

Varazdin Development and Entrepreneurship Agency

Editors:

Jadranka Bendekovic, Marina Klacmer Calopa and Davor Filipovic



Economic and Social Development



**6th International Scientific Conference
on Economic and Social Development and
3rd Eastern European ESD Conference: Business Continuity**

Book of Abstracts

Vienna, 24-25 April 2014

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Section 1

Social Responsibility – Myth or Reality

SUSTAINABLE DEVELOPMENT AND ENVIRONMENTAL PROTECTION IN ROMANIA

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ABSTRACT

Industrialization has led to deeply changes in the rural area and in western countries for more than a century, and in Romania on the half-century, which found reflection in a strong concentration of population in urban areas, while gradually decline of the motherland, and that led to the exodus. Environmental pollution and its devastating effects, which have made their mark on the contemporary generation, have generated the need for policies to protect the environment, but at the same time to create a framework conducive to sustainable development. The reason I chose this issue is due to the importance of the protection of the environment in which we are part, both in view of ensuring a healthy life, and to ensure a propitious economic environment development society. Another aspect that motivates the choice of the theme "Sustainable development and environmental protection in Romania" is found in the paradoxical character that defines the process of globalization, taking into account the fact that although most of the time it can be beneficial, may result in the same time, with risk-taking both in terms of the natural environment, as well as industry and transportation. The research goal is to capture the impact of pollutant factors on the environment' development, as well as measures that could mitigate the harmful effects of it. Also, the paper aims to present the economic reality of Romania, by drawing up a report on the work of environmental protection agencies, Botoşani, which is an element of strategic guidance on long-term efforts to solve the environmental development and protection issue, and the ability of some strategies of sustainable development on amount of time horizon of 2013-2020. In the literature, are now numerous concerns with a view to refining the objectives, whether in identifying appropriate methodologies to help protect the environment and ensure sustainable development.

Keywords: *development, policies, pollution, protection, strategies*

ENTREPRENEURIAL INCLINATION IN HUNGARY: ANALYSIS FROM A NATIONALLY REPRESENTATIVE SAMPLE

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ABSTRACT

The aim of this study is to present some observations on the possible connection of entrepreneurial inclination and innovation acceptance in Hungary, which was assessed by a face to face survey conducted in order to implement the examination of the social acceptance of ecologically sustainable technologies within the 5th activity of the Social Renewal Operational Programme (SROP)-4.2.2.A-11/1/KONV-2012-0058, Modeling the effects of the energy-production, utilization and waste management technologies to the competitiveness of the cities and regions. The survey sample of 2000 adults was representative of the population of Hungary considering gender, age, settlement type and the highest qualification. The survey embraced several topics relevant to the 5th activity of the SROP project; however, this study focuses on analyzing responses related to entrepreneurial inclination and entrepreneurial intention. One of the questions was aimed at enquiring about the respondents' inclination to become an entrepreneur and start entrepreneurship. The study is intended for analyzing the possible factors behind these data. It has been found that not only gender but also qualification and age may determine the degree of entrepreneurial inclination. The underlying reasons for this are further analyzed in the study. There was also a question in the survey that focused on gathering information about the entrepreneurial intention of the respondents. The study is also aimed at analyzing the variables that have significant impact on entrepreneurial intention. The results of the survey can provide grounds for further research.

Keywords: *entrepreneur, entrepreneurial inclination, entrepreneurial intention, potential entrepreneur, entrepreneurship*

A NEW LABOR MARKET APPROACH: KEEPING JOBS AND ENHANCING LABOUR MARKET FLEXIBILITY

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ABSTRACT

Finding the right balance between flexibility and security in working arrangements, is today one of the major employment policy priorities in majority of European countries. The paper analysis flexicurity concept which provides important answers to the question of how to meet modern labor market challenges and at the same time improves security. The model combines high mobility between jobs with a comprehensive social safety net for the unemployed and an active labor market policy. Over the past decade there is a clear tendency towards reducing the strictness of employment protection (EPL) - mostly focused on regulations governing individual and collective dismissals. Namely, the level of labor market flexibility is also reflected by the share of temporary and part-time employment in total employment. The most important thing in removing rigid labor market rules involves introducing flexicurity: moving from protecting jobs to protecting workers. Actual situation in EU labor market indicates on the existence of considerable differences in labor market flexibility and security across EU Member States. An adequate equilibrium between the need of protecting employees and efficiently allocating labor is a key priority for policy makers. Therefore, the focus in this research is on the following flexicurity variables: EPL index and unemployment benefits (UBs).

