, financial cycle*

ASSESSMENT OF THE ECONOMIC DEVELOPMENT OF REGIONS IN POLAND USING MULTIDIMENSIONAL COMPARATIVE ANALYSIS

Julia Wojciechowska-Solis

Department of Agritourism and Rural Development

University of Life Sciences in Lublin, Poland

julia.wojciechowska@up.lublin.pl

ABSTRACT

The issue of socio-economic development is of interest to both academics and politicians, self-governments: national and EU. In line with the policy of the European Union, efforts should be made to tackle regional differences in development. For this purpose, we seek ways of measuring the development of regions that serve not only regional but also European comparisons. The characteristic of modern conditions of development is the distinct diversification of the economic potential of individual regions. In recent years, not only the issue of size and causes of economic inconsistencies observed between regions has been of particular importance, but also the analysis of observed changes. The aim of the article is to analyze the level of economic development in Poland and to propose a method of its measurement in the regional perspective. The level of economic development was determined by means of a synthetic developmental index, which was built using an implausible synthetic measure. The Z. Hellwig's reference method was used in this study. Based on the identified synthetic developmental index, the analyzed regions were divided into four groups: 1 - very high level of economic development, 2 - high level of economic development, 3 - low level of development and 4 - lowest level of development. Poland is a country with a great diversity of territorial economic development. The research show that there are regions with high socio-economic potential: Mazovia Region, Lower Silesia Region and Silesia Region; and also very low – Podlasie Region and

Warmia – Masuria Region. The largest number of regions was, however, in the group of low socio-economic development.

Keywords: *phenomenon analysis, economic potential, region development*

THE CREDIT-TO-GDP GAP: EVIDENCE FROM ARMENIA

Knarik Ayvazyan

Financial stability and development department, Central Bank of Armenia

Knarik.Ayvazyan@cba.am

ABSTRACT

According to the Basel III capital regulation framework, macroprudential authorities may order accumulation of countercyclical capital buffers in the period when systemic risks are building up. And within this framework the size of capital buffer depends on the magnitude of the credit-to-GDP ratio gap. As the credit-to-GDP ratio gap cannot be observed in practice, there is quite some debate on what this variable actually looks like. Rather than taking the standard statistical approach of using a Hodrick-Prescott filter to estimate it, this paper separates trend from cycle via Bayesian estimation of a structural model, augmented with an unobserved components model for credit-to-GDP ratio. This gives a model-consistent estimate of the credit-to-GDP ratio gap. It turns out that the benefits of using the model-based approach mainly lie in real time. Model coefficients are easily interpretable, and the credit-to-GDP ratio gap series is consistent with a broader analysis of Armenian economic developments.

Keywords: *macroprudential policy, countercyclical capital buffer, credit-to-GDP ratio gap, unobservable component model, Bayesian methods*

ANALYSIS OF ENVIRONMENTAL TAX REFORMS IN SELECTED EUROPEAN UNION COUNTRIES

Maja Kunstelj

*Postgraduate student at University of Ljubljana, Faculty of Economics, Slovenia
maja.kunstelj@gmail.com*

Matej Svirgelj

*University of Ljubljana, Faculty of Economics, Slovenia
matej.svirgelj@ef.uni-lj.si*

ABSTRACT

The Environmental Tax Reform (ETR), also known as ecological tax reform or green tax reform, was first introduced in the early 1990s as a reconsideration of the present tax system, offering countries a mechanism to pursue the environmental goal of reducing carbon emissions while simultaneously cutting the cost of labour to spur job creation. In line with the double dividend hypothesis, this type of reform aims to redistribute tax burdens across the economy in order to nudge society towards a sustainable development path, and increase welfare through better functioning markets. The two key concerns that persist throughout the discussion on green reforms are competitiveness and equity. The limited empirical evidence hailing from ETR and great political difficulty of implementation have thus far significantly reduced the scope of reform, however renewed interest by policymakers ensued after the European Commission recognized the ETR's austerity-time potential in raising less distortionary revenues. Hence, the aim of this paper is to analyse instances of tax shifting through ETR in selected European Union countries, and consequent implications for environmental policy and public finance reforms.

Keywords: *Double dividend, Environmental tax, Green growth, Tax shifting*

CONSUMER CONFIDENCE AND STOCK PRICES IN CROATIA

Manuel Benazic

*Juraj Dobrila University of Pula, Faculty of Economics and
Tourism “Dr. Mijo Mirković”
P. Preradovića 1/1, 52 100 Pula, Croatia
mbenaz@unipu.hr*

Dean Uckar

*Juraj Dobrila University of Pula, Faculty of Economics and
Tourism “Dr. Mijo Mirković”
P. Preradovića 1/1, 52 100 Pula, Croatia
duckar@unipu.hr*

ABSTRACT

Consumer confidence plays an important role in predicting macroeconomic and financial variables since it contains consumers' information regarding future economic developments. Optimistic consumers will spend more, thus increasing firms' profits and stock prices. On the other side, increasing stock prices can boost consumer confidence. The aim of this study is to explore the relationship between the consumer confidence and stock prices in Croatia. Due to the absence of a long-run cointegration relationship, a vector autoregression (VAR) model is estimated. Obtained results indicate that an increase in the stock exchange equity index (CROBEX) increases consumer confidence index (CCI) whereby an increase in the consumer confidence index has no effect on the stock exchange equity index.

Keywords: *consumer confidence, stock prices, VAR model, Croatia*

PROTECTION OF PERSONAL DATA AND PUBLIC AND PRIVATE SECTOR PROVISIONS IN THE IMPLEMENTATION OF THE GENERAL EU DIRECTIVE ON PERSONAL DATA (GDPR)

Marija Boban

*University of Split Faculty of Law, Croatia
marija.boban@pravst.hr*

ABSTRACT

New digital economy is rapidly evolving with continuous growth of the information and communication technologies while the it takes effect on the evolution the new privacy and personal data protection challenges. Data processing, especially processing of personal data, new informatin tools and digital market have developed the need for increasing privacy protection with regards to new digital products and services. The solution is given in the new reform of EU data protection framework called General Data Protection Regulation (GDPR) (Regulation (EU) 2016/679) which takes direct effect in all 28 Member States and replaces and harmonises existing national law requirements. In this paper, the author will present the new EU data protection regulation and the public and private sector provisions in the implementation of the GDPR which will will provide a modernised, accountability based compliance framework for data protection in Europe. The aim of this Regulation is to remove obstacles to cross-border trade and enable easier expansion of businesses across Europe. The new rules will establish one single European law for data protection, replacing the current inconsistent national laws.while eliminating the need to consult with local lawyers to ensure local compliance for the franchised shops. The result will show in direct cost savings and rise of legal certainty in the growing digital economy.

Keywords: *compliance, data protection, data processing, data protection officer, GDPR, personal data, penalties, pseudonymisation, right to be forgotten*

DEFENCE AND MILITARY ASPECTS REGARDING THE PARTNERSHIP BETWEEN NATO AND THE EU

Marius-Alin Pricopi

Land Forces Academy, Romania

pricopimarius@yahoo.com

ABSTRACT

The North-Atlantic Alliance (NATO) and the European Union (EU) are two very different organizations. NATO is a political-military structure, with collective defence of its members at its core, while the EU has a more social and economic focus. But the two organisations have in common no less than 22 member countries. Starting from this premise, in the paper we argue that a partnership between the Alliance and the Union is not just inevitable, but can also bring valuable benefits to the overall state of security of the Euro-Atlantic area. Based on their common approaches of the crisis management process, the NATO-EU partnership was officially initiated in 2003, with the signing of the Berlin plus Agreement. Since then, the partnership has been constantly extended and renewed, currently tackling a series of various and complex challenges, such as migration and cyber threats.

Keywords: *defence, EU, NATO, partnership*

STYLIZED FACTS ON SMART SPECIALISATION RESEARCH

Luca Mora

*Edinburgh Napier University, School of Engineering and the
Built Environment, Centre for Smart Cities
Edinburgh, United Kingdom
L.Mora@napier.ac.uk*

Mark Deakin

*Edinburgh Napier University, School of Engineering and the
Built Environment, Centre for Smart Cities
Edinburgh, United Kingdom
M.Deakin@napier.ac.uk*

Alasdair Reid

*Edinburgh Napier University, School of Engineering and the
Built Environment, Centre for Smart Cities
Edinburgh, United Kingdom
Al.Reid@napier.ac.uk*

ABSTRACT

Smart Specialisation has generated a paradigmatic change in regional innovation policies and the European Union has shown a strong interest in supporting research that investigates the developments of this new science-related topic. This paper helps to generate the intellectual capital necessary to support the European Union's project of Smart Specialisation. It explores the dynamic nature of scientific knowledge production dealing with Smart Specialisation by reporting on a bibliometric analysis of the first decade of literature relating to this emerging research field. This analysis captures a number of stylized facts on Smart Specialisation research and renders them in statistical properties which are instrumental in answering the following questions: (1) What is the total and annual production of scientific publications on Smart Specialisation and what are their characteristics in terms of type and influence; (2) How large is the community of

researchers and organisations working in this field? (3) What is their influence and productivity? (4) What are the key knowledge producers? (5) What is the core literature published by the research community?

Keywords: *Smart Specialisation, Bibliometrics, Stylized Facts, Core Literature, Key Knowledge Producers*

THE RESEARCH OF STUDENTS ATTITUDES TOWARDS MIGRATION AFTER GRADUATION

Sandra Mrvica Madarac

*College of Applied Sciences “Lavoslav Ružička” in Vukovar,
Republic of Croatia
smrvica@vevu.hr*

ABSTRACT

In the course of the last century, the eastern region of the Republic of Croatia, because of its natural resources and economic activities has been a region that was suitable place to live. Due to the growth of industry and the presence of agricultural combines, the population from other areas of the Republic of Croatia migrated to this area. Today, due to different socio - economic impacts, population from this region migrates mainly to the Western EU countries. The types of migration may be different according to different criterions. The causes of migration can be based on economic and non – economic factors. Do the young and educated people think about migration once they graduate? Do they want to migrate to the other cities in Croatia or towards other countries? Do the causes of emigration are based on economic grounds? For the purpose of this study a survey was conducted using a questionnaire on a sample (n=180) senior students chosen from the final years of the College of Applied Sciences “Lavoslav Ružička” in Vukovar

(Physiotherapy Study, Study of Public Administration and Study of Commerce were included) to realise students' attitude towards migration after graduation. In this paper are presented and analyzed differences between students from different studies, motivations, plans and reasons for migration. The research has show how the plans of students are significantly different considering studies. The results of this research may be interesting for making demographic strategy, for education policies and for choices of studies on higher education institutions in Republic of Croatia.

Keywords: *Migration, Students, The causes of migration, The research*

CAUSAL RELATIONSHIP BETWEEN FOREIGN DIRECT INVESTMENTS AND MACRO-LEVEL POLITICAL STABILITY IN TURKEY

Onur Basar Ozbozkurt
Çağ University, Turkey
onurozbozkurt@cag.edu.tr

Elma Satrovic
Çağ University, Turkey
elmasatrovic@cag.edu.tr

ABSTRACT

A number of empirical and theoretical studies as well as real life experiences provide supportive evidence to the fact that political instability has an ability to harm the inflow of the Foreign Direct Investments (FDI). This study aims to explore the causal relationship between macro-level political stability and FDI while focusing on Turkey. The choice of Turkey as a subject of study is motivated by the fact that Turkish ruling party has ended the political and economic instability caused by the previous

coalition governments. Despite of MTC (Multinational Terrorist Corporation)'s recent attacks and 15 July failed coup attempt which was completely different from the previous similar attempts, since it was a bloody-terrorist coup attempt targeting Turkish stability, Turkey continued to stand strong in the sense of political and economic conditions thanks to the political stability and national will. Political risk is studied since it has not received much attention in up-to-date studies treating the case of Turkey. For this purpose, the causal relationship between FDI and political stability is estimated using several econometric methods including Johansen cointegration test, the bounds testing (ARDL) approach, ECM-ARDL model as well as Granger causality test. Time series data are collected over the 15 years period ranging from 2002 to 2016. To the best of our knowledge, there have been no studies identified yet which give empirical evidence on the causal relationships between political stability and FDI inflow in Turkey. Our study aims to fill in this gap in literature and may be useful for the foreign investors and key decision makers. The results confirm a bidirectional long-run and short-run positive causal relationship between political stability, absence of violence and terrorism and FDI.

Keywords: *ARDL, Foreign Direct Investment, Political Stability, Political Violence, Turkey*

THE WAR ON THE CEREALS MARKET - THE EUROPEAN UNION VERSUS THE UNITED STATES OF AMERICA

Ovidiu-Mihai Popescu

University of Agronomic Sciences and Veterinary Medicine of Bucharest,

Mărăști Blvd, nr.59 District 1, Bucharest, Romania

giserac@gmail.com

ABSTRACT

The purpose of this article is to analyze in detail the world cereals market as well as the forecast based on the latest cereals market data published by the European Commission and the State Department of Agriculture of the United States of America. Good knowledge of a market with such social and economic importance is necessary, whether we are referring to the individual producer or the entire global market. The analysis is based on the quantities obtained, production costs, sales prices, trade and forecasts. For example, the impact of the euro-dollar exchange rate and appreciation of the euro in front of the US dollar, 1€ = \$ 1.17, influenced the amount of oil used in the European Union, agriculture being one of the most important oil consumers full, so the impact on the cereal market has determinate a superior production both quantitatively and qualitatively. The article will present most of the economic factors that influence the cereals market as well as the Common Agricultural Policy influencing the cereals market every year. A special section is represented by the forecast section provided by the State Department of Agriculture of the United States of America. The grain supply for 2018 is estimated to be 751.2 million tons of wheat, down 3 million tons compared to the record production from last year, in relation to the area cultivated in the autumn. Demand is estimated at 739.6 million tons, demand higher by 2 million tons over the previous year. Grain stocks reached a record high of 268.1 million tons due to China's huge stock of 127.3 million tons and Russia's 17.3 million tons.

The European Union will record a larger production of 2.2 million tons compared to the previous year.

Keywords: *Cereals, Common Agricultural Policy, European Union, Market, USDA*

THE IMPORTANCE OF THE INTERNET IN FORMING OF THE PUBLIC OPINION AND ITS INDISPENSABILITY FOR CONTEMPORARY ECONOMY: AN ONLINE SURVEY

Petar Kurecic

*University North, Department of Journalism, Koprivnica, Trg
Žarka Dolinara 1, Croatia
petar.kurecic@unin.hr*

Petar Miljkovic

*University North, Department of Media Design, Koprivnica, Trg
Žarka Dolinara 1, Croatia
petar.miljkovic@unin.hr*

Petra Bagaric

*University North, Department of Journalism, Koprivnica, Trg
Žarka Dolinara 1, Croatia
petra.bagaric@unin.hr*

ABSTRACT

The presence of the Internet in everyday life of a significant part of the world's population has become a reality. Among the younger populations in developed countries and emerging economies, as well as in the respectable number of developing countries, the permeability of the Internet (as well as mobile networks, thereby giving access to the Internet practically permanently) has reached well over 70 percent or in some cases close to 100 percent.

Social networks have become an omnipresent aspect of life for hundreds of millions of people. Digital economy has enabled “the Fourth Industrial Revolution”, as current development in business that is performed dominantly or exclusively over the Internet is often referred to. Aware of these developments, we have decided to perform an online survey (the choice of the type of survey and the media serves as a pointer of the importance of the Internet) about the different aspects of the Internet use, mainly focusing on the importance of the Internet for receiving information, forming of opinions and attitudes, as well as its importance for certain business activities and/or performing everyday duties at some person’s job. We have used Google form as a survey method, combining single and multiple choice questions, as well as one question with Likert scale, and guaranteed the anonymity of the responders by not collecting their e-mail addresses. We have shared our questionnaire on Facebook and via e-mail, and kindly asked our Facebook friend as well as our colleagues to share it further. Certain questions were used as test questions, to show the importance and power of the social networks contrary to the “traditional” way of sharing data, such as e-mail. We conclude that, despite their clearly shown ubiquity and importance, the Internet and social networks, still have a lot of space for spreading, especially among the middle aged and elderly population.