Keywords: *flexicurity, EPL, labor market, unemployment benefits*

TAX HAVENS UNDER “STANDSTILL” AND “ROLLBACK” INSTRUCTIONS OF THE EU

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ABSTRACT

Joining the initiative of the Organization for Economic Cooperation and Development (OECD) to tackle “harmful tax competition” and addressing the need for a tax policy review in the context of globalization, the European Union’s Code of Conduct for Business taxation was a guiding tool in reshaping the national tax legislations of its Member states and their dependent and associated territories. The two English Channel Islands (Guernsey and Jersey) and the Isle of Man, formerly known as “tax havens”, had to amend their tax legislation in order to become compliant to the provisions of the Code. The aim of this paper is to present the evolution of the three island’s tax systems departing from the harmful measures which were not within the spirit of the EU’s Code of Conduct and reaching the implementation of the “zero-ten tax system”. An important aspect being approached is the EU’s position towards the 0% tax systems and the level up to which it can impose its will to eliminate harmful tax practices while respecting the fiscal sovereignty of these territories.

Keywords: *British crown dependencies, EU’s Code of Conduct for Business taxation, OECD, Tax haven, Zero-ten tax system*

DOES INEQUALITY HARM DEMOCRACY? AN EMPIRICAL INVESTIGATION ON THE UK

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ABSTRACT

This paper presents an empirical investigation about the effect of increasing economic inequality on some aspects of the quality of a democracy. The main novelty of the paper lies in its methodology: it applies to a single country - the UK – in a long run perspective. Using Eurobarometer data for the period 1974-2009, we select three questions and check whether an increase in inequality alters the answers to these questions, subject to other control variables. In particular, as indicators of the quality of democracy, we select the degree of Democracy-Satisfaction, the frequency of Political Discussion and Participation in Election. Another novelty is the use of several measures of inequality: the Gini coefficient, the Foster-Wolfson polarization index, the interdecile ratios P90/P10 and P90/P50, the shares of top and bottom 1%, 5% and 10% income. Inequality indices have been computed using two British household budget/expenditure surveys, i.e. the Family Expenditure Survey and the Family Resources Survey. Using an array of indicators allows us to disentangle what happens in the different parts of the income distribution and to avoid the dependence of the results on the choice of the indicator. The estimation is carried out estimating probit and ordered probit models. The main finding is that higher level of income inequality, no matter how it is measured, impacts negatively on citizens' satisfaction with democracy and positively on their political discussion and intention to vote. This leads to the issue of limiting inequality as an engine of deterioration in the quality of democracy, and sustaining an active citizenship.

Keywords: *Economic inequality, Factor analysis, Inequality indices, Quality of democracy, United Kingdom*

INNOVATION AND ENTERPRISE DEVELOPMENT: THE CASE OF THE ETHEKWINI MUNICIPALITY

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ABSTRACT

Innovation and entrepreneurship creates an excellent platform for economic growth in any City. The Ethekwini Municipality has a predominantly urban population who faces the triple challenge of unemployment, poverty and inequality. It therefore has limited resources available for programs supporting entrepreneurs. However South African government has created an enabling environment for supporting small, black-owned enterprises through Broad Based Black Economic Empowerment framework. Claasen 2006 states that Enterprise Development (ED) where big companies offer operational assistance to small, black-owned enterprises, is a core component of the SA Government's BBBEE strategy and globally recognized as an effective way of reducing poverty. Raizcorp (2011) defines enterprise development as investing time, knowledge and capital to help Small and Medium Enterprises establish, expand or improve businesses including empowering modest income-generating informal activities to grow and contribute to the local economy. The primary objective of the Ethekwini Municipality is to develop an Enterprise development strategy in order to capitalize on private sector involvement in economic growth and the reduction of unemployment. The idea was to develop strategic partnerships with organizations which share Business Support mandates and who would like to contribute to the achievement of their own strategic objectives through BBBEE Performance scorecard fulfillment. This paper looks at the Enterprise development strategy within the context of Innovation and entrepreneurship.

Keywords: *Enterprise Development, Ethekwini Municipality, Innovation*

MULTILATERAL MARKETS – NEW WAY TO DEAL WITH FOOD PRICE VOLATILITY AND FOODS MARKET IMPERFECTIONS

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ABSTRACT

Economists tend to see markets as naturally created social phenomena. Today's global food markets are shaped by political framework pushed ahead by developed countries. In recent years, global financial crisis influenced every aspect of world economy, the food security was not intact either. Nowadays there are 1 billion starving people in regions like Africa, on the other hand the food waste is estimated on 1,2-2 billion tons of food per year. In Europe and North America there is the double the food as their needs are. The vast inequality between poor and developed countries shows up the scale the world food market is unbalanced. The global trade rules concerning food security do not reflect correctly the circumstances on global food markets. Furthermore, the trade rules favoring the rich reflect in at a full scale the vast imbalances in world economy. The number of undernourished people is growing this could trigger far more dramatic processes. Unprecedented urbanization and the reduction of economically effective population in rural areas deepens the problem. Developing a market mechanism, new trade rules, recognizing the needs of the poor and imbalances in nowadays economy is needed. A market should balance not only the commercial, but also the non-commercial interests. In spite of trade preferences poor countries gained their export is impossible. Not all agricultural goods are eligible for preferential treatment, furthermore the preferences.

Keywords: *organized market, market imperfections, imbalanced economy*

IN A SEARCH OF ETHICAL PROTOCOL FOR MANAGER DECISION CHECK

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ABSTRACT

Business world needs more humanism and integrity as fundamental building blocks, because business reality practically evidence ethical problems in numerous bussines decisions. As a possibility to check managerial decisions from ethical side as theoretical, conceptual and finally practical support, there is needed an ethical protocol. The basic purpose of such an ethical protocol is manager decisions cheching, i.e. implementation of maximal ethically correct decisions according the interests/utility of the stakeholders. For consistent and objective managerial decision checking from ethical point of view it is needed such ethical protocol that has clear measures and standards. The goal of this paper is to accomplish such an ethical protocol for ethical checking the managarial decisions that will integrate ethical contents from social and humanistic disciplines, this means the managerial theories, ethical theories, and humanistic values. Presented ethical protocol has contents in the form of questions:

- 1) Is the ethical decision legal? (Whether it violate any low or politics of institution?).*
- 2) Whether the decision bring to the usefull effect for individuals, stakeholders, or bring to the usefull effects for the most number of indivuduals?*
- 3) Whether the decision respect basic rights of stakeholders (for answer on this question, there should make the list of stakeholders rights).*
- 4) Whether the decision take into account the just procedure and just results? Is by this achieved the equilibrium of relationships? Whether the decision promote „win-win“ relationship?*
- 5) How we as people feel after bringing and application of the decision? Whether this decision bring negative emotions: anxiety, insecurity, alarm or some other positive emotion: pride, satisfaction, motivation)?*

- 6) *How should be resolved the confronted interests/utilities which result or will result from decision implementation, so that there is not disturbed ethical equilibrium?*
- 7) *Whether the organization implement the spiritual values of right diong, truth, love, peace and nonviolence?*

Such an ethical protocol should answer on mentioned question before the managerial decision or before the decision implementation. It is recommended that every strategic managerial decision should pass through ethical procedure by means of presented protocol, so that it positively answer on majority of placed questions. So, managerial decision would have the greatest possibility to be ethical. If the answers are mixed (the ethical decision is not clear) than should determine the ethical priorities according to the principles of legality, individuality, utility, human rights, justice or key humanistic (spiritual) values.

Keywords: *manager ethics, protocol for ethical decision making, integral approach to the ethical decision making, ethical managerial decision.*

DILEMMAS AND CHALLENGES FOR THE COMPETITION POLICY IN THE TURBULENT TIMES – THE CASE OF EUROPEAN COMPETITION POLICY

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***“The one who does not remember history
is bound to live through it again”
George Santayana***

ABSTRACT

Economic history has unambiguously shown that recession periods are potentially hostile towards competition policy. During these periods competition rules and competition policy were silently suspended. In addition, big firms were increasing their lobbying activity in order to reach more favorable market treatments, but the problems with their low productivity and increased inefficiency remained unsolved. Polices used for the purpose of

relaxing competition arguably added to the duration of the recession periods, such as those in the US economy in the 1930s, in the Japanese economy in the 1990s and in the Argentina's economy until the beginning of year 2000.