Keywords: *the Internet, internet (online) survey, Google forms, social networks, public opinion, digital economy*

NEW CHALLENGES FOR TOURISM MANAGEMENT AND MARKETING - ECOTOURISM IN ROMANIA

Petrica Stefan

*University of Agronomic Sciences and Veterinary Medicine,
Romania
stefanmarian2004@yahoo.com*

ABSTRACT

Romania in the post-Communist era has undergone a period of "development frenzy," which has been forced to slow down due to the economic decline in recent years. "Global financial crisis may have been the best thing that happened to ecotourism in Romania," said the ones from the Association of Ecotourism in Romania (AER). If uncontrolled development was allowed to continue, the country would have lost the key driving force of ecotourism in many of its rural destinations - natural and cultural heritage. Those who have been involved in ecotourism, believing in its potential even when they were a few, are today celebrating the success of ecotourism – led by AER and its members and partners around the entire country. And indeed they have much to celebrate, though at the same time they also recognize that there's still a lot of work to continue. In the small Eastern European country of Romania, important decisions were being made, locally and nationally, that will impact the direction of the country's economy in the coming years. Conservation is of course, an important part of ecotourism, and therefore parks and protected areas play a critical role in Romania's approach to developing and promoting ecotourism. AER, which started initially as a local project focusing on wildlife protection and awareness raising through rural tourism, has since successfully developed projects and partnerships at the local and national levels, involving associations, NGOs, government projects and tourism businesses. This paper will highlight the problems and challenges faced by those entrepreneurs who have had the chance to practice ecotourism.

From this point of view I have analyzed the criteria for the ecotourism certification system and the implementation modalities in Romania. I also propose a sustainable management plan.

Keywords: *AER, Ecotourism, Heritage, Romania, Tourism management*

ANALYSIS OF THE OPPORTUNITIES AND THREATS OF INNOVATIVE SMES IN THE EU

Raluca Florentina Cretu

*University of Economic Studies, Faculty of Accounting and Management Information Systems, Department of Financial and Economic Analysis, Bucharest, Romania
cretu_raluca@yahoo.com*

ABSTRACT

During economic crises, but especially in the post-crisis period, a particular role is played by the strategies adopted by the governments of the European countries regarding the activity of the SMEs that represent the backbone of the EU economy²⁸. In 2016, nearly 23 million SMEs generated €3.9 trillion in value added and employed 90 million people. In 2016, they accounted for two-thirds of employment in the EU28 and slightly less than three-fifths of the EU-28 value added in the non-financial business sector. Most SMEs are micro-enterprises with fewer than 10 employees - such very small enterprises account for almost 93% of all non-financial enterprises. The recent social changes at European level (BREXIT) draw attention to the behavior of entrepreneurs who have resisted the market due to innovative activities (new products, advanced technologies, new management and marketing approaches, modernization of the information system, intellectual capital), but also to those who have created a new business after their previous business went

bankrupt or was voluntarily closed because it was not profitable. This paper will highlight the problems and challenges faced by these re-starters, namely those entrepreneurs who have had a second chance. I will present an empirical analysis of the impact of the different features of a bankruptcy regime on entrepreneurship, as well as an empirical analysis of the impact of a large number of SMEs in the EU28 on EU-28 GDP. These analyzes were correlated with the EU 2014-2020 Financing Program and the Small Business Act, the main EU strategic documents that marked the major evolution of SMEs in Europe.

Keywords: *Analysis, Economic crises, Re-starters, SMEs*

NEW CHALLENGES IN TOURISM MANAGEMENT - IMPLEMENTATION OF THE ECOLOGICAL LABEL IN AGROTURISM

Romeo Catalin Cretu

*University of Agronomic Sciences and Veterinary Medicine of
Bucharest, 59 Mărăști Blvd, District 1, Bucharest, Romania
creturomeocatalin@yahoo.com*

ABSTRACT

The European Ecolabel for tourist accommodation services was created to reward accommodation and environmentally friendly tourists. It is a way of marking good environmental performance and providing quality assurance for tourists choosing a particular structure. The assignment criteria of the ecological label for tourist housing services are governed by the European Commission Decision no. 287/2003/CE regarding the establishment of ecologic criteria applicable for the assignment of ecologic label for community tourist housing services, published in the Official Journal of the European Communities (JOCE) no., L102/2003. Agro-tourism is defined by the tourists who travel to an unpolluted rural location, in a scenic area,

completed by a period of leisure of at least 24 hours and by the consumption of specific food or non-food, completed by cohabitation and integration into rural society. This form of tourism comprises two major components: tourist activity and agricultural activity provided by the owner of the agro-touristical farm. The work we are proposing is the result of a study by university teachers, master students and PhD students from the management and agro-tourism specialty at the University of Agronomic Sciences and Veterinary Medicine of Bucharest. The study was carried out during 2007-2017 period, the target group consisting of 200 agrotourist hostels, members of EUROGITES: 25 from Hungary, members of the Association of Hungarian Rural and Agrotourism, 25 from Bulgaria, members of Bulgaria's Alternative Tourism Association and 150 from Romania, members of National Association of Ecological and Cultural Rural Tourism. The study looked at the possibility of implementing the ecolabel for accommodation services in the agro-tourism hostels in the three specified countries. Although in 2007 the implementation rate was low, the results of the year 2017 are encouraging to implement the Ecolabel in agro-tourism.
Keywords: *Agrotourism, Ecological label, Implementing, Tourism management*

THE IMPACT OF THE EUROPEAN SOCIAL FUND ON ECONOMIC AND SOCIAL DEVELOPMENT IN ROMANIA

Stefan-Florin Corcodel

*Bucharest University of Economic Studies, Romania
stefan.florin.corcodel@gmail.com*

ABSTRACT

Over the past 10 years, since its adherence to the European Union in 2007, Romania has received approximately 44 billion Euro as support for attaining a higher level of economic and social

development within its regions. This paper aimed to analyse the impact of actions financed from the European Social Fund (ESF), the main instrument of the European Cohesion Policy for supporting people in getting better jobs and ensuring fairer job opportunities for all European citizens. The analysis focused on the results achieved within the Operational Program for Human Resource Development, a program funded from the ESF that was implemented in Romania between 2007 and 2015. In terms of the financial implementation of the program, the current absorption rate stands at approximately 90%, a relatively low rate if compared to the performance of other Member States. From a results-based approach, out of the 52 technical indicators set in the programming period for this program, 31 had an achievement rate of over 100% and just 21 of them were situated within the error margin considered to be normal in the European Commission methodology (their achievement rate was between 75% and 125%). In terms of the economic and social impact of the actions implemented through this program, results show that the implementation of the program contributed to the economic growth registered by Romania between 2014 and 2015 and has had a major contribution in terms of reducing the unemployment rate over the whole implementation period through its different fields of intervention (short and long-term training courses, supporting entrepreneurship, developing the education system, integrated actions for poor communities and other similar actions).

Keywords: *European Structural and Investment Funds, European Social Fund, Economic Development, Social Development*

POSSIBLE MODELS OF POST-BREXIT OUTCOMES – FROM CARICOM AND EU PERSPECTIVES

Elzbieta Szymanska

*Bialystok University of Technology, Faculty of Management
Engineering, Poland
e.szymanska@pb.edu.pl*

Alexander Wollenberg

*St. George's University, School of Arts and Sciences, Grenada
(CARICOM)
awollenb@sgu.edu*

ABSTRACT

Problem: The research problem which the Authors undertake to solve is Brexit consequences.

Purpose: The main purpose of the research is to create the possible model of post-Brexit outcomes. The proposed research area in geographical terms consists of the selected countries. The planned research is to cover CARICOM and Poland countries.

Methodology: The paper is theoretical in character, so the methodology based on the statistics data and the existing models of non-EU countries in Europe.

The expected results of the research: The contribution to the development of the field of economic sciences: is identifying (creating) the most common model of post-Brexit outcomes for EU and for other countries on the CARICOM example. A contribution to economic practice will be recommendations for the Great Britain policy in the process of going out of the European Union.

Keywords: BREXIT, CARICOM, Development

ANALYZE OF HUMAN RESOURCE ALLOCATION IN HIGHER EDUCATION APPLYING INTEGER LINEAR PROGRAMMING

Ivana Tadic

*University of Split, Faculty of Economics, Croatia
itadic@efst.hr*

Branka Marasovic

*University of Split, Faculty of Economics, Croatia
bmarasov@efst.hr*

ABSTRACT

Contemporary organisations are surrounded with various constrains as well as limited number of different resources essential for their performance. Their managers seek to find an optimal resource allocation to a number of tasks, for optimizing objectives due to given constraints. Consequently, optimizing human resource allocation in order to fulfil organisational goals, primary to maximise profit and at the same time to minimize total costs or loss of time, represents one of the most demanding managerial decision making. The main aim of this paper is to optimise human resource allocation within Croatian higher education system in terms of minimising employees' costs. The paper suggests usage of integer linear programing model in order to determine the required number of teaching and researching faculty staff to fulfil all their duties (related to students) and at the same time to minimise their salaries expenditures. The model will be applied on the chosen example of Croatian faculty, due to the fact that Croatian teaching and researching staff is lately constrained in advancement and promotion by insufficient investments and is confronted with significant cutting costs. Besides minimising salaries expenditures, as its primary goal, model has to offer optimal solution which will provide the best possible quality for students within higher education system.

Suggested model will be applicable to any Croatian faculty. It will secure optimal level of teaching and researching positions whose objective is to evolve and progress on individual level, delivering quality to their students as well as recognition and competitive advantage to their institution.

Keywords: *higher educational system, human resource allocation, human resource planning and programming, integer linear programming model*

BUSINESS CASES AS SCENARIOS IN THE FRAME OF INTEGRATING CASE METHOD AND DRAMA TECHNIQUES IN TEACHING ENGLISH

Vitaly Cherenkov

*Graduate School of Management, Saint-Petersburg University,
3, Volkhovskiy Pereulok, St. Petersburg, 199004, Russia
cherenkov@gsom.pu.ru*

Natalia Cherenkova

*Saint-Petersburg State University of Economics,
21, Sadovaya street, 191023, St. Petersburg, Russia
cherenkovanat51@gmail.com*

ABSTRACT

This paper presents some contributions of using business cases as “raw materials” for “Drama in Teaching” method of English teaching in economic schools. It shows that large HBS-format cases could serve as scenarios well suited for triggering communicability, imitativeness, and creativity of students and also for enriching their professionally-oriented English vocabularies. This account is based on an initial experience of including dramatized cases in Business English classes.

These theatricalized cases comprise business situations with implicit/explicit problems to be resolved by students (e.g., playing a role of consulting agency). Teaching/learning efficiency and effectiveness achieved by the said method are assessed versus outputs of “non-case” referent groups and by interviewing participants of experimental “HBS-case format” ones. Formal prerequisite for this phenomenon is increasing number of communicative links on the way from passive to constructivist method. This way is logically and historically considered. While assessing students attitudes to such way arranged workshops it is disclosed that they are attractive not for all students (and teachers). The poor level of initial relevant knowledge of participants is the reason. This paper highlights that the “Drama in Teaching” method is not so often applied today in Russian economic higher schools than abroad. However, the said method permits to increase a formal in-class learning time budget due to out-class networking students. Besides, the said method could be considered as a very perspective one not only for developing communication skills in English for future managers but for improving teaching/learning mainstream special disciplines (management, marketing, logistics, etc.) where signs of the “pedosynergy effect” are revealed.

Keywords: *business cases, drama in teaching, teaching-learning methods (passive, active, interactive, constructive), pedosynergy effect*

MANAGER'S AUTHORITY– THE EXPERIENCES OF POLISH MANAGERIAL STAFF

Joanna M. Moczydlowska

*Bialystok University of Technology, Poland
joanna@moczydlowska.pl*

Krystyna Leszczewska

*Lomza State University of Applied Sciences, Poland
k.leszczewska@wp.pl*

ABSTRACT

The problem of an authority has interdisciplinary and complex character. The article's authors have adopted the disciplined perspective of management sciences. The aim of the research presented in the article is cognition of the meaning of authority assigned by Polish managers and identification of activities being done by the managerial staff to shape their professional authority. The realisation of this aim had involved carrying out the questionnaire study among the representatives of the managerial staff. The study sample numbers 60 people, therefore this is a pilot research and the results are treated as a ground for wording the hypothesis for further and developed research. Psychological interpretation of authority of a manager as a person with specified abilities and mental qualifications who commands respect and trust dominates among Polish senior management. They identify the authority more as source of managerial effectiveness than personal power. They strongly combine it with ability to build and support team's involvement. Two tendencies equilibrate in search of authority's genesis. On the one hand the respondents identify the authority with native qualifications typical for charismatic leaders. On the other hand they appreciate the function of professional knowledge and professionalism of management.

The managers make out positive distinct relationship between manager's strong authority and management's effectiveness. They overlook the threats such as limit of subordinates' independence and creativity.

Keywords: *Authority, Management, Manager's authority*

EFFECTIVE INVESTMENT THROUGH SOUND STRATEGIES AND POLICIES

E.I. Edoun

*University of Johannesburg
eiedoun@uj.ac.za*

Dudu Mbatha

University of Johannesburg

ABSTRACT

The Global Action for Africa's development (GLAFAD) has embarked on implementing a number of strategies that aim creating a multiplier effect on its investments. One of such strategy is that, GLAFAD has invested its employees' pension funds in Public Services Pension Funds (PSPF) Scheme. GLAFAD Cautious Managed Fund is an investment portfolio, which aims to provide a combination of income and growth in the investment value over the long term. The Fund seeks to invest conservatively in a broad range of 60% of shares and 40% invested in bonds issued by governments, institutions or companies around the world. PSPF's objective is to manage this Fund through the passive management dominated by indexing. GLAFAD is cautious on its bond investment and has purchased investment-grade bonds with Baa/BBB and a quality bonds, and has occasionally purchased bonds that are below investment grade.

The Fund can be invested in more than 35% of its assets in securities issued or guaranteed by a EEA state. The Fund can also invest in other assets including cash and derivatives.

Keywords: GLAFAD, PSPF, Bonds, Investment, assets, securities

BANK-SPECIFIC DETERMINANTS OF COOPERATIVE BANKS' PROFITABILITY IN POLAND

Maria Magdalena Golec

WSB University in Poznan, Poland

maria.golec@wsb.poznan.pl

ABSTRACT

Apart from the external, usually macroeconomic causes affecting the financial results of banks, the important factors that play a role are those affected by the decision-makers of specific entities. The paper discusses the bank-specific factors affecting profitability of cooperative banks. Credit cooperatives are also social institutions, therefore they operate in the social dimension, too. However, the implementation of important social tasks can lead to decreasing financial results. Therefore, research was conducted taking into account selected social aspects of the activities of the cooperatives concerned. The paper aims to examine the factors determining the profitability of cooperative banks in Poland as exemplified by a selected group of 75 such entities. The study used quarterly panel data from the years 2009-2016. The assessment of profitability in the surveyed group of banks was made using the economic regression models (fixed effect models). ROA and ROE were assumed as endogenous variables. In the examined group of banks, the factors that negatively influence the obtained results are: low quality of the loan portfolio, lack of balancing of acquired deposits with

granted loans (in a situation where the cooperative bank becomes a net-lender to other financial market participants), SME or farmer loans, as well as increasing the share of deposits in the financing of operations. Profitability is increased when the sum of capitals or net commission income grows. The hypotheses regarding the impact of the scale of activity on the profitability of the surveyed entities have not been confirmed.

Keywords: *Cooperative bank, Determinants, Profitability*

THE ROLE OF IMMIGRANT WORKERS IN PRODUCTIVITY AND ITS MAIN COMPONENTS IN OECD COUNTRIES

Maria Jose Miranda-Martel

*University Las Palmas de Gran Canaria, Spain
mariajose.miranda@ulpgc.es*

Antonio Mihi-Ramirez

*University of Granada, Spain
amihi@ugr.es*

Sara Ojeda-Gonzalez

*University of Las Palmas de Gran Canaria, Spain
sara.ojeda@ulpgc.es*

ABSTRACT

Immigration and productivity are really important aspects that affect the economy of countries. Therefore, in recent years the number of scientific papers addressing migration and productivity has increased. However, migration flows have a marked dynamic character with important consequences for the economy, and therefore it is convenient to analyze them in the long term. This article analyzes migration, labour productivity and capital productivity by comparing Spain with relevant

economies of the OECD in the long term. With this purpose, the most important migratory theories, such as the classical theory, the Harris and Todaro theory, among others, have been taken into account, together with the new estimates and indicators of productivity elaborated by the OECD, such as the Gross Domestic Product by hours worked, hours worked per capita, the use of the labor factor, the productivity of capital services and multifactor productivity. Among the main results, a positive association has been observed between the use of the labour factor, capital services in non-intensive ICT companies and immigrant workers, especially in the case of Spain. However, we can conclude that the impact of this type of workers on productivity is limited. In addition, the more qualified workers increasingly migrate to countries with more attractive conditions, in the long term this is detrimental to the productivity of the countries of origin, and therefore, of their growth. Concerning the relation of labour productivity and immigrant workers, it has been observed that its impact is relevant in the case of the productivity component called the use of the labour factor, with a positive relationship in all educational levels analyzed.