Nowadays, policy-makers are confronted with the same challenges regarding the design of competition policy. But in this case, they should demonstrate their ability to learn from the past experience and to ensure that today's solutions do not unintentionally become tomorrow's problems. Current challenges are somewhat different, especially in Europe, where the branch of competition policy most strongly challenged by the crisis is the state aid control especially in the financial sector. Therefore, policy-makers should very carefully select the priorities of the bailout strategies. In this sense, intervention to rescue the financial system from systemic collapse in exceptional circumstances can be crucial, but should not be seen as a reason to justify state aids given to inefficient firms from other sectors in the economy in order to support their production. Subsidies are costly for taxpayer; they create dependency and ultimately damage firms' competitive incentives. Also, restrictions on competition are worse. They increase inefficiency, decrease consumer welfare and may result in permanent changes at the market structure. Furthermore, ad hoc changes to competition rules diminish policy's consistency, predictability and its credibility for business sector.

For these reasons, at the macro level, active monetary and fiscal policies are needed to stimulate aggregate demand and support economic growth, but at the micro level we need active and efficient competition policy to support and promote market competition and to increase total welfare in the economy. It would be a great mistake to suspend competition policy and replace it with industrial or trade policy in the time of crisis.

Keywords: *bailouts, competition policy, economic crisis, efficiency, market competition, state aid.*

TECHNOLOGICAL INNOVATION, PRODUCTIVITY AND GROWTH

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ABSTRACT

Innovations have long been recognized as one of the key elements of economic progress, though some say that its direct relation to the concept of economic growth remains rather controversial. Productivity growth is the key economic indicator of innovation, non-the-less. Growth theory assumes that changes in real output are result of technological shocks within the economy. By focusing

on computer and information technology, using ARIMA models and Beveridge-Nelson univariate decomposition this paper estimates the impact of technological shocks on GDP, GDP per capita and labour productivity (long-term) growth of few most developed countries.

Keywords: *computer and information technology, productivity and growth, ARIMA models, Beveridge-Nelson decomposition, developed countries*

TRANSFER OF INTANGIBLE RESOURCES THROUGH CROSS-BORDER ACQUISITIONS– THE CASE OF SERBIA

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ABSTRACT

Transition from centrally planned to market economy in Central and Eastern European countries has begun more than two decades ago. Although some of these countries completed the process of transition successfully, Serbia and some other East European states are still going through this process. Deregulation of FDI, which are often made in the form of acquisitions, is one of necessary steps towards successful transition. Because the target companies usually lack the resources, most often intangible resources, that are necessary for doing business in market economy, these resources are transferred from foreign companies to targets. FDIs thus increase the competitiveness of transition economies and set the basis for reindustrialization, the last stage in the process of transition. The results of the empirical research into the transfer of marketing-related, technology-related and human resources-related intangible assets will be presented in this paper. The research includes a survey covering forty-six enterprises acquired by foreign investors in the previous period, and a case study on two enterprises. The results show that the acquired companies, either privately-owned or state-owned previously, needed a considerable transfer of intangible resources to improve their business performance. The targets were not market oriented, business functions were not coordinated and the acquired technology was outdated. Finally, the research shows that the acquired human resources lacked the necessary competences and had to undergo training, and the transfer of knowledge was also made through hiring expatriate managers.

Keywords: *Cross border acquisitions, Human resources, Technology, Transfer*

TERRITORIAL MARKETING AS A PROMOTIONAL TOOL (NIZHNY NOVGOROD EXPERIENCE)

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ABSTRACT

In the article the authors examine the territorial marketing as a strategic management process, the importance of which is growing in the modern economic environment. A variety of geographical areas, such as cities, regions and countries can become objects of the territorial marketing. Marketing activities aimed at improving the competitiveness of the territory are similar to marketing campaigns of commercial organizations, as the territory is seen as an object of potential investment. The authors conducted a comparative analysis of different approaches to designing a marketing strategy for the development of the city and chose the most effective one of all the alternatives considered. The activities connected with creating the city image within the investment climate improvement program of Nizhny Novgorod region were assessed. The results of the research show that there is a piecemeal approach to the creation of a marketing strategy for the city development. The authors decided to develop a program aimed at creating Nizhny Novgorod image. At the first stage, there was conducted a quantitative study to determine the attitude of Nizhny Novgorod residents to their native city. The number of residents surveyed was 2,500. The survey revealed fuzzy positioning of the city. The authors have chosen the marketing infrastructure as the main marketing strategy of Nizhny Novgorod. The essence of this strategy is to increase the degree of civilization of market relations in the selected area. The main objective is the development of local infrastructure in order to improve the standard of living and working conditions. Extension of the underground network, a growing number of sports facilities, increased housing construction, as well as new transport links in Nizhny Novgorod region make marketing infrastructure a promising direction of the area development.

Keywords: *Marketing of infrastructure, marketing strategy of the city, territorial marketing*

LONG-TERM BUSINESS EFFICIENCY MANAGEMENT IN ECONOMIC TURMOIL CONDITIONS

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ABSTRACT

The main current macroeconomic trends such as: speed of technical progress, globalization and urbanization, visible changes of communication and human habits together with financial crisis “second wave” risk seriously challenge business sustainability and long-term profitability. At the same time starting from 2008 efficiency agenda has been in the center of the focus all over the business world. The wide variety of business optimization programs and cost cutting activities has been successfully implemented. Based on that there would not be a big future potential going forward in this direction. To tackle these challenges business should look for new approaches. Based on Baltika Brewery practice one of the opportunities is optimization of total value chain structure going outside the boarder of one company, involving all counterparties (suppliers and customers), managing business environment. The real examples of this integrated way of efficiency management have been already successfully implemented such as supply financing, consignment scheme based on developed VMI system (vendor management of inventory), and different kinds of clusters. There are two key factors of success in all these implementations: the presence of initiator who organize the new way of collaboration and manage risks on one hand, on the other hand an economic model of clear results calculation and split between all counterparties involved. Looking forward the potential of this approach definitely is the way to keep business profitability and sustainability in the future.

Keywords: *long term efficiency, full value chain optimisation, supply financing, consignment*

ASSETS MANAGEMENT IN ELECTRIC UTILITIES WITH DIFFERENT LIBERALIZATION LEVEL: CROSS-COUNTRY ANALYSIS

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ABSTRACT

Russian electricity generation companies faced with necessity to make decisions under new market conditions. As electricity sector is capital-intensive one of the most important aspect to succeed is to manage its assets effectively. In Russian Federation electric utilities companies faced with challenge to manage assets in competitive electricity market quite recently so it's useful to find out some examples to follow from the world's companies' experience in this field. To do so the most appropriate way is to analyze successful international experience in it to find out good examples for Russian companies to follow. As for international experience some main players on electricity markets (predominantly competitive market) in such countries as France, UK, Germany, US, China and Russia were regarded. In this article the analysis of main assets' components is presented with discussions of their dynamics in different countries since 2000. The dynamics of dupont analysis ratios, leverage ratios, financial stability and liquidity ratios are presented. Assets have a quite complicated structure and as usual its management differs from current branch of economy. So due to analysis presented in article it will be possible to define distinguish features of assets management all over the world. Comparison of final conclusions for foreign companies (for France, UK, Germany, US and China) with Russian ones will allow to define differences, disadvantages and possible opportunities for development in assets management for our electric utilities companies. Moreover it will be able to find out future development direction for decision-making process in assets management for electric utilities companies in Russia.

Keywords: *assets' analysis, electric utilities, management.*

THE RELATIONSHIP BETWEEN ROMANIAN AVIATION INDUSTRY TURNOVER AND NATIONAL GDP

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ABSTRACT

Since its emergence, at the beginning of the 20th century, the national aviation industry was considered one of the top industries. Acknowledging the potential of the industry, we try to focus our attention towards the status of several long established aviation company and the wellbeing of the economy as a whole. The purpose of this paper is to establish a correlation between the turnover of the most important aerospace companies and the gross domestic product (GDP). In order to achieve the research aim, a linear regression was designed. Following market dynamics the study shows a direct relationship between the specific company turnover and national GDP in the case of Romanian entities operating in aeronautic industry. This relationship confirms Maslow's hierarchy of needs.