Keywords: *capital productivity, immigrant workers, labour productivity, multifactor productivity use of the labour factor*

EVALUATION OF STATE FINANCIAL ASSETS IN THE FORM OF SHARES AND STAKES IN ENTERPRISES OWNED BY THE REPUBLIC OF CROATIA

Vesna Vasicek

University of Zagreb

Faculty of Economics and Business Zagreb, Croatia

vvasicek@efzg.hr

Sanja Broz Tominac

University of Zagreb

Faculty of Economics and Business Zagreb, Croatia

sbroz@efzg.hr

ABSTRACT

The assets of the state and of local and regional government consist of financial and non-financial assets. The state and local and regional government may establish legal entities or acquire shares or stakes in companies, institutions and other legal entities if such acquisition functions as the execution of public services and activities in the public interest. The Act on the Management and Disposal of Assets Owned by the Republic of Croatia regulates the jurisdiction of authorities regarding the management and disposal of state assets, and the establishment and management of the State Assets Register. In terms of state financial assets, the Register should contain a list of relevant data on shares and stakes in state-owned companies. Asset valuation is carried out on an accrual basis with the historical cost method which means that assets are shown at their book value and revalued amount. This paper explores and critically evaluates the approach to shares and stakes evaluation and measurement in enterprises owned by the Republic of Croatia (hereinafter Croatia). It analyses the theoretical and legal basis for the application of such an approach and the advantages and disadvantages of applied valuation rules.

The paper compares existing evaluation practice in relation to the requirements of the International Public Sector Accounting Standards (hereinafter IPSAS) and the application of the fair value concept.

Keywords: *Croatia, evaluation, shares, stakes, state financial assets*

CORPORATE CASH HOLDINGS: AN EMPIRICAL INVESTIGATION OF SOUTH- EAST EUROPEAN COMPANIES

Aleksandar Naumoski

*Ss. Cyril and Methodius University, Faculty of Economics –
Skopje, Republic of Macedonia
aleksandar@eccf.ukim.edu.mk*

ABSTRACT

The purpose of this paper is to build a synthesis of the three theoretical models of corporate cash holding motives: trade-off theory, pecking order theory and free cash flow theory, and to examine their relative contribution in explaining actual corporate cash holdings in South-East European countries. We are specifically interested in the issue of whether firms actively pursue implicit cash targets or whether cash holdings are deemed unimportant and therefore passively adjust to (more important) financial decisions taken elsewhere in the firm. This paper investigates the empirical determinants of corporate cash holdings for a sample of 877 firms from ten South-East European countries (Bosnia and Herzegovina, Bulgaria, Montenegro, Croatia, Greece, Romania, Macedonia, Slovenia, Serbia and Turkey). Using their financial data for the period 2005-2015, we apply a panel regression model, involving cash ratio as a dependent variable and several firm characteristics as independent variables that closely determines the corporate cash

holdings. The results of the analysis found supportive evidence of a pecking order theory of cash holdings according to which the firms do not have a target optimal cash level, and cash is used as a buffer between retained earnings and investments of the firm. In particular, we found that corporate cash holdings in the SEE countries decrease significantly with the net working capital as a cash substitute, leverage of the firm, cash flow uncertainty, and capital expenditures. Cash holdings in SEE countries increase significantly with the firm size, cash flow and debt maturity. This study will contribute in understanding the factors affecting corporate liquidity by financial managers in the South-East European countries.

Keywords: *agency costs, cash holdings, liquidity, free cash flow theory, liquidity, pecking order theory, financing hierarchy*

CORPORATE SOCIAL RESPONSIBILITY IN COMMERCIAL BANKING SECTOR IN CROATIA

Ana Vukusic

*University of Split, Department of Professional Studies, Croatia
ana.vukusic01@gmail.com*

Ivan Peronja

*University of Split, Faculty of Maritime Studies, Croatia
iperonja@pfst.hr*

ABSTRACT

This paper deals with the topic of corporate social responsibility (CSR) and includes an analysis of the ethical, environmental, social and economic determinants stemming from this concept. In the focus of this paper is socially responsible business as a kind of social and business paradigm, which in its complexity permeates all aspects of business, its economic breadth and

strategic contribution to brand building, reputation and consumer loyalty. Considering a constant gap between the shareholder and the stakeholder approach when applying socially responsible initiatives, this paper gives an insight into the business justification of CSR, and the reasons for applying this concept. The aim of the research was to examine the recognition and level of understanding the CSR concept in the commercial banks sector in Croatia, among bank employees and consumers. When analyzing consumers perception about CSR it is important to conclude are consumers willing to give priority to a bank that is socially responsible/more responsible than another bank, and has socially responsible business become one of the important factors that influence consumers choices. Bank employee's perception is also examined in order to explore their point of view about effects of CSR inside the banking sector. The results of this study indicate the need for greater engagement and involvement of the banks in domain of social responsibility that requires more visible and measurable results, greater inclusion with community and bigger efforts for better recognition of this concept in the consumer's perception.

Keywords: *Corporate Social Responsibility, Croatia, bank*

CORPORATE INCOME TAX REVENUE DETERMINANTS: HOW IMPORTANT IS THE TAX RATE?

Andrzej Karpowicz

*Bialystok University of Technology, Management Faculty,
Financial and Accounting Department, Poland
a.karpowicz@pb.edu.pl*

Elzbieta Majewska

*University of Bialystok, Faculty of Mathematics and
Informatics, Department of Applied Mathematics, Poland
e.majewska@uwb.edu.pl*

ABSTRACT

Tax evasion and tax avoidance gains attention. States with globalized economies face erosion of the tax base. As a result sources for public goods may become less available in particular jurisdictions. To cope with the challenge international and national initiatives arise. They include several actions that could be gathered under the name of BEPS (“Base Erosion Profit Shifting”). Corporate Income Tax (“CIT”) are among taxes particularly prone to profit shifting. To assure (even limited) budget inflows from that tax states seek to maintain attractiveness of their CIT systems. Commonly used tool is decrease of the statutory CIT rates. Such actions could lead, however, to infinite CIT rate competition between various jurisdictions. Eventually, an undesirable effect could be achieved consisting in minimal CIT budget revenues of each engaged state. In this article we identify key factors influencing receipts from CIT. The determinants are divided into two groups – i.e. (I) statutory CIT rate and (II) other factors that exert impact on revenues from CIT that are beyond CIT law. This latter group includes (i) GDP growth, (ii) size of the shadow economy, (iii) globalization index and (iv) top statutory personal income tax rate. The determinants are analyzed using panel regression of particular dependent

variables for the years 1995 – 2014 for all EU Member States. Quantitative analysis leads to an important conclusion that the level of CIT rate exert lesser impact on CIT revenues than all other relevant determinants collectively. Moreover, impact of shadow economy on CIT revenues proved to be insignificant. This findings are interesting both from scientific and practical perspective as may influence attitude of states towards optimal CIT rate level.

Keywords: *Corporate Income Tax, Fiscal Policy, Macroeconomic Policy, Tax*

EMPLOYEE VALUE PROPOSITION AS A TOOL OF EMPLOYER BRANDING

Anna Bagienska

*Bialystok University of Technology, Faculty of Engineering
Management, Poland
a.bagienska@pb.edu.pl*

ABSTRACT

The modern socially responsible enterprise conducts economic activity focused on meeting needs of various groups of stakeholders comprising present and future employees. The information concerning the Employees Value Proposition (EVP) creates a distinguishable image of an organization as a preferred employer. The financial and non-financial information concerning employees influences greatly employer branding.

Purpose – The aim is to diagnose the kind of reporting the information regarding the Employee Value Proposition in terms of the creation of employer branding.

Methodology – The morphological analysis of websites of companies listed on the Warsaw Stock Exchange.

Results – The results of the conducted analysis show that the information presented on website could constitute an EVP for prospective employees. The main area presented on the websites is the possibilities of staff development which can be described as an EVP basis.

Practical implications –Thanks to the proposed methodology of EVP diagnosis based on the websites information, management staff may take action in order to increase the extent of reporting concerning employees with components creating employer branding.

Keywords: *Employer branding, Employee Value Proposition, financial and non-financial information*

SERVICE QUALITY AND CUSTOMER SATISFACTION IN BUSINESS CONSULTING SERVICES: AN IMPORTANCE- PERFORMANCE ANALYSIS BASED ON THE PARTIAL LEAST SQUARE METHOD

Dragan Benazic

*Juraj Dobrila University of Pula, Faculty of Economics and
Tourism “Dr. Mijo Mirković”, Croatia
dbenazic@unipu.hr*

Nikolina Varga

*Senior Leisure Sales Representative, Valamar Riviera d.d.,
Croatia
nikolina.varga@riviera.hr*

ABSTRACT

The managements of enterprises use business consulting services to resolve a variety of business problems. As such, business consulting services are distinctly intangible, heterogeneous and characterised by a large number of interactions between the

service provider and service consumer during procurement and use. In addition, the complexity of business consulting services is further compounded by the many persons of different profiles engaged in shaping the service. For this reason, the users of business consulting services have a high level of perceived risk relating to the procurement and use of the services. Hence, the service provider needs to create a high level of perceived service quality to ensure consumer satisfaction. Accordingly, managers should study the perceived level of service quality and identify what quality dimensions influence satisfaction and to which extent. To do so, they can conduct importance-performance analysis to identify and categorise dimensions in the attributes of service quality with regard to their influence on user satisfaction. Using a sample of 110 managers of Croatian enterprises, this paper analyses the effect of the perceived quality of business consulting services on consumer satisfaction. Perceived service quality is conceptualised using Donabedian's service quality model through the dimensions of service potential, process and outcome. The Partial Least Square technique is used to develop an IPA matrix. Research results indicate that the dimension and attributes of the outcome of business consulting services have the greatest importance for, and influence on, the creation of consumer satisfaction.

Keywords: *service quality, business consulting services, consumer satisfaction, importance-performance analysis*

THE IMPACT OF NOSTALGIC FEELINGS ON AN EVALUATION OF BRANDS' PERCEIVED QUALITY

Magdalena Grebosz-Krawczyk

Lodz University of Technology, Poland

magdalena.grebosz@p.lodz.pl

ABSTRACT

Brand management is one of the greatest challenges of modern marketing. In view of the changes taking place in the environment of modern companies, brand is a reference point which allows the consumer to evaluate not only the material properties of a product, but also the fundamental intangible values associated with the brand. At the same time we can observe the trend of development of the marketing activities that appeal to emotions, experiences and memories of consumers. As a result, the basis of relations between the consumer and the brand can be nostalgia, which is a positive attitude towards brands that are directly or indirectly related to the consumer's past. The implementation of the phenomenon of nostalgia in brand management can create the emotions associated with sensations and experiences important for buyers, often making reference to their own, or an idealized historical past. The aim of this article is to compare the level of perceived quality in case of nostalgic and non-nostalgic brands operating on the Polish market, taking into account the brand category as well as consumers' demographic characteristics. The results of own empirical research conducted in 2017 on a group of 1000 Polish consumers will be presented. The results can serve as a guide for managers in defining what they propose to the customers and can help them identify the crucial values that they need to focus on regarding customers' expectations.

Keywords: *brand equity, nostalgia, nostalgic brand, perceived quality*

PRIORITIZATION OF SINGLE ORDERS IN A MANUFACTURING – SERVICE ENTERPRISE WITH APPLICATION OF THE AHP METHOD

Katarzyna Marek-Kolodziej

*Opole University of Technology, Department of Project
Management, Opole, Poland
k.marek-kolodziej@po.opole.pl*

Iwona Lapunka

*Opole University of Technology, Department of Project
Management, Opole, Poland
i.lapunka@po.opole.pl*

Piotr Wittbrodt

*Opole University of Technology, Department of Management and Production
Engineering, Poland
p.wittbrodt@po.opole.pl*

ABSTRACT

The article aims at presenting the single order prioritization results in a manufacturing – service enterprise. The enterprise is operated in Poland, and provides services in design and implementing of automation and industry electrical installations for: technological installations, production halls, office buildings production and processing machinery and equipment, power supply units, water treatment plants and environment protection installations. Single orders executed by the company are project type orders, as they are limited in time, have a specific scope of execution, should be performed at a specific cost and involve economic risk. The company executes several such orders at the same time, which causes constraints in resources availability. Hence, to determine the sequence of orders execution, the AHP method has been applied, facilitating not only selection of the most important order for execution, according to criteria set, but which also indicates ranking of orders. The basis for orders prioritization analysis in the enterprise involves the following

criteria selected: NPV index, order execution cost, order duration time and risk. Case study analysis performed, has been based on determining the sequence of three orders execution which has involved: (1) electrical installation execution in a manufacturing building, (2) execution of lighting installation in manufacturing buildings and zones and (3) execution of electrical installation in a water treatment plant. By application of AHP method, it has been possible to indicate which single order in the company should be focused on first. The water treatment plant order has been selected as the first of the orders, as it involves the highest priority for each of the criteria. This refers particularly to the “NPV index”, being the most important factor in orders prioritization. The company should move then, to execution of electrical installation order in manufacturing building, and execute the lighting installation for manufacturing buildings and zones as the last order, because this project priority is the lowest.

Keywords: *analytic hierarchy process (AHP), single order, prioritization of orders*

THE STUDENT LOANS IN SLOVAKIA - THE ECONOMIC IMPACT ON NATIONAL STUDENT SUPPORT SYSTEM DEVELOPMENT

Maria Bartekova

*Comenius University in Bratislava, Faculty of Management,
Slovakia
maria.bartekova@fm.uniba.sk*

Ludomir Slahor

*Comenius University in Bratislava, Faculty of Management,
Slovakia
ludomir.slahor@fm.uniba.sk*

ABSTRACT

The aim of this paper is to examine the economic impact of the student loans on the national student support system in Slovakia. The social support system for tertiary students in Slovakia, which was significantly enlarged until 2017 to cover more than 21 % of the total higher education population (about 12 thousand students), has been considered a rather successful and relevant policy tool for opening up access to higher education. It follows the practice of an innovative element of mutuality, which was key to making use of private finance at a time when a further extension of public funds was impossible. It complements existing social support grants, rather than replacing them, and hence improves equity in access to higher education by extending students' options. The empirical analysis consist of the descriptive statistics focused on the Slovak student loan market and a financial analysis of the sustainable national student support system providing the student loans in Slovakia. The most significant opportunity that emerged from our analysis is to ensure accessible student loans to every student actively enrolled in higher education. In European countries, the debate focuses on the financing of higher education for several reasons : the rapid growth of this budget, the persistence of social inequalities despite an extensive public financing, and the fact that letting

primary and secondary education almost entirely free and publicly funded is generally admitted. However, estimating the long-run cost of student loans is inherently difficult. It requires a model to forecast graduate income and repayment behaviour over many decades in the future.

Keywords: *Student grants, Student loans, Tertiary education*

MARKET CAPITALIZATION, ENTERPRISE VALUE AND BRAND VALUE OF THE WORLD'S MOST REPUTABLE COMPANIES

Mihaela Herciu

“Lucian Blaga” University of Sibiu, Romania

mihaela.herciu@ulbsibiu.ro

ABSTRACT

When assessing a company most of the investors are searching for the best investment or for the investment with a great growing potential. But, what is a good investment? Beyond the production (in general), companies can increase their value also through branding, reputation, social responsibility performance, financialization or market capitalization. The purpose of the present study is to analyze the correlation between brand value (the monetary value of a brand if it is considered an assets and it is shown in balance sheet), market capitalization (the value of total number of shares multiply by price per share), enterprise value (considering also total debt and cash of a company) and corporate reputation in order to identify if there are some connections between them. The samples are companies that are ranked into: 2017 Global RepTrak 100: The World's Most Reputable Companies; Fortune Global 500: The World's largest companies by revenues; Forbes: The World's Most Valuable Brands. In the same time, it will be used data from balance sheet, income statement, and capital market.

According to our analysis, the main results of the study are confirming our hypotheses. There is a direct and strong correlation between brand value and market capitalization (brand value can drive to a higher price per share) and enterprise value. Even if, could be a correlation between company reputation and price per share (in terms of market capitalization), our findings showed that there is no direct correlation between them.

Keywords: *brand value, corporate reputation, enterprise value, market capitalization*

DYNAMIC STRATEGIES FOR ECONOMIC AND ECOLOGICAL GLOCAL CLUSTERING

Mihai V. Putz

*West University of Timișoara, Faculty of Chemistry - Biology Geography & Doctoral School of Economics and Business Administration; National Institute for R&D in Electrochemistry and Condensed Matter –Laboratory of Renewable Energy-Photovoltaics, Timișoara, Romania
mv_putz@yahoo.com; mihai.putz@e-uvt.ro*

Ioan Petrisor

*West University of Timișoara, Faculty of Economics and Business Administration, Timișoara, Romania
ioan.petrisor@e-uvt.ro*

ABSTRACT

In the context of the new post-modern management, the trans-economic concept of the "second curve" is presented as a "branching" curve in relation to the biosphere cycles (the general bio-geo-chemical and the special carbon ones) as the engines of the bio-economy, contributing to the emerging econo-ecology by glocal (global-local) clustering research direction.

In this context the second branching curve appears as a component of a closed-open cycle of five "left and right" links. They correspond to the five competitive forces identified by Michael Porter as being at the core of strategic management and allow the re-designing (strategically) the timely - sustainable management in the bio-econo clustering of the dynamical competitive advantage.

Keywords: *the second (Handy's) curve, sigma-alpha pulses, Gummesson cycles, cycles of biosphere, Porter forces*

RESEARCH OF THE ROLE OF STATE PROCUREMENTS IN RUSSIA: EXAMPLE OF THE RADIO-ELECTRONIC INDUSTRY

Razvadovskaya Yuliya

*Southern Federal University, Russia
yuliyaraz@yandex.ru*

Indukaev Victor

*Tomsk State University, Russia
victorindukaev@gmail.com*

ABSTRACT

In the last decades, the subject of state procurements became an object of economic research. Interest in this subject is connected with the fact that state procurements perform various functions including satisfaction of the state needs by the involvement of private corporations and stimulation of scientific and technical progress through financing of production of those goods and services the production of which is not profitable for private companies. In this article we analyze various price mechanisms of state and fixed price contracts as the most common form of the state contract. Also, we study the influence of state contracts on the indicators of radio-electronic industry in Russia.

Authors come to the conclusion that, even there are many problems in the system of state procurements, positive influence of this instrument of state policy is more significant. Article is organized as follows: in the first part we give the characteristics of radio-electronic industry in Russia, including the production dynamics and the state programs and projects aimed at the development of this sector production; in the second part we provide the typology of state contracts, including fixed price and “costs plus” contracts, and data on cost of the signed contracts on chips. In the conclusion we provide main results and suggestions for further researches.

Keywords: *State procurements, Russia, fixed price contracts, costs plus, radio-electronic industry, export, import*

UNDERSTANDING TOURIST SPENDING ON CULTURE AND ENTERTAINMENT

Daniela Soldic Frleta

*University of Rijeka, Faculty of Tourism and Hospitality
Management, Croatia
danielas@fthm.hr*

Dora Smolcic Jurdana

*University of Rijeka, Faculty of Tourism and Hospitality
Management, Croatia
doras@fthm.hr*

ABSTRACT

The aim of this study is to find out what are the determinants of tourist expenditure on culture and entertainment in two urban destinations (Rijeka and Opatija, Croatia). Tourists in these destinations spent most of their budget on accommodation (47%) and on food and beverages (21%). However, due to the fact that expenditure on culture and entertainment accounts for only 10%

of their total daily tourist expenditure per person, it was deemed important to find ways to enhance that level of spending. Considering that both towns, despite being urban destinations, have strong seasonality issues, it is necessary to make some changes in their tourism offerings in terms of innovations and attractiveness. As a result, tourists would not be motivated to travel there just for the sun and sea, but also for a wide range of cultural and entertainment opportunities. If the latter elements are enhanced and better presented, tourists would be more satisfied and, consequently, would spend more on these attributes of the offering. To achieve the main objective of this study, a tourist on-site survey was conducted from January to December 2016. The assessment was carried out on a sample of 824 tourists who visited and spent at least one night in these towns. The methodology included descriptive statistics, paired sample t-test, principal components analysis (PCA) and regression analysis. To obtain the frequencies, descriptive statistical analysis was performed on the socioeconomic, demographic and travel-related variables. The t-test was performed to find out whether there are any significant differences between importance and satisfaction levels on attributes referring to culture and entertainment. The PCA was applied to identify the dimensions of tourist satisfaction and a regression analysis was carried out for the purpose of identifying the factors that influence expenditure on culture and entertainment. T-test results confirmed that all attributes of the destination offering referring to culture and entertainment have statistically significant negative gap scores, indicating that satisfaction with those attributes is less than their importance to the respondents. The PCA resulted in a clear structure of five satisfaction components, which were labelled as follows: first component – ‘traffic and information availability’; second component - ‘environment’; third component - ‘activity opportunities’; fourth component - ‘facilities quality’ and fifth component – ‘hospitality’. The third and fourth components encompassed elements that are related to cultural and entertainment opportunities. Nevertheless, all five components were used in the regression analysis. The findings indicate that

age, length of stay, educational level, type of accommodation, transportation means, daily expenditure, and satisfaction with traffic and information availability significantly influence the expenditure on culture and entertainment in these urban destinations. This study has practical implications since destination management can base their future decisions on its results. Results clearly indicate that the diversity of cultural events and the presentation of cultural and historic heritage as well as entertainment opportunities fail to meet the tourists' expectations. Hence, further improvements are necessary to increase the tourists' satisfaction and their expenditure level.

Keywords: *culture, entertainment, tourist expenditure, tourist satisfaction, tourist spending*

INDUSTRY 4.0 – FUTURE OF PRODUCTION SYSTEMS

Piotr Wittbrodt

*Opole University of Technology, Department of Management
and Production Engineering, Poland
p.wittbrodt@po.opole.pl*

Iwona Lapunka

*Opole University of Technology, Department of Project
Management, Opole, Poland
i.lapunka@po.opole.pl*

Katarzyna Marek-Kolodziej

*Opole University of Technology, Department of Project
Management, Opole, Poland
k.marek-kolodziej@po.opole.pl*

ABSTRACT

The article presents the opportunities and threats for production systems from the mechanical processing industry in the context of industry 4.0. The transition from a human-controlled mechanized production system to a fully automated robotised one based on artificial intelligence seems to be a necessary process. An analysis of positive and negative effects of a particular implementation should be carried out, as the enterprises enrooted in the manufacturing sector have noticed the fact that high pressure concerning the productivity growth, increasingly stronger competition and expectations in terms of the flexibility of operations are the basic elements of development.

Keywords: *Industry 4.0, Production system, Production company, Intelligent factory, Internet of Things*

COMPETITIVE ADVANTAGES IN MILLENNIALS' REALITY

Tomasz Rosiak

*Faculty of Management, University of Warsaw, Poland
trosiak@wz.uw.edu.pl*

Agnieszka Postula

*Faculty of Management, University of Warsaw, Poland
apostula@wz.uw.edu.pl*

ABSTRACT

The high rate of technological development, faster communication, overload of economic innovations go hand in hand with generation change. We observe a huge change in social structures: new values -marginalized so far - reveal in business reality and become more important. The existing sources of competitive advantage of enterprises erode. The time has come to redefine the strategy and change the market modes of action to more adequate, tailored to the needs of the new generation of customers. The purpose of this article is to identify changes in customers' values and to bring closer the features of business models that may be the answer to these changes. The article is based on the concept of three authors: Kavadias, Ladas, and Loch (2016), who conducted an analysis of 40 selected business models in the area of management. The result of these analyses was the identification of six key success factors: a more personalized product or service, a transition to a closed-loop process, asset sharing, usage-based pricing, a more collaborative ecosystem and an agile and adaptive organization as the basic characteristics of a modern company. Basing on these findings, we present how customers' needs and behaviour is changing and the characteristics of a circular economy, which explain the need for modification of business models, and thus the strategy of modern enterprises. Furthermore, we match the generation's specific features/needs with features of transformative business

models, which may be taken into a consideration by practitioners who would like to transform their business models.

Keywords: *agile organization, business models, circular economy, competitive advantage, millennials*

THE "VIRTUOUS CIRCLE" BETWEEN CORPORATE SOCIAL PERFORMANCE AND CORPORATE FINANCIAL PERFORMANCE IN THE EUROPEAN BANKING SECTOR

Danilo Conte

*LUM Jean Monnet University, Italy
conte@lum.it*

Candida Bussoli

*LUM Jean Monnet University, Italy
bussoli@lum.it*

ABSTRACT

This paper analyses the relationship between Corporate Social Performance (CSP) and Corporate Financial Performance (CFP) in the European banking sector. The good management approach and the slack resources approach have been tested, and the paper aims to verify the existence of a "virtuous circle" between the two performance measures. The econometric analysis, based on panel data, is performed on a sample of 71 listed banks (EU28) in the period between 2011 and 2015. The main findings show a positive influence of CSP on CFP, confirming the good management approach. However, the results demonstrate a negative influence of CFP on CSP, which generates the impossibility of confirming the theoretical assumptions of the slack resources approach.

Therefore, the existence of a "virtuous circle" deriving from the integration of the two approaches is not supported.

Keywords: *Corporate social responsibility, European banking sector, Financial performance*

THE LEVEL OF PSYCHOSOCIAL RISK IN ACADEMIC PROFESSIONALS WORK - DIFFERENTIATION AND SELECTED NEGATIVE OUTCOMES

Agnieszka Springer

*WSB University in Poznań, Poland
agnieszka.springer@wsb.poznan.pl*

Iwona Werner

*WSB University in Poznań, Poland
iwona.werner@wsb.poznan.pl*

ABSTRACT

Stress experienced at work has been a growing problem not only for individuals, but also for their organizations. Having recognized that in the face of the changes that have recently affected Polish universities, this problem may also concern academic staff, the aim of the article is the evaluation of work strain among this occupational group, identify differentiating variables and assess the interdependencies between the perceived strain and selected negative outcomes (NO). On the basis of research conducted on a sample of 340 academic staff, a low level of strain with job content and a medium level of strain with job context were found. At the same time, 27% of the respondents pointed to the existence of such pathologic behaviours as workplace bullying, aggression or discrimination. Gender and objective workload rates have considerably differentiated the level of stress experienced due to the risk factors related to the

content and context of work. Work strain significantly correlated with the negative consequences, and the Pearson correlation coefficient was 0.34 for work content and 0.30 for work context.

Keywords: *job demands-resources model, psychosocial risk, work content, work context*

FOREIGN VERSUS LOCALLY-OWNED COMPANIES: AN ANALYSIS OF POST-CRISIS PERFORMANCE IN EASTERN EUROPE

Alexandra Horobet

Bucharest University of Economic Studies, 6 Piata Romana,

Bucharest, Romania

alexandra.horobet@rei.ase.ro

ABSTRACT

The 2009-2014 period was not an easy one for the companies from Central and Eastern Europe. Faced with the effects of the economic and financial crisis and the recession that affected the European Union, they saw themselves in a situation where the very good performances recorded in 2007-2008 decreased substantially, as shown by the main business indicators – such as turnover, value added or gross operating surplus, to name just a few. Still, there were significant performance gaps between the operations of foreign-owned and locally-owned businesses in the region, with marked differences among countries, typically in favour of foreign-owned companies. Our research, based on data collected from the inward FATS – Foreign Affiliates Statistics of Eurostat, sheds light into these performance gaps in CEE economies. Our results show that a performance gap between the foreign- and locally-owned companies is prevalent in these economies, but also that domestic companies enjoyed higher annual growth rates after 2009 compared to their foreign-owned counterparts, which corrected to some extent this gap.

Overall, our novel analysis supports the idea that the economies in the region have largely benefited from the activity of foreign-owned companies, although with nuances from one country to another. Moreover, locally-owned companies should engage more in the learning process from the former.

Keywords: *Central and Eastern Europe, Foreign direct investments, Foreign ownership, Performance analysis*

THE ROLE OF THE NATIONAL POSTAL OPERATOR IN THE CONTEXT OF E-ADMINISTRATION DEVELOPMENT– EXAMPLE OF POLAND

Anna Drab-Kurowska

*University of Szczecin, Poland
anna.drab-kurowska@wp.pl*

ABSTRACT

The article attempts to examine tools used to enhance trust to electronic transactions on the internal market by ensuring a common basis for the safe electronic interaction between citizens, companies and public institutions. The article discusses the following research hypothesis: The increase in trust to electronic transactions can be attained by introducing electronic identification and authorisation tools enhancing the efficiency of online public and private services, e- business and e-commerce in the EU. While referring to its goal and the hypothesis, the article discusses the following research question: What are specific electronic identification and authorisation tools used in communication between citizens, companies and public bodies? While attempting to give answer to the question, the article refers to EU regulations applicable to electronic identification and trusted parties in the context of on-line services. Then, the article focuses on findings of the study designed to determine behaviour

and needs related to dealing with online electronic public services. A major part of the article proposes to integrate Poczta Polska S.A., the Polish national postal operator, in the process of promoting electronic identification and trusted services on the Polish market.

Keywords: *e-administration, postal market, public services.*

MANAGERIAL ASPECTS OF INNOVATIONS COSTS – CASE STUDY

Anna Dyhdalewicz

*Bialystok University of Technology, Faculty of Management
Engineering, Poland
a.dyhdalewicz@pb.edu.pl*

ABSTRACT

The article addresses the problem of perceiving research and development activity from the perspective of the entity's accounting. The aims of the article include the identification of key accounting concepts and tools which, skillfully used, facilitate the management of listed stages of an innovational project as well as enable planning and control of costs and results of innovational activity. They also guarantee the presentation of reliable information in regard to accounting law. Additionally, the article is an attempt at answering the question regarding the relationship of the two elements of the accounting system, financial accounting and management accounting, in relation to the area of costs of research and development work. In the paper, the following methods are used: the case study method, the analysis of subject literature as well as the analysis of selected regulations of balance sheet law. Research and development activity is an example of an area of accounting in which the rules of recording and presentation of information for reporting complement data connected with management.

Budgeting is the main tool supporting the management of an innovative project being realized by the presented enterprise. The enterprise has structured their budget in a way where the planned data could be monitored along with actual data and management information could shape information for the needs of different stakeholders. Paper contributes to the accounting literature on product innovations. Convergence of financial and management accounting is a challenge for contemporary accounting. Knowledge created to fulfill the needs of management shapes information expressed in financial reports. Today we can talk about existence of integrated accounting system under IFRS. The integration of financial accounting and management accounting is important both from the point of view of theory and the point of view of economic practice. One of the areas where this phenomenon can be observed is research and development activity.

Keywords: *Cost of Research and Development Works, Financial accounting, IAS 38, Innovations, Management accounting*

THE IMPACT OF HUMAN CAPITAL AND INNOVATION ON PORTUGAL'S ECONOMIC GROWTH: AN EMPIRICAL STUDY THROUGH STRUCTURAL EQUATION MODELS

Catia Rosario

*Centro de Pesquisa e Estudos Sociais, Escola de Ciências Económicas e das Organizações; Universidade Lusófona de Humanidades e Tecnologias, Campo Grande 376, 1749-024 Lisboa, Portugal
rosario.catia@hotmail.com*

Antonio Augusto Costa

*Escola de Ciências Económicas e das Organizações; Universidade Lusófona de Humanidades e Tecnologias, Campo Grande 376, 1749-024 Lisboa, Portugal
aaugusto@ulusofona.pt*

Ana Lorga da Silva

*Centro de Pesquisa e Estudos Sociais, Escola de Ciências Económicas e das Organizações and Faculdade de Ciências Sociais, Educação e Administração, Universidade Lusófona de Humanidades e Tecnologias, Campo Grande 376, 1749-024 Lisboa, Portugal
ana.lorga@ulusofona.pt*

ABSTRACT

Human capital and innovation are decisive for the economic growth of countries and in the era of the knowledge economy the recognition of their importance is consensual. Despite the existence of many studies on the role of these factors in the economy, it is considered relevant to study the direct impact that human capital has on economic growth, as well as its indirect impact through the results of innovation. Through the analysis of Structural Equation Models (SEM) it is possible to establish direct relations between the variables of human capital (graduates by area of higher education) and economic growth

(GDP per capita). In addition, innovation outputs are analysed through industrial property registries (designs, patents and trademarks). The inclusion of these outputs assumes a mediating role, allowing to analyse the success of human capital through innovation. This study was applied to Portugal from 2000 to 2015 and the results suggest that human capital has a positive effect on GDP per capita. However, there were substantial differences in the impacts of different areas of higher education, suggesting a certain degree of difficulty in achieving successful results, since the mediating effect is significantly reduced. In this way, the need to adapt higher education, as well as the efforts made, is identified to achieve results that promote the creation of value.