Keywords: *Aviation industry, GDP, Linear regression, Romania, Turnover*

THE REMITTANCE INFLOWS' IMPACT ON SAVINGS IN THE SERBIAN ECONOMY

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ABSTRACT

Remittance inflows represent one of the most significant sources of foreign funding for most developing countries. These funds have also proven to be one of the most stable sources of external financing for developing countries during the past few decades and in the period of the last global crisis. They are much less responsive to economic cycles and economic shocks than foreign direct investments and other private and official capital flows. The benefits that a

developing country can have from stable cash inflows are various as far as they are directed in activities that contribute to economic growth and development. Theoretically, channeling remittances into savings and investments can lead to long-term economic growth. Formal transfer of remittances through the banking system and financial markets can lead to stronger financial stability and development of new financial instruments. Since remittances reduce the volatility of GDP and may contribute to financial system development they are able to additionally boost country's growth and development. Finally, these resources significantly contribute to the fight against poverty and inequality. Taking into account all the positive impacts the remittances may have in developing countries, the goal of this paper is to investigate in further detail the relationship between remittances and savings in Serbian economy. With this analysis, we aim to test whether there is a potential for remittance inflows channeling not only in consumption, but also in various investment alternatives that could provide long-term benefits to the local economy.

Keywords: *Economic Growth and Development, Financial Sector, Investments, Remittances, Savings*

NATURE - SPIRIT RELATION

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ABSTRACT

As part of Kant's theoretical philosophy nature has only the status of the existence of things under laws. Reason is a legislator of nature, and nature is just mechanical, just a sphere of necessity, while conversely the mind e/sphere of opportunity and freedom. So it seems that Kant's characteristic ambivalence turns and between nature and mind, as there is between freedom and nature, noumenal and phenomenal and so on. But Kant's terms are not uniform, so he observes nature from a different angle. It is not only the aggregate of things, blind mechanical order.

Through it runs certain, we do not quite fathom, but still discernible purpose. In the end we ourselves are part of that nature, and its inherent purpose stream in us (of course, all this said there is no theory, but there are virtually legitimacy). Nature is not, as they say, left by God. Moreover, Kant sometimes equated with the very providence, and it figures as mental. Man is for this philosopher highest purpose of nature. By giving man the mind and free will, which is based

on the mind, the nature of the man who endowed the potential to develop and thus fulfill its determination. At the same time, nature wants to release the man himself, to make everything out that for their achieved state does not owe anybody anything.

Nature is like that man everything goes beyond the mechanical design of his animal existence created entirely from itself, and not gaining any other blessedness or perfection of the one that is free from instinct, himself has created his own mind. Only then will one be able to have a sublime sense of dignity and pride of himself and his work.

Keywords: *nature, man, spirit, mind, freedom, philosophy, world*

RESTRUCTURING OF ESTONIAN MANUFACTURE UNDER GLOBAL FINANCIAL AND ECONOMIC CRISIS

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ABSTRACT

The structure of Estonian manufacture in 2008 was out-of-date and required cardinal and fast changes toward greater value-added. It was not possible for Estonia only by raising the technological level of enterprises and increasing so-called technical productivity to catch up in terms of productivity with developed industrial countries. The Estonian manufacture needed fundamental and substantial structural changes.

The international financial and economic crisis, starting in 2008, provided for structural changes an exceptionally good chance. Unlike the rich industrial countries, Estonia was not in the least interested in keeping its status quo, and wanted to change it quickly and essentially. After the incomplete stabilisation of economic environment, the structure of Estonian manufacturing is, without any doubt, better and more effective than before: (1) technological level higher; (2) organization of work more perfect; (3) value added and productivity higher; (4) position in value chain better; and (5) maybe also the value chain itself new and better. But problem is that there are fewer jobs in the new structure of manufacturing than before the crisis.

Another problem is that new technologies and high-value jobs were created mainly in Estonian capital city – Tallinn and around it. Only top specialists and skilled workers in the capital city benefited from these, not “ordinary people” in other regions. Such structural changes even increased structural unemployment and economic, social, regional, etc. stratification.