Keywords: *Economic growth, Human capital, Innovation and Structural equation models*

INTEGRATING RESILIENCE AND SUSTAINABILITY INTO THE CORE ORGANIZATIONAL STRATEGY – IS IT POSSIBLE OR IMPERATIVE?

Claudia Ogrea

*“Lucian Blaga” University of Sibiu, Romania
claudia.ogrea@ulbsibiu.ro*

ABSTRACT

Resilience and sustainability have (relatively) recently emerged as two of the major challenges that organizations have to deal with in their strategic search for performance and competitiveness. Although different, these two challenges are rather complementary – as resilience basically is the capacity/ability of an organization to recover/rebound and move on (by even improving itself) after a disturbance (e.g. any kind of black swan event), while sustainability basically is the ability of an organization to combine (on the long-run and in a non-

detrimental manner for society at large) economic, social and environmental concerns (and goals) into its strategy. Thus, resilience and sustainability should probably be interdependently approached, as two organizational abilities that reinforce each other, into an unbroken spiral of strategic performance. Among academia, the opinions seem to be quite scattered (and even contradictory) when it comes to dealing with sustainability and resilience (as strategic organizational goals): some researchers are treating them as interchangeable, while others are arguing that they are independent; if taking them separately, some researches are advocating for the need of a distinct, dedicated strategy (aiming for sustainability or resilience), while others are asserting that organizations need to integrate sustainability or resilience goals into their core strategy in order for them to be effectively (and efficiently) achieved. Given the above-mentioned, the main objectives of this paper are: (1). to demonstrate that resilience and sustainability are two complementary features that organizations need to embrace and possess in order to successfully survive on the long-run; (2). to argue that resilience and sustainability goals need to be brought together into a common flexible strategic framework, integrated into the core organizational strategy; (3). to emphasize on the main tools and instruments organizations need to develop in order to gain a resilience-and-sustainability-based competitive advantage.

Keywords: *Organizational challenges, Resilience, Strategic approach, Sustainability*

POVERTY AND EXTREMES IN NUTRITIONAL STATUS OF CHILDREN

Ines Banjari

*Faculty of Food Technology, University of Osijek, Croatia
ibanjari@ptfos.hr*

Rajko Odobasa

*Faculty of Law, University of Osijek, Croatia
rodobasa@pravos.hr*

ABSTRACT

Child poverty has the most severe consequences by far. It affects child's nutritional and overall health status, and if prolonged affects health in adulthood, reduces quality of life and reduces life expectancy. About 385 million or 20% of children under the age of 18 worldwide live in poverty. Children from low-SES countries are more prone to extremes in the sense of their nutritional status, from undernourishment to obesity, along with the disturbances in all other health-related indicators. While the number of underweight children dropped, the number of overweight and obese children skyrocketed and projections for the near future are not bright. Health consequences and the quality of life of both underweight and obese children are immense, and extend far beyond individual, affecting the whole society. Yet, all extremes in nutritional status of children are related to inadequate intake of nutrients, i.e. unbalanced diet. Out of all nutrients, children are especially sensitive to insufficient dietary intake of iron because it directly affects normal growth and development. However, insufficient iron intake is usually discussed from the aspect of undeveloped or developing countries affected with food insecurity or famine but the issue of iron is global. Nowadays we are evidencing many nutritional deficiencies in well-developed countries, the ones that were once a "privilege" of undeveloped countries. The reason lies in the social inequality, which, among many other consequences, lead to increased number of working poor, more of the so called food deserts, etc. In the time of

economic insecurity, and fall in SES highly nutritious foods are the first ones being cut from a diet. The aim of the paper is to describe detrimental effects of poverty on child's health and development, and to propose a set of various economic, fiscal, social, educational and health measures to reduce consequences of high child poverty rates.

Keywords: *child poverty, health consequences, social inequality, state of nourishment*

OCCUPATIONAL STRESS AMONG ACADEMICS: RELATIONSHIPS WITH PSYCHOSOCAL RISK AND SUBJECTIVE HEALTH ASSESSMENT

Iwona Werner

*WSB University in Poznań, Poland
iwona.werner@wsb.poznan.pl*

Agnieszka Springer

*WSB University in Poznań, Poland
agnieszka.springer@wsb.poznan.pl*

ABSTRACT

The sector of higher education in Poland continues to experience significant changes and subsequent major changes are proposed and discussed. Many studies from different countries indicate that modern-day universities are stressful work environments. For many academics, universities have ceased to be a stable place of employment. Similar circumstances and processes are observed at Polish universities, e.g.: increasing pressure to obtain external funding, publication pressure or substantial growth in students number. Occupational stress can be defined in terms of interaction between the employee and their work environment; stress is experienced when the work demands surpass their

abilities. The study is focused on diagnosis of occupational stress measured by Perceived Stress at Work (PSaW) scale (Chirkowska-Smolak & Grobelny, 2016) and examining the extent to which the perception of selected work-related hazards modifies the experience of occupational stress. The survey was conducted in 2017 on a random sample of employees of various universities in the country (N=340). The respondents noted more psychosocial threats related to the content of their work than to its context. However, it was the context that correlated stronger with the perceived stress than the content of their work. The variable differentiating the perception of occupational stress was the academics' subjective opinion on their health, whereas such factors as gender, work experience and academic degree did not have any impact on the levels of stress experienced by the respondents.

Keywords: *perceived occupational stress, psychosocial risk, subjective health assessment*

THE PERFORMANCE DYNAMICS OF TRADE COMPANIES IN CENTRAL AND EASTERN EUROPE: AN ANALYSIS OF LOCAL VERSUS FOREIGN-OWNED BUSINESSES

Lucian Belascu

*University "Lucian Blaga" of Sibiu, Romania
lucian.belascu@ulbsibiu.ro*

ABSTRACT

The paper focuses on the relevance of foreign capital versus local capital for the performance of wholesale and retail trade companies from Central and Eastern Europe, with the aim of understanding the dynamics of and differences in the performance of the two types of businesses. The current research and analysis are based on data available from inward FATS -

Foreign Affiliates Statistics at the wholesale and retail sector levels. We find that in performance terms, the labour productivity of the wholesale sector was higher than the economy's in each of the CEE countries when the apparent labour productivity is considered, but lower in simple wage-adjusted productivity terms, which indicates that the average personnel costs in the wholesale sector are higher than the costs at economy-wide level. At the same time, both productivity indicators show smaller values for the retail sector compared to the economy in all countries, for both locally-owned and foreign-owned companies, and the profitability of the wholesale and retail sectors is smaller compared to the economy-wide profitability, regardless of the type of business ownership. Moreover, locally-owned businesses have been more dynamic compared to foreign-owned ones, as they attempted to recover quicker after the Global financial crisis; nevertheless, there is much that remain to be done by local businesses to reach the level of performance of foreign-owned companies in CEE markets, as the performance gap between them in productivity and profitability is still large.

Keywords: *Central and Eastern Europe, foreign direct investments, performance dynamics, trade industry, foreign ownership*

MONITORING THE INNOVATION ECOSYSTEM AND THE OF EFFECTIVENESS SMART SPECIALISATION STRATEGIES

Mona Roman

*Aalto University, Department of Industrial Engineering and
Management, Finland
mona.roman@aalto.fi*

Olli-Pekka Mutanen

*Aalto University, Department of Industrial Engineering and
Management, Finland
olli-pekka.mutanen@aalto.fi*

ABSTRACT

Smart specialisation policy aims at enhancing innovation and economic growth of the regions. The core mechanism for developing smart specialisation strategies is the entrepreneurial discovery process. The regions are to discover their innovation priorities in a bottom-up process involving all regional quadruple helix actors – university, industry, government and civil society and to focus their innovation efforts in the priority areas in order to be able to develop competitive advantage globally in these areas. While the concept of smart specialisation has been widely adopted in European regions since 2013, few studies have so far investigated the actual mechanisms to monitor smart specialisation implementation. This paper explores the mechanisms to monitor smart specialisation strategies and the innovation ecosystem development as the whole in Finnish regions. We adopt a grounded theory approach with multiple case design. Our semi-structured interviews with the facilitators of smart specialisation strategy process cover all 18 Finnish mainland regions. Based on 28 interviews conducted with altogether 36 facilitators in the subsequent interview rounds of 2016 and 2017, we can conclude that the regions have adopted a variety of monitoring tools that utilize both quantitative and qualitative data collection mechanisms. We describe three

innovative tools - “Situational picture of innovation”, “Partnership barometer” and “Connectivity tool” – that succeed to both drive policy learning and implementation. Our paper contributes to current debate on smart specialisation regarding how to engage the stakeholders to the monitoring process and how to identify the causality between policy measures and the overall regional innovation ecosystem development.

Keywords: *Monitoring, policy learning, regional innovation system, research and innovation strategies for smart specialisation, smart specialisation*

ON THE CROSS-MARKET LINKAGES IN GLOBAL FINANCIAL MARKETS

Aditya Chourasiya

*Indian Institute of Technology-Kharagpur, India
adityachourasiya142@gmail.com*

Aditi Kambli

*Indian Institute of Technology-Kharagpur, India
aditi1997kambli@gmail.com*

Krutarth Satoskar

*Indian Institute of Technology-Kharagpur, India
krutarthsatoskar1996@gmail.com*

Rajrishi Bhaisare

*Indian Institute of Technology-Kharagpur, India
rajrishibhaisare97@gmail.com*

ABSTRACT

We study the interrelationships among stock markets of developing economies from a system theory approach. Previous research in financial economics suggests that stock markets are interconnected and information travels from one market to

another to the extent of the level of linkages between two (or more) markets. Efficient market hypothesis proposes that markets operate with different forms of informational efficiency and the informational shock in one market is reflected as shock(s) in other market(s) to the extent of their interlinkages. The informational shock in a market might take some time to reach and reflect in other market(s) thereby providing market players in the other market(s) to exploit this information to gain some abnormal profits. Such arbitrage opportunities arise out of informational inefficiency and weak interlinkages among financial markets and violate the efficient market hypothesis theory. If financial markets are believed to be functioning as a system, they should respond in a more rational and efficient ways to any new information and the shocks originating because of such information. In this paper, we study the cross-market linkages in the context of stock markets of the developing economies in a system dynamic framework. Using ten year weekly data from April 2007 to March 2017 for twelve stock indices from across the world, we explore the cross-linkages among markets. The study comprises of data on NYSE, NASDAQ, SSE Composite, HANGSENG, S&P500, NIKKEI 225, DJIA, EURONEXT, NIFTY and SENSEX. In this piece of work, we begin with examining the association of SENSEX with other world indices. We also consider USD/INR exchange rate and India Volatility Index as exogenous variables to capture the interaction effects. We show the time-varying comovements between the Indian and other major international stock markets. Our results from cointegration tests incorporate structural breaks and recursive association-based dynamic models suggest the implications of the time-varying relationships among major stock markets. Statistically significant coefficients of recursive error correction terms connote that the long-term equilibrium between the Sensex and other major indices are achieved within very short period as opposed to what prior literature has suggested. We argue that this level of international cointegration among major stock markets of the world provides better risk management opportunities for investors holding global portfolio investment.

And evidence of cointegration among major markets improves upon the issue of information asymmetry and facilitates more rational capital allocation.

Keywords: *Co-integration, Comovements, Cross-market linkages, Indian stock market*

ECONOMIC APPLICATIONS OF ADAPTIVE KALMAN FILTER

S. M. Borodachev

*Ural Federal University named after the first President of
Russia Boris Yeltsin, Russia
s.m.borodachev@gmail.com*

ABSTRACT

In this paper, we propose an adaptive implementation of the Kalman filter (KF), when, similarly to the EM method, the phases of KF estimation in the window and minimization of average prediction error to determine the optimal estimates for the system model parameters in this moment are sequentially alternated. Then the window moves one-step forward. And so on. The developed improvement is applied to the previous economic studies of the author. In analyzing the Gross Domestic Product and the efficiency of the Russian economy as a whole, with the help of adaptive KF was obtained a more detailed picture of the changes in the coefficients of direct and capital expenditures. When using a 14-year movable window, it was found that the direct costs factor from 2010 to 2015 grew from 0.19 to 0.533, reflecting a decline in production efficiency. The coefficient of capital expenditures decreased from 2.57 to 0.45, which means an improvement in the productivity of newly commissioned capacities. True, the period of investment digestion has increased to 4-5 years. In the monthly forecasting of the dollar to ruble exchange rate, it became possible to reduce the average error of

forecasts, based on information available one step before the forecasted moments (RMSEA). So, with KF at constant parameters, it was 1.99 P. In the adaptive version, RMSEA is 1.39 P, that is, the best predictions were obtained with the adjustment of the parameters according to the data of the last 3 months preceding the forecasting moment. The dynamics of the estimated parameters of the model carries valuable economic information, for example, the inflow of dollar investments into Russian assets after a spike in October-November 2016 fell at large MICEX indexes.

Keywords: *adaptive Kalman filter, exchange rates, GDP*

COMPARISON AND ANALYSES OF INNOVATION CAPACITY ACCORDING TO COUNTRIES CLUSTERS

Ana Lorga da Silva

*Centro de Pesquisa e Estudos Sociais, Escola de Ciências
Económicas e das Organizações and FCSEA, Universidade
Lusófona de Humanidades e Tecnologias, Campo Grande 376,
1749-024 Lisboa, Portugal
ana.lorga@ulusofona.pt*

Catia Rosario

*Centro de Pesquisa e Estudos Sociais, Escola de Ciências
Económicas e das Organizações; Universidade Lusófona de
Humanidades e Tecnologias, Campo Grande 376, 1749-024
Lisboa, Portugal
rosario.catia@hotmail.com*

ABSTRACT

Recognition of the importance of countries' innovative capacity for economic growth and development is consensual and increasingly present in academic and political discourses. The Organization for Economic Co-operation and Development (OECD), recognizing the importance of analysing and comparing innovation across countries, developed in its report (European Innovation Scoreboard – EIS) a composite indicator of innovation. The performances of the innovation systems of each country are estimated through the average performance of several indicators, which are grouped into different dimensions of which stand out:

- *Framework conditions that capture the main drivers of innovation performance external to the firm and cover three innovation dimensions.*
- *Investments that capture public and private investment in research and innovation and cover two dimensions.*
- *Innovation activities that capture the innovation efforts at the level of the firm, grouped in three innovation dimensions.*

- *Impacts that cover the effects of firms' innovation activities in two innovation dimensions: Employment impacts and Sales effects.*

In this work we use cluster analyses that classify data by observing similarities and dissimilarities between the data referring to the innovation indicators. The use of this method to analyse the dimensions that make up the innovation indicator proposed in the EIS allows to group the different countries according to their similarities. That is, to group the various countries, through their greater or lesser capacity and success in each of the dimensions of innovation and then analyse the impact that these dimensions have on each other. In this way it is possible to identify the countries with the greatest innovative capacity and to compare the results with the results presented by the OECD.

Keywords: *Cluster Analysis, Innovative capacity and Innovation results*

INDEPENDENCE OF GOVERNANCE STRUCTURE IN STATE OWNED PORT AUTHORITIES - EXAMPLE OF CROATIA

Alen Jugovic

*Faculty of Maritime Studies Rijeka
University of Rijeka, Croatia
ajugovic@pfri.hr*

Natasa Munitic

*Ministry of Sea, Infrastructures and Traffic, Croatia
natasa.munitic@mmpi.hr*

Edvard Tijan

*Faculty of Maritime Studies Rijeka
University of Rijeka, Croatia
etijan@pfri.hr*

Gorana Stumpf

*Faculty of Maritime Studies Rijeka
University of Rijeka, Croatia
gstumpf@pfri.hr*

ABSTRACT

Due to large capacity of ships, maritime transport has always been a domain media for connecting the whole world. Nowadays, it is the most common form of transport and basis of global trade because of significant economic cost-effectiveness. Seaports are the main traffic junctions which are, at the same time, starting and ending point of every maritime voyage. Therefore, in this scientific article was carried research regarding the management model of seaports and its importance for all stakeholders including. There is no general management model for seaports in the world, neither in the EU. The term "port management" can mean two types of management models: 1) port management (port operations) in the broader sense and 2) port management as the port authority. The second one is in focus of this research.

The port authority is mostly state-owned under the direct control of the responsible Ministry or under the local/regional administration. Only a small number of port authorities are privately owned. The basic tasks of the port authority are governance of the port and coordination of the activities of different operators/ concessionaires present in the port. The governance structure of the state-owned port authority is made up of the board of directors and director who is often placed under the political key, so the question is are they independent in port management and motivate for efficient port governance. The subject of this scientific article is to find on the sample of main seaports of the Republic of Croatia (the six state-owned seaports in the cities of Rijeka, Zadar, Šibenik, Split, Ploče and Dubrovnik), the impact of the independence of governance structure in the state owned port authorities on the port governance efficiency.

Keywords: *governance, independence, management model, port authority*

DETERMINANTS OF BANK SELECTION USED BY START-UPS IN POLAND - WHY IS CREDIT RATING NOT THE MAIN CRITERION USED BY THE CLIENTS WHEN SELECTING A BANK?

Zbigniew Korzeb

Bialystok University of Technology, Poland

z.korzeb@pb.edu.pl

ABSTRACT

This article analyses determinants of bank selection used by start-ups in Poland, on the basis of 200 enterprises. The aim of this paper is to explain the reason why banking customers pay increasingly less attention to the economic and financial standing

of the banks they entrust their savings to. Nowadays, determinants of bank selection typically include the cost of bank charges and commission, a network of free ATMs, attractive range of banking products and services, professionalism of bank staff as well as interest on deposits, loans and credits. The outcome of the two serious global financial crises, i.e. the crisis caused by subprime mortgages and the one connected with the debt of eurozone countries clearly showed that banks are no longer perceived as public trust institutions. It should be therefore reconsidered whether the absolute faith in supervisory institutions, deposit guarantee schemes and the necessity for central banks and governments to apply aid systems in order to save banking sectors, are rational in the light of the decisions made by the customers when choosing a bank.

Keywords: Banking sector, Public trust institutions, Credit rating

INFLUENCE OF ICT ON THE LABOUR MARKET IN POLAND

Agnieszka Budziewicz-Guzlecka

*University of Szczecin, Poland
agnieszka.budziewicz@wzieu.pl*

ABSTRACT

The development of technologies has been changing the nature of labour all over the world. However, a very important issue is the ability of using those technologies by employees. The article presents trends on the labour market, selected programmes supporting the progress of revolution 4.0 in Poland, and findings of research among companies in Poland. The article aims at identifying those aspects that enable employees and companies in Poland to adjust to the ever changing labour market subjected to the rapid development of technologies.

The article defines the following research hypothesis: Increasing competences of the society as regards the use of information and communication technologies should enable to adjust to the ever changing labour market.

Keywords: *digital competences, ICT, labor market*

THE ROLE AND PLACE OF ISLAM IN THE STRUCTURE OF THE MODERN KAZAKHSTAN SOCIETY

Kurmanaliyeva Ainura

*Al-Farabi Kazakh National University,
Al-Farabi Avenue 71, 050040, Almaty, Kazakhstan
ainur.kurmanaliyeva@kaznu.kz*

Begalinova Kalimash

*Al-Farabi Kazakh National University,
Al-Farabi Avenue 71, 050040, Almaty, Kazakhstan
Almaty, Kazakhstan
kalmia910@mail.ru*

Israilova Assel

*Al-Farabi Kazakh National University,
Al-Farabi Avenue 71, 050040, Almaty, Kazakhstan
assel.1994.n.i.4@mail.ru*

ABSTRACT

Kazakhstan is the country, where 70% of the population is Muslim. The Islam has become an integral part of the Kazakh culture, politics, economics, and law. Still, Islamic cultural component keeps the first place standing out in the process of interaction of different traditions that characterized the entire pre-Islamic society. Being united with Islam, the diverse cultural forms formed the basis for the traditional lifestyle of the Kazakh

nation. Kazakhstan has assumed a role of a guarantor of peace in Central Asia. Promoting peaceful dialogue in the spirit of Eurasianism, acting as a regional stabilizer, and leading in the process of economic reforms in the region help Kazakhstan to play a significant role in all Eurasian global affairs. The country heads in such essential systems of cooperation and security as SCO, CST, and Common Economic Space.

Keywords: *Common economic space, Euranasims, geoeconomics, Islam, Kazakhstan, Muslim, politics, religion, terrorism*

INTERNATIONAL LEGAL EFFORTS TO FIGHT TERRORISM: SOME CONSTITUTIONAL IMPLICATIONS

Anita Blagojevic

*University of Osijek, Faculty of Law Osijek, Croatia
ablagoje@pravos.hr*

ABSTRACT

It is well known that the nature of international legal efforts to fight terrorism has experienced a substantial change after 9/11. With the United Nations Security Council Resolution 1373, and other post-9/11 Security Council's resolutions as well, the Security Council has created international anti-terrorism standards that all member states are bound to follow. However, at the same time, states have received a wide range of discretion in the interpretation of the respective resolutions. Not surprisingly, this resulted with some constitutional questions and implications. The aim of this paper is to analyze respective constitutional implications and the starting thesis of our research is that, in general sense, new laws adopted in individual states in order to comply with the anti-terrorism resolutions, with the focus on

enhancing national security, have implications (primarily) on separation of power and protection of human rights.

Keywords: *anti-terrorism, constitutional implications, human rights, resolutions, Security Council*

COMMUNITY INCLUSIVENESS FOR TOURISM GOVERNANCE AND GLOBALIZATION: THE CASE OF KANAGAWA PREFECTURE, JAPAN

Rodolfo Delgado

*Tokai University, Hiratsuka City, Japan
rodolfodelgador@gmail.com*

ABSTRACT

This paper aims to discuss the needs and opportunity for community inclusiveness for attracting international tourists to local destinations in Kanagawa Prefecture, Japan. The local government, communities and business have diverse, individualistic, and disjoint approaches to manage the increasing demand, promotion and marketing of destinations in Kanagawa Prefecture, Japan. The lack of English and cross-cultural communication training for staff in these organizations compromise tourists repeat visits and future demand for tourists' services for first time visitors to diverse destinations in Kanagawa Prefecture, Japan. The need of improving English and cross-cultural communication knowledge and understanding of service staff who are presently working at hotels, hot springs, and restaurants is necessary for the sustainable demand of tourism in the local communities and the increasing need for tourists' services in the prefecture and the country. Government officials, businesses, and community members are not making and effort to give training to the staff attending the services and needs of tourists in Kanagawa Prefecture.

Meanwhile, research conducted shows that it is a problem that takes place in many local communities in the Japanese tourist's market and not only in Kanagawa Prefecture. Therefore, it compromises longer stays in the local communities and demand of tourists' services because the lack of cross-cultural communication competence. This study is a qualitative case study approach, using 10 one-on-one interviews with hotel managers and staff in the communities of Yokosuka City, Miura Peninsula and Hakone city located in Kanagawa Prefecture, Japan. Research results showed that community inclusiveness is necessary for the promotion, marketing and development of local destinations in the Japanese tourism market. Also, proper English and cross-cultural communication training is necessary to sustain the continue demand for international tourists' services in the local communities of Kanagawa Prefecture.

Keywords: Government, Communities, Tourists, Local, Destinations

THE INFLUENCE OF CORPORATE SOCIAL RESPONSIBILITY ON THE COMPETITIVENESS OF COMPANIES

Zelimir Dulcic

*University of Split, Faculty of Economics, 21 000 Split, Cvite Fiskovića 5, Croatia,
zdulcic@efst.hr*

Ana Suman

*Postgraduate student of University of Split, Faculty of Economics, 21 000 Split, Cvite Fiskovića 5, Croatia
ana_suman@hotmail.com*

Kristina Bosnjak

*Postgraduate student of University of Split, Faculty of Economics, 21 000 Split, Cvite Fiskovića 5, Croatia
bkristina6@gmail.com*

ABSTRACT

Corporate social responsibility has been lately in the focus of the scientific and professional interest. Although corporate social responsibility has been a topical research area over the past decades both in the world and in Europe, in Bosnia and Herzegovina this topic is still attracting little interest and that is why there is a lack of adequate empirical research in this area. Therefore, it was one of the main reasons and motives for choosing this topic for a research paper. Corporate social responsibility strategy is becoming more and more popular mainly because its implementation produces better results and gains a certain competitive advantage. The goal of this paper is to prove the relationship between corporate social responsibility and competitiveness of selected companies. The empirical research has been conducted using questionnaire surveys to collect data, information and opinions on the subject of research. In this paper different stakeholders of eight companies from Bosnia and Herzegovina were interviewed/surveyed in order to

get information about their attitudes regarding corporate social behaviour of the observed companies. The stakeholders surveyed include chief executive officers, management, employees, and the survey was conducted using a sample of 120 respondents.

Keywords: *enterprises in Bosnia and Herzegovina, competitiveness, corporate social responsibility*

**APPROACH TO ASSESSMENT OF THE
EFFECTS OF LARGE-SCALE RESEARCH
INFRASTRUCTURE UNITS AT THE
ECONOMY OF RECIPIENT REGION**

Elena Tkachenko

*Department of Economy and Management of Enterprises and
Industrial Complexes, St. Petersburg State University of
Economics, St. Petersburg, Russia
eletkachenko@ya.ru*

Alexander Karlik

*Department of Economy and Management of Enterprises and
Industrial Complexes, St. Petersburg State University of
Economics, St. Petersburg, Russia
karlik1@mail.ru*

Vladimir Platonov

*Department of Economy and Management of Enterprises and
Industrial Complexes, St. Petersburg State University of
Economics, St. Petersburg, Russia
vladimir.platonov@gmail.com*

Elena Rogova

*St. Petersburg School of Economics and Management, National
Research University Higher School of Economics
Moscow, Russia
erogova@hse.ru*

Sergey Bodrunov

*New Industrial Development Institute, St. Petersburg, Russia
inir@inir.ru*

ABSTRACT

*Objects of Large-Scale Research Infrastructure represent the
modern heavy-duty research centers which are financing at the
international level.*

The most known of such objects, for example, is the Large Hadron Collider. Our research is devoted to studying of influence of such objects on sustainable development of recipient regions . A subject of our studying are representatives of scientific and technical, innovative, economic activity, regulators, participating in creation and use of results of Mega-Science, and also system of the relations between them. Under the influence of Mega-Science objects in the region there are essential transformations at the level of infrastructure, requirement in staff, in skill level, in scientific and educational system, in population life. Integration of infrastructure of Mega-Science into the Russian innovative system is also included into problems of our research. Units of Large-Scale Research Infrastructure become a part of the intellectual capital of the recipient region and they have to become a basis of development of economy of knowledge in regions. We also set the task to estimate the existing approach for Large-Scale Research Infrastructure development planning. It is obvious that the Large-Scale Research Infrastructure will influence the region economy. The evaluation of development of the region innovative infrastructure in the condition of Large-Scale Research Infrastructure requires use of modern analytical tools and adequate methodology. In the article we consider the possibility of application of the following approaches to an assessment of influence of Large-Scale Research Infrastructure: Costs-Benefits analysis, balanced scorecard, Regional and branch navigators of the intellectual capital, Multipliers of the intellectual capital and Analytical models of network economy

Keywords: *intellectual capital Large-Scale Research Infrastructure, , region knowledge based economy*

PUBLIC INTEREST VS. THE INTEREST OF THE PUBLIC - HOW TO RECONCILE ECONOMIC IMPACT AND THE RIGHT TO INFORMATION?

Gordana Tkalec

*University North, Croatia
gordana.tkalec@unin.hr*

Iva Rosanda Zigo

*University North, Croatia
iva.rosanda.zigo@unin.hr*

ABSTRACT

We find ourselves at a crucial moment in which the back of society becomes its true face, while the media's hybrid reality becomes an almost primary reality. The possibility to interact with users/public/readers where they directly participate in the publication of information, their creation, commenting and, perhaps even the most important, evaluation and ranking, violates the strictly defined relations of the current media practice in which the creator of the information transmits the message to passive mass users, and while doing so, dictates their view of the world. An illusion of controlled anarchy is created, in which a multitude of users create the value system, while journalists and editors adapt media announcements in order to achieve as much profit as possible for their newspapers. This completely neglects the educational role of the media that has given way to tabloidness, while profitability and pandering to the public become the basic imperative. The main role of the editor, which is the formation of criteria, no longer exists. The text is selected and evaluated according to the supposed and/or expressed wishes of the audience, and the adaptation of the text by the given criteria moves into the direction of superficiality and sensationalism. There is a disintegration of the role of editors in which they become managers, marketing experts and politicians or their role, diametrically opposite, transforms into a simple online

administrator. Can the change of editor's role affect global social events or is the editor one of the professions that has already fallen into oblivion – that is the question this paper is trying to answer. The editorial balancing between the economic impact and the rights of all layers of society to timely, accurate and true information, or the struggle for survival of the media and the struggle for survival of true democracy is currently at a turning point that can have far-reaching consequences on society as a whole.

Keywords: *economic impact, editor, media, society development*

THE IMPACT OF SYRIAN REFUGEES ON THE TURKISH LABOR MARKET

Huseyin Isiksal

*Near East University, North Cyprus
huseyin.isiksal@neu.edu.tr*

Aliya Zhakanova Isiksal

*Near East University, North Cyprus
aliya.isiksal@neu.edu.tr*

Yossi Apeji

*Girne American University
apeji93@gmail.com*

ABSTRACT

The civil war in Syria has destabilized the whole Middle East along with neighboring regions. In this respect, the impact of Syrian refugees on Turkish labor market is one of the most important contemporary issues discussed in Turkey. This issue has both political and economic significance. Deriving from this point, the aim of this study is to research the empirical relationship between the Labor Market Indicator (LMI) and the

growing number of Syrian Refugees in Turkey (RS) by using time series analysis. The data employs monthly data for the period from January 2012 to August 2017. Results of the ARDL bounds test suggest that the Labor Market Indicator and the number of Syrian Refugees are in a long-run relationship. The Gregory-Hansen cointegration test with a structural break confirms the robustness of the ARDL bounds test of cointegration. The Kalman filtering approach was designed to investigate the dynamic relationship between the Labor Market Indicators and the growing number of Syrian Refugees. The results show that the increase in the number of Syrian refugees negatively affects the Labor Market Indicator in Turkey, which implies that the inflow of Syrians has negative effects on labor market outcomes such as employment and unemployment in the country. These results also confirm the postulation of general labor migration theory, which holds that an influx of refugees negatively affects labor market outcomes in the harboring country.

Keywords: Kalman Filtering Approach, Syrian refugees, Turkish Labor Market

PROJECT MANAGEMENT MODEL OF NEW PRODUCT DEVELOPMENT

Iwona Lapunka

*Opole University of Technology, Department of Project
Management, Opole, Poland
i.lapunka@po.opole.pl*

Katarzyna Marek-Kolodziej

*Opole University of Technology, Department of Project
Management, Opole, Poland
k.marek-kolodziej@po.opole.pl*

Piotr Wittbrodt

*Opole University of Technology, Department of Management
and Production Engineering, Opole, Poland
p.wittbrodt@po.opole.pl*

ABSTRACT

This paper explains the usefulness of project management model for planning production preparation processes. A synthesis of issues of project management and production preparation processes is presented, and a conceptual model of concurrent design processes using the project management method is developed. The proposed model of planning production preparation processes enables improving the effectiveness and economic efficiency of new product development. The main assessment indicators of efficient project management in production preparation are: shortening the preparation time of new product development, rational use of resources, and reducing the risk of failure. The presented problem is one of the most significant elements of management processes concerning the manufacture of products, particularly under the conditions of unrepeatable and irregular production, which, to a large extent, is characteristic of small and medium-sized enterprises.

Keywords: *new product development, planning process, production preparation processes, project management*

SMART SPECIALISATION – A COLLECTIVE AWARENESS PLATFORM AND TOOLSET FOR RIS3 STRATEGY IMPLEMENTATION

Lesley Badii

Innova Integra Ltd, UK

lesley.badii@innovaintegra.com

Marco Tiemann

Innova Integra Ltd, UK

marco.tiemann@innovaintegra.com

Ryan Faulkner

Innova Integra Ltd, UK

ryan.faulkner@innovaintegra.com

Nigel Hartley

Innova Integra Ltd, UK

nigel.hartley@innovaintegra.com

ABSTRACT

With continuing integration of global markets in the world economy driven by globalisation, many regions in Europe are finding that they need to review and revise their strategies and positioning in order to improve regional economic growth. A plan for targeting specific specialisations to achieve economic success in interconnected and competitive environments is essential. The European Commission (EC) encourages European regions to devise smart specialisation strategies that build on the core strengths of a region. To this end, European regions are encouraged and incentivised financially to formulate and execute Smart Specialisation Strategies (S3). Such strategies often involve complex multi-stage processes that involve many diverse types of stakeholders. The suggested processes for managing S3 activities drive new strategies to enable better monitoring and management of resources over time. This paper addresses a number of specific activities within the recommended S3

implementation procedure. In particular, it focuses on how software support tools can be employed in order to support activities in the various S3 implementation phases. The paper introduces the necessary background on S3 and the overall research context. A number of activities that form part of the different phases of S3 planning, implementation and monitoring are introduced along with a selection of software applications that have been specifically developed to assist with the identified activities. All of these are described in detail along with the process, rationale and evidence base for supporting a particular smart specialisation strategy. Evaluation and feedback from actual regional project partners are also presented. The implementation of specific software applications including the process for introducing and using advanced decision support tools is also presented and critically reviewed.

Keywords: *Decision Support Tools, Visualisation Tools, Collaboration Tools, Smart Specialisation Strategy, RIS3*

ENTREPRENEURSHIP IN THE EUROPEAN UNION – FACTORS OF BUSINESS SUCCESS

Lucian Belascu

*“Lucian Blaga” University of Sibiu, 10 Blvd Victoriei, Sibiu,
Romania
lucian.belascu@ulbsibiu.ro*

Alma Pentescu

*“Lucian Blaga” University of Sibiu, 10 Blvd Victoriei, Sibiu,
Romania alma.pentescu@ulbsibiu.ro*

ABSTRACT

In recent years, several papers, conferences and discussions have highlighted the importance of entrepreneurship in terms of potential for future jobs created and contribution to economic

growth. What people understand by “entrepreneurship” varies from a narrow definition - business creation, to a wider one - a type of behaviour concentrated on opportunities. Thus, in this paper we will focus just on the business creation. Furthermore, when it comes to the reasons why people are interested in opening their own business, these are very diverse: desire to be one's own boss, desire to make a living from a hobby, tradition for self-employment in the family, prospect of making more money, avoiding unemployment, getting away from an unsatisfactory work situation and others (Eurostat). When it comes to outcomes, SMEs generate income, employment, innovation and new technologies. However, sometimes new businesses have a limited survival rate. In this context, the following questions emerge: What makes a company successful? Are there any differences based on the founders' demographics? Can a company found by a student / young person last for a long time? Thus, this paper aims to take a look at potential factors of business success, using secondary data, in order to identify what makes a company different from its competitors, what are the key aspects to keep in mind and what might cause problems.

Keywords: *entrepreneurship, European Union, secondary data, SMEs, success factors*

INDUSTRIAL POLICIES OF TODAY: THE GREEN INDUSTRY CONCEPT

Marija Beg

*Faculty of Economics and Business
University of Zagreb, Croatia
mbeg@efzg.hr*

Tomislav Sekur

*Faculty of Economics and Business
University of Zagreb, Croatia
tsekur@efzg.hr*

Sime Smolic

*Faculty of Economics and Business
University of Zagreb, Croatia
ssmolic@efzg.hr*

ABSTRACT

Not so long ago the belief that industrial policy contradicts the foundations of neoliberal system was widely accepted. As deindustrialization trends accelerated during the recent decades not only in developed post-industrial economies but also in transition economies, policy makers started to rethink “no industrial policy” policy and consider reindustrialization. The last economic crisis only contributed to this opinion. Accordingly, industrial policy emerged again as an instrument for boosting the economic growth. However, the fact that many “old style” plants generate significant environmental pollution and contribute to the climate change led toward a whole set of new measures - usually structured under the umbrella of the green industry policies. The aim of this paper is to discuss the green industry concept as a possible solution for sustainable economic growth. The most prominent notion for these policies emerged under the circular economy concept which will be explained. Special emphasis will be put on the Croatian green industry development possibilities in comparison to its development in other European

Union (EU) member states, China and Japan. Namely, although the EU stands out as a global leader in green industries, corresponding policies and measures are not equally shaped in all EU member states. For example, due to its natural characteristics, Croatia has great opportunities for green industry development, but its policies depart far from that concept. This paper addresses the main reasons for this pattern in Croatia and discusses the potential solutions for the sustainable growth based on analysis of green industrial strategies in “green friendlier” countries.

Keywords: *Croatia, Green industry, Industrial policy, Sustainable economic growth*

THE USE OF INNOVATIVE APPROACHES IN ASSESSING AND PREDICTING BUSINESS FINANCIAL HEALTH

Jarmila Horvathova

*Faculty of Management, University of Prešov, Slovakia
jarmila.horvathova@unipo.sk*

Martina Mokrisova

*Faculty of Management, University of Prešov, Slovakia
martina.mokrisova@unipo.sk*

ABSTRACT

The paper and the research as its basis are the results of never-ending interest of professionals aimed at the solution of the problem of assessing and predicting business financial health. There are several methods in theory how to measure business financial health. The aim of the paper was to evaluate and predict financial health of the selected sample of businesses applying innovative methods. To reach this aim, the data of the companies operating in the field of heat industry of the Slovak Republic were

used. The solution was based on the principles of conventional, modern and innovative approaches to business financial health evaluation and improvement. For the measurement of business financial health we applied financial indicators, financial risks, EVA and relative EVA indicators. In order to predict business financial health we used ex ante models and financial modelling. The results of these indicators and models were confirmed applying mathematical and statistical methods. With the use of mentioned methods and models we can assess and predict financial health of production unit and we can also formulate solutions for financial health enhancement.

Keywords: *Data Envelopment Analysis, Distress, Financial health, Innovative, Methods, Performance, Production unit*

Z GENERATION IN CORPORATE ENVIRONMENT. HOW TO ADDRESS IT?

Maya Yaneva

*VUZF, University of Finance, Business and Entrepreneurship,
Sofia, Bulgaria
maya_yaneva@yahoo.com*

ABSTRACT

Business organizations are experiencing more and more challenges in business environment addressing and engaging their employees. The tools and mechanisms that were working and applicable for the X and Y generations are not as efficient as expected or even in many accessions causing negative impact to the associates between 20 and 25 years old. This paper aims to present a study, which gives guidance what to expect from the innovators, the young Z generation. The study has been conducted in Bulgaria, with 15 international companies with offices in Bulgaria and local business. All of the participating organizations are fast growing on the Bulgarian market with

more than 1000 employees in the country. The primary focus of the research is to outline the personality profiles of Z generation vs. X and Y generations. More specifically, what are the expectations of the Z generation representatives, how they perceive the business environment and what can motivate them to be engaged and contribute in a team or company. The Bulgarian business leaders are sharing their challenges with decreasing employee engagement, employee satisfaction, increasing attrition and operational efficiencies within employees' population representing Z generation. The organizations are conducting internal surveys within their global structures, but also participating in researches on the local market in Bulgaria to cross check the findings and the trends. Local cultural differences are influencing the organizational culture and trends of the business. This paper analyses the results related to the Bulgarian market concerning X, Y and Z generations and provides further recommendations as to how to address the findings resulting from the survey.

Keywords: *business communication, change management, multi-cultural business environment, people development, youth expectations, Z generation*

IMPACT OF FINANCIAL DATA QUALITY ON MODELS USED TO DESCRIBE TRANSITORY EARNINGS

Miroslava Vlckova

*University of South Bohemia, Faculty of Economics,
Czech Republic
mvlckova02@ef.jcu.cz*

Tomas Buus

*University of Economics, Department of Corporate Finance and
Business Valuation,
Czech Republic
bust@vse.cz*

ABSTRACT

Business financial data are typically acquired from accounting that is characterized by accounting policies and methods. High-quality financial data enables to measure business performance and financial position and provide relevant information about assets, resources, costs, income and profit or loss on a true and fair view basis. The quality of financial data also depends on the conformity with reality and laws. Financial data should be a valuable information system and could be a valuable source of data for further analysis. This is mainly because of its accessibility, understandability and clarity, persuasiveness and a high truth value. Abnormal earnings are mostly transitory. Numerous models which have been employed to describe transitory earnings are especially autoregressive models and partial adjustment models. Autoregressive model is a representation of a type of random process and it specifies that the output variable depends linearly on its own previous values. The partial adjustment model has been used as a description of optimal behavior in the face of adjustment costs. The model requires a specification of how expectations are formed. The importance of expectations about transitory earnings is mainly important for asset pricing.

Large part of national wealth concentrated in financial markets, income valuation has important role in formation of share prices, and income expectations also influence house prices and are used in macroeconomic models. This article is primarily concerned with impact of financial data quality into these models. Working with financial information required timely replenishment. Part of management professionalism and competence thus becomes the ability to quickly and efficiently acquire financial data, information and knowledge.

Keywords: *Autoregressive Models, Data Quality, Earnings, Mean Reversion*

AGROKOR – A CASE OF CONTROLLED COLLAPSE

Nenad Rancic

*Department of Economics, Faculty of Law, University of Zagreb, Croatia
nrancic@pravo.hr*

ABSTRACT

At the beginning of 2017, Agrokor, the largest privately owned Croatian corporation, was caught in a crisis due to the inability to meet its financial obligations. At the time of the crisis, Agrokor encompassed more than 50 companies in retail, food and agriculture, agricultural commodities trading, IT services and energy production sectors and employed 60,000 workers in 6 countries, of which 40,000 in Croatia. Agrokor's business audit, conducted on the order of a special administrator named by Croatian Government, and published in October 2017, showed that the total debt to banks and suppliers at the end of 2016 amounted to 56.28bn. kuna, which is HRK 14.5bn. more than the company's capital. The case of Agrokor is significant not only because of its importance for the Croatian economy, but also

because it represents the archetype of the Croatian model of capitalism nominally based on the free market and free competition, but in fact being a sort of crony capitalism that evolved during the 1990's from the basis of Yugoslavia's nominal self-managing socialism and the so called negotiated/consensual economy that in the real life soon turned into its crony variety. This paper aims to explore how it was possible, without any previous restrictions and reactions, for Agrokor to reach such proportions of concentration on the national market, from primary production to retail distribution of food, but also in a number of related and completely unrelated industries, that its crisis represents a serious threat to the stability of the national economy (mainly based on the same business model), how the controlled collapse of this Agrokor is facilitated by the government, and which institutional and technical issues are opened in this process.

Keywords: *Agrokor, crony capitalism, political economy, privatization, transition*

VALUE-BASED APPROACH FOR MEASURING THE INTELLECTUAL CAPITAL OF THE UNIVERSITY

Pavel Novgorodov

*Novosibirsk State University of Economics and Management
(NSUEM), Russian Federation
p.a.novgorodov@nsuem.ru*

ABSTRACT

Taking into account the growing role of universities around the world, the question of applying adequate methods for evaluating the universities is being updated with the aim of making decisions by various stakeholders including the state, university entrants, employers, academics, etc.

Traditional methods based on ratings and universities reports have a number of significant shortcomings and can not often be used. Therefore, it is important to develop and implement alternative approaches for assessing the performance of universities, one of which is the evaluation of the intellectual capital of the university. The aim of this paper is to analyze the notion, structure of the intellectual capital and existing scorecard methods of assessment the intellectual capital, and substantiate implementation of the value-based methods. To assess particular elements of intellectual capital, an income, cost and market approaches are used. To assess the intellectual capital in general, it is proposed to use the group of market capitalization methods. The study showed that the value-based approach provides an adequate assessment of the effectiveness of universities for educational systems where market pricing is applied. For socially-oriented educational systems with a high level of state involvement, the calculations may indicate the degree of underfinancing of the education system, or insufficient return on capital.

Keywords: *intellectual capital, value-based approach, universities*

FINANCING OF AGRICULTURE AND RURAL AREAS IN THE BALTIC STATES

Zofia Koloszko-Chomentowska

*Bialystok University of Technology, Poland
z.koloszko@pb.edu.pl*

ABSTRACT

Agriculture in EU member states is supported and protected under the Common Agricultural Policy (CAP). One of the more important objectives of this policy is to ensure sustainable development of rural areas by providing the appropriate quality

of life for their populations and fully utilizing factors of production in agriculture. The sustainable model also promotes family agriculture, which plays many non-production functions. This is particularly significant in the case of new EU member states, in which there is high underdevelopment. Studies conducted until now show that CAP funds improved production and economic results of agricultural holdings and contributed to improvement of the condition of infrastructure in the rural areas of these countries. Direct subsidies and funds from the Rural Area Development Programme played a central role. This study assesses the effects of financing the development of agriculture and rural areas in Estonia, Lithuania, Latvia and Poland. Agricultural holdings' factors of production were assessed and their developmental potential was evaluated. The income of a family-owned agricultural holding was adopted as the basic measure of a farm's capability of expanded reproduction and development. Selected elements of financial analysis were applied. The dependency between net investment value and debt level were investigated using coefficients of determination. Evaluation of the development of rural areas was based on financial indicators determining progress in expenditures under RDP 2007-2013.

Keywords: agriculture, Baltic States, development, financing, rural areas

THE LINK BETWEEN BRAND VALUE AND INTELLECTUAL CAPITAL: INCORPORATING BRANDS INTO ECONOMIC VALUATION

Stefania-Cristina Curea

*Bucharest University of Economic Studies, 6 Piata Romana,
Bucharest, Romania
stefania.curea@ase.ro*

ABSTRACT

The brand is an intangible marketing asset that includes, but is not limited to, names, terms, signs, symbols, logos and designs, or a combination thereof, used to identify goods, services or entities, or a combination of them, creating distinctive associations and images in the minds of consumers and other stakeholders, generating economic value and/or benefits. On the other hand, the intellectual capital is the economic value of three intangible asset categories of the organization: human capital (knowledge, skills and abilities held by employees of an organization), structural capital (computer systems, distribution networks and supply chains) and relational capital (the totality of relations between the organization and its stakeholders). Brands are often neglected in economic valuation because, in general, current accounting regulations do not allow for the real value of intangible assets to be reflected in the company's financial statements. To overcome this shortcoming, experienced economic players track the value of brands through their periodic assessment. This article addresses the main brand valuation methods and highlights how the brand affects the value of an organization, directly and indirectly, by assessing the brand's financial impact on all stakeholders (customers/consumers, suppliers, employees, creditors, government authorities etc.).

At the same time, the paper shows that brand development is an opportunity that should not be ignored by companies because it does not involve huge material resources but derives from the valorization of creativity and innovation, components of the intellectual capital of the organization.

Keywords: *Brand, Intellectual capital, Valuation*

DISTINCTIVENESS AND QUALITY OF UNIVERSITY NORTH ON THE HIGHER EDUCATION MARKET IN THE REPUBLIC OF CROATIA

Anica Hunjet

*University North, Croatia
anica.hunjet@unin.hr*

Goran Kozina

*University North, Croatia
goran.kozina@unin.hr*

Damira Dukec

*University North, Croatia
damira.djukec@unin.hr*

ABSTRACT

University North is Croatia youngest university and as such is still in the process of becoming a distinctive and high quality higher education institution. In this paper an empirical research of the public perception of University North is conducted. Three main hypotheses were set and tested using one sample t – test. The results of the research confirmed all three hypotheses, leading to conclusion that University North is distinctive and high quality higher education institution. Also, study programmes on University North are in line with labour market needs.

Another conclusion of the study is that University North is well connected with local economy.

Keywords: *communication campaign, University North, high quality, distinctive, t – test*

FORMATION OF THE INDICATORS SYSTEM, CHARACTERIZING THE POPULATION SATISFACTION BY HEALTH CARE QUALITY IN THE FIELD OF COMPULSORY MEDICAL INSURANCE OF RUSSIA

Olga Kaurova

*Russian State Social University, Russian Federation
KaurovaOV@rgsu.net*

Alexander Maloletko

*Russian State Social University, Russian Federation
Shadow.economy@gmail.com*

ABSTRACT

The aim of the research is to analyze the existing system of indicators that characterize the citizens' satisfaction with the accessibility and quality of medical care, as well as the public's awareness of the health care system possibilities and the rights of insured parties in the field of compulsory health insurance and its improvement. During the research, methods such as analysis, synthesis, abstraction, generalization, comparison and detail methods were used. Further adaptation of the research results is possible both in subsequent theoretical and methodological developments on this subject, and in practical activities during the surveys of insured parties by medical insurance organizations. The results of the research can also be used for scientific purposes as a material for subsequent studies of the

conducting interviews specifics, as well as for methodological purposes on the lectures using a number of sociological disciplines. The novelty of the research consists in the analysis of the existing system of indicators and the formation on its basis of complex indicators system that characterizes the population's satisfaction with accessibility and quality of health care.

Keywords: *compulsory medical insurance, survey, two-level monitoring system for satisfaction of insured parties with quality and availability of medical care, indicators of satisfaction with quality and availability of medical care*

QUALITATIVE RESEARCH IN ENTREPRENEURSHIP: LEARNING HOW TO PLAY THE GAME

Ksenija Vukovic

*Faculty of Organization and Informatics
University of Zagreb, Croatia
ksenija.vukovic@foi.hr*

Tamara Smaguc

*Faculty of Organization and Informatics
University of Zagreb, Croatia
tamara.smaguc@foi.hr*

Kristina Detelj

*Faculty of Organization and Informatics
University of Zagreb, Croatia
kristina.detelj@foi.hr*

ABSTRACT

The main objective of this study is to look into the degree to which Croatian researchers of entrepreneurship tend to apply qualitative methods, as well as to check the quality and coherence of the used methodological designs. Therefore, we conducted a

content analysis of the existing scientific and professional articles with topics on entrepreneurship, that were available in the Croatian scientific database. The first step comprised searching the database and selecting the relevant economic journals. Next, we selected the papers with focus on entrepreneurship topics, whose methodological frameworks employed a qualitative or mixed approach. The analysis confirmed major underrepresentation of qualitative methods in Croatian entrepreneurial research. Even those authors that utilize qualitative approach are inclined to apply their methods in an incomplete and fragmentary way. It uncovers a certain lack of awareness of the significance of correct and transparent application of qualitative methodological frameworks.

Keywords: *entrepreneurship research, methodology, qualitative research methods, meta-research*

DEVELOPING THE SYSTEM OF INTERPRETING INDICATORS OF SATISFACTION WITH THE ACCESSIBILITY AND QUALITY OF HEALTH CARE, PUBLIC AWARENESS ABOUT RIGHTS IN THE COMPULSORY MEDICAL CARE SYSTEM

Olga Shinkareva

*Russian State Social University, Russian Federation
ShinkarevaOV@rgsu.net*

Igor Stepkin

*Russian State Social University, Russian Federation
StepkinIR@rgsu.net*

ABSTRACT

The purpose of the study is an analysis of the current system of interpreting indicators of satisfaction with accessibility and quality of health care and public awareness of people's rights in

the compulsory medical care system and the development of proposals for its improvement. During the research, such methods as analysis and synthesis, as well as methods of abstraction and generalization, were used. The results obtained in the course of this study can be applied for scientific purposes, and also as a source material for further studies of the specifics of monitoring the satisfaction of insured persons with the quality of medical care. The research materials are applicable in further theoretical and methodological developments of this subject, as well as in practical activities - when carrying out surveys of insured persons by insurance medical organizations. The novelty of the research consists in the development on the basis of the existing system of interpretation of the indications of satisfaction of the insured persons with the quality of medical care of a new, more advanced, scale of assessments, which will allow obtaining better results of sociological surveys in this area.

Keywords: *compulsory medical insurance, insured persons, survey, empirical indicators, interpretation of indicators, monitoring of satisfaction of insured persons with quality and availability of medical care*

METHODS OF CONDUCTING SURVEYS TO MONITOR PEOPLE'S SATISFACTION WITH THE QUALITY AND AVAILABILITY OF MEDICAL CARE IN RUSSIA

Marina Vinogradova

*Russian State Social University, Russian Federation
VinogradovaMV@rgsu.net*

Sergey Babakaev

*Russian State Social University, Russian Federation
BabakaevSV@rgsu.net*

Olga Shinkareva

*Russian State Social University, Russian Federation
ShinkarevaOV@rgsu.net*

ABSTRACT

The main purpose of this study is to analyze the methods of conducting sociological surveys and identify the most suitable ones for monitoring the satisfaction of citizens with the quality and availability of medical care provided to them through the compulsory medical insurance system. The methods of analysis, synthesis, abstraction, generalization were used during the research. The results of this study provide for the possibility of their further application both in subsequent theoretical and methodological developments on this topic, and the implementation of the findings in practice when carrying out surveys of insured persons by insurance medical organizations. The results of this research can be used for scientific purposes, as a material for further studies of the specifics of conducting surveys. It is possible to use the material for methodological purposes as initial information on a number of sociological disciplines. The novelty of the study is in analyzing the positive and negative aspects of each method of conducting sociological surveys, summarizing the obtained results and formulating the

final conclusions on the most effective methods of conducting a survey while monitoring the population's satisfaction with the quality and availability of medical care.

Keywords: *compulsory medical insurance, survey, survey methods, two-level system to monitor satisfaction of insured persons with quality and availability of medical care, insurance representatives*

FUNCTIONING OF BIOFUELS AGAINST THE FINANCIAL SITUATION OF PRODUCERS' IN POLAND

Zbigniew Kurylek

*WSB University in Wrocław, Poland
Institute of Finances and Accounting
ul. Fabryczna 29-31, 53-609 Wrocław, Poland
zbigniew.kurylek@wsb.wroclaw.pl*

ABSTRACT

The aim of the article is to forecast the need for biofuels in the future and to analyze the financial situation of biofuel producers in Poland. The main body of the paper indicates the main legal aspects of biofuel market and the formation of the National Index Target. The prognosis of national consumption of liquid fuels was prepared using autoregressive integrated moving average model (ARIMA). Furthermore, key financial data of biofuels' producers was analyzed using statistical measures and methods (T-test). The conducted research led to conclusions and showed key aspects of efficient companies functioning in the biofuel sector.

Keywords: *biofuel, biocomponents, regulated market, financial aspects of biocomponents*

HOW DOES THE RUSSIAN YOUTH PERCEIVE CORRUPTION

Alexander Maloletko

*Russian State Social University, Russian Federation
Shadow.economy@gmail.com*

Yulia Keyzerova

*Russian State Social University, Russian Federation
keyzerova.y@yandex.ru*

ABSTRACT

The purpose of the study is to examine how Russian youth perceive corruption. Design/methodology/approach - Using multiple regression analysis, the study tests the hypothesis that corruption is closely linked to public servants and power in the perceptions of Russian youth. The study involved 374 young Russians. Their average age was 22.2 years. The Free Associative Experiment was chosen by us as a method of data collection.

Findings - Findings indicate that higher corruption perception is associated with such concepts as 'bribe', 'money', 'power'. It was revealed that the word 'Members of Parliament (MPs)' comes to the Core of Russian youth's ideas about corruption.

Originality value - As far as the authors are aware, this study is the first to examine Russian youth perception of the corruption from a position of prototypical analysis.

Keywords: *Corruption, corrupt official, social perceptions, youth, prototypical analysis, content analysis*

COMPETITIVE RIVALRY IN THE COFFEE AND TEA PROCESSING INDUSTRY

Maja Darabos Longin

*Faculty of Economics and Business Zagreb, Croatia
mdarabos@efzg.hr*

ABSTRACT

Hypercompetition and competitive dynamics are essential for understanding how dynamics and competitive intensity of business environment lead to temporary competitive advantage. Theoretical approach of competitive dynamics shows that relationship between firm's strategy and firm performance primarily depends on firm strategic behavior, but also on competitors' behavior and interactions between them. Competitive dynamics is a phenomenon that is becoming more evident in many industries, even in those that were considered relatively stable until recently. Firms' advantages are becoming more temporary in nature, due to the various disturbances occurring in the business environment and given the fact that competitor activity is becoming more frequent and firms must continuously develop and find new strengths and constantly monitor market changes and competitor moves. Although a growing number of empirical studies dealing with the issue of achieving and maintaining competitive advantage in an era of hypercompetition could be seen, they were primarily focused towards analyzing competitive dynamics and its impact on the financial performance of the firms. Thus, this research will show how the environment of industry breaths, but even more important how competitive dynamics in coffee and tea processing industry works. Furthermore, the secrets of great market position of the industry leader will be examined.

Based on the strategic analysis it can be concluded that the key factor of success in Croatia, but also in Europe, including the global coffee and tea processing industry, lies precisely in the power of having strong recognizable and established brands, which also affects the loyalty of customers.

Keywords: *competitive advantage, competitive rivalry, hypercompetition, industry analysis, industry profitability*

MANAGERIAL SKILLS FOR IMPROVING PROFESSIONAL PERFORMANCE: A PERSPECTIVE FROM ENGINEERS IN CONSTRUCTION

Lana Lovrencic Butkovic

*University of Zagreb, Faculty of Civil Engineering, Croatia
llovrencic@grad.hr*

ABSTRACT

Today's construction projects that engineers run or participate in their realization have become extremely complex, so their business value and risks that can significantly impact their economic effects can only be estimated by a good combination of technical and managerial knowledge and skills. The construction market became considerably internationalized and if construction companies want to survive in that global competition they must further enhance their competences. This paper presents a study that focuses on knowledge and skills necessary for managerial practice in construction sector. The paper first sets out the identified skills required for engineers in order to achieve and improve their professional performance. The skills were grouped into six groups: technical skills, managerial skills, finance skills, IT skills, legal skills and general skills, and among this six groups there were 38 skills. A questionnaire was administered to MBACon students who

express their attitudes on relative importance of every skill. The results show that for engineers to achieve their professional performance, managerial skills are the most important. On the second place are technical skills, but IT skills and legal skills turned out to be unimportant. The findings of this study may also show useful guidelines for developing a more effective future strategy for engineering management education.

Keywords: *construction sector, education, engineers, MBA, managerial skills*

CONCIOUS BUYING AS SUSTAINABLE FASHION DRIVER – SURVEY ON CROATIAN STUDENTS' ATTITUDE

Mislav Ante Omazic

University of Zagreb

Faculty of Economics and Business, Croatia

momazic1@efzg.hr

Alica Grilec

University of Zagreb

Faculty of Textile Technology, Croatia

Email: alica.grilec@tff.hr

Irena Sabaric

University of Zagreb

Faculty of Textile Technology, Croatia

irena.sabaric@tff.hr

ABSTRACT

Fashion industry is generally perceived as one of the biggest environmental polluter. So called fast fashion creates items to be replaced quickly and it directly leaves a huge impact on environment. Unlike fast fashion, slow fashion describes a

socially conscious movement that is decidedly at odds with the ever faster fashion cycle from its production to disposal. In order to explore the common assumption that today's consumer are more and more concerned about environmental sustainability, we conducted the survey at two different Faculties at the University of Zagreb, Croatia. We questioned students about their shopping habits in second-hand shops, disposal of their fashion products and about their attitude towards fashion product recycling. Sustainable thinking would encourage consumers to commit to buying more used than new items and leave less clothing on disposal. As student population are one of the fast fashion main targets and one of the biggest consumers, results presented in this paper will bring important data for Croatian (as an example of Central and East European country) sustainable clothing producers. Conclusion will provide data on students' attitude towards conscious buying and recycling habits and also basis for further research will be set.

Keywords: *conscious buying, environmental sustainability, fashion industry, fast fashion*

A META-ANALYSIS OF CORPORATE RESEARCH AND DEVELOPMENT EXPENDITURES

Natalia Nehrebecka

*Warsaw University - Faculty of Economic Sciences
National Bank of Poland
nnehrebecka@wne.uw.edu.pl*

Aneta Dzik-Walczak

*Warsaw University - Faculty of Economic Sciences, Poland
adzik@wne.uw.edu.pl*

ABSTRACT

We explore the determinants of corporate research and development (R&D) expenditures. We focus on one specific aspect that has not been taken into consideration: the publication selection bias. Expenditure on research and development is a key indicator of innovative efforts. Based on empirical literature, inconclusive estimates have been found. This meta-analysis reviews the heterogeneity of empirical results from researches in different economies through a larger more comprehensive data set. The main financial indicators, such as cash flow, liquidity ratio, long-term liabilities, sales volume are of most interest. We investigate how the inconsistencies in the published findings are affected by publication bias, characteristics of the data, estimation techniques, and model specification. We take into account 124 estimates from published empirical studies. We use meta-analysis to combine, summarize, and investigate the reported estimates. In order to detect bias in meta-analysis funnel plots and Galbraith plots, followed by statistical testing using meta-regression, were analyzed. Our results indicate that there is an evidence of publication bias. In particular, the effect of the publication selection occurred for variables: R&D expenditures in the $t-1$ period, the R&D spending squared in $t-1$, cash flow in the period t , long-term debt in the period t , sales volume in the $t-1$ period. The hypothesis about the existence of the publication

selection effect for the cash flow variable in the t-1 period and the sales volume in the period t was rejected. Our results emphasize that estimators depend systematically on model specification and estimation method. In addition, we point Generalized Moment Method as the best method of estimation. It allows to estimate the dynamic regression for R&D investments taking into account changes in the available funds.

Keywords: *Financial indicators, Meta-analysis, Publication bias, Research and development expenditures*

THE IMPACT OF PUBLIC EXPENDITURES ON ECONOMIC GROWTH IN THE POST TRANSITION COUNTRIES OF THE EUROPEAN UNION - PANEL DATA ANALYSIS

Pasko Burnac

*Faculty of Economics, University of Split
Cvite Fiskovića 5, 21000 Split, Croatia
pburnac@efst.hr*

Vinko Mustra

*Faculty of Economics, University of Split
Cvite Fiskovića 5, 21000 Split, Croatia
vmustra@efst.hr*

Vladimir Simic

*Faculty of Economic, University of Split
Cvite Fiskovića 5, 21000 Split, Croatia
vsimic@efst.hr*

ABSTRACT

The endogenous growth models (Lucas and Romer) represent the theoretical basis for the study of the impact of fiscal policy on economic growth. Using their findings, Barro has created a

model explaining how fiscal policy can affect the rate of GDP growth. In defining this impact he uses: productive and unproductive expenditures, and distortionary and non-distortionary taxation. The findings on the impact of fiscal policy on economic growth vary depending on the sample of countries, the period under investigation, the methods of analysis used as well as the used fiscal variables. Recent research using panel data shows that the impact of fiscal policy on economic growth is significant, but the direction of this influence is often ambiguous. Therefore, the main goal of this study is to determine the direction and intensity of the impact of public expenditures on economic growth in the post-transition countries of the EU. In order to achieve this goal, an empirical model is estimated using dynamic panel analysis on a sample of eleven countries. Empirical analysis identifies the capital expenditure (public investment) and expenditure on education as productive public expenditures.

Keywords: *fiscal policy, economic growth, public expenditures, productive expenditures, unproductive expenditures, panel analysis*

THE EMPLOYEE PERFORMANCE APPRAISAL AND ITS IMPACT ON PUBLIC ADMINISTRATION

Ana-Maria Bercu

*Alexandru Ioan Cuza University of Iasi
Faculty of Economics and Business Administration
bercu@uaic.ro*

ABSTRACT

The main aim of our paper is to examine the theoretical foundation of performance appraisal in the public administration and to identify and to examine the critical issues associated with them. Going from the presumption that public administration need a motivated human resource oriented to make a good job and to serve people, we investigate the necessity to use the performance appraisal practices. Our paper aims is to investigate the practices used in public administration sector in EU member states, based on the scientific studies and research findings from literature. Both, scientist and practitioners, agree that the performance appraisal systems have a direct effect on motivational process of civil servants, job satisfaction, and organizational commitment. In this regard, it is important to understand the implications of performance appraisal systems used in EU member states to develop new tools for motivational process and the career of civil servants.

Keywords: *appraisal, motivation, performance management, civil servants*