Keywords: *crisis, manufacture, restructuring, stratification.*

LOCAL ACTION GROUPS IN SOCIAL AND ECONOMICAL DEVELOPMENT OF COMMUNES

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ABSTRACT

Polish accession to the European Union has set many challenges facing the country in a variety of ways: social, economic and political. It created a chance of getting financial support for rural development. The chance of growth among local communities depends on the capacity to self-organize their efforts and making creative, collective actions. The activities of local authorities depend on people, their ideas and the way in which they understand the goal of the local authority, so the level of social capital may significantly influence the pattern of local social politics. In order to stimulate community involvement in development of the area and make better use of its resources, there is a need to build social and economical capital in the country. Due to the low level of activity and engagement of rural communities in local structures, reluctance to cooperate, stimulating activities, promotion or training maintained by the Local Activity Groups, are especially important for the development of rural areas. This article aims to highlight the role of the Local Action Group (LAG) in the social and economic communities implementing the Common Strategy of the Local Development.

Keywords: *Local Action Group, Local Development Strategy.*

MARKETING PERSPECTIVES FOR THE CONSTRUCTION SECTOR

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ABSTRACT

The rapid trend of globalization and technological change has made it difficult for construction companies to survive in the competitive world. The current

crises in the global economy have particularly affected the construction sector in developing countries such as Croatia. This paper gives a short survey of the Croatian construction industry during the past several years and proposes models for its recovery. One of the models is entering the global market, which brings many problems. Croatian construction companies have very low performance on international markets and this is a serious problem for the entire Croatian economy. International marketing operations are therefore rapidly becoming increasingly important, but international marketing strategies are not the same as domestic strategies.

Keywords: *construction sector, Croatian construction, internationalisation, international marketing strategies*

EFFECTIVENESS OF ECOLOGICAL EDUCATION AND AWARENESS IN PUBLIC POLICY: MICROECONOMIC ANALYSIS OF REGULATION EFFECTS AT REGIONAL ENERGY MARKET

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ABSTRACT

Ecological safety is one of the most important challenges for the people all over the world. Remedies applied are often a part of public policy ad, as a rule, undermine losses of public welfare in a short-run to achieve environmental goals. These losses may be considered as a fee paid by society for cleaner environment. The aim of the state as a regulator in this context (or even a kind of its social responsibility) is to choose the way to better environment which guarantees a minimum public welfare loss. Welfare effects are construed here in microeconomic perspective – as welfare changes measured at the markets under regulation. Ecological education and awareness represent a rare case of regulation which could result in gain of public welfare. The arguments come from theoretical analysis of situation when the information first unavailable is transmitted to consumers, and they change their preferences. Public welfare gain as a result of consumers' awareness on NOx emission, measured at Novosibirsk regional energy market, could run up to 25 mln of rubles per month (regional market is based on energy consumption and production data). This gain of welfare could occur if consumers show rational reaction, which undermines a decrease of energy demand as a response on information of energy production externalities; or if they react at all. The second remark is crucial for regulation effect. It means that consumers have to consider

ecological information as meaningful. These values and behavior are next to ecological education. As some researches show the cleaner environment is out of the priorities for people in Russia. Therefore Russian government has to promote ecological education. Sufficiency of current efforts is considered in the paper as well.

Keywords: *ecologic awareness, ecological education, environmental policy, microeconomic analysis*

COMPETITIVENES OF THE SEECs' POSITION VIS A' VIS EUROPEAN COMPETITIVENESS

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ABSTRACT

A widely accepted definition of country competitiveness refers to the ability of an economy to provide its population with high and rising standards of living and employment. This is the approach we follow in this paper: competitiveness describes the overall economic performance of country (GDP per capita and GDP growth, employment, labor productivity and total factor productivity). The objective in this paper is to provide an aggregate picture of recent trends in some South Eastern European Countries, and to describe main differences among them and EU-member states, especially new member states. During the transition period, GDP per capita (taken as a measure of the standards of living) in the SEECs has been lagging behind the one of the EU-25 and especially of the EU-15 (before enlargement). Also the labor productivity and the total factor productivity in SEECs have been slowing down or remained stagnant during 1990-2000 period. In the light of the Lisbon strategy 2005 which aimed at boosting productivity growth by investing in research and development, improving European infrastructure, enhancing human capital and promoting competition in EU-countries, the task of SEECs is very difficult but inevitable condition for successful EU-accession. SEECs must promote their own strategy aimed at realizing the comprehensive reforms in order to promote their production structure, productivity, employment, and standard living. However, SEECs have to realize these tasks if they want to narrow competitiveness gap between and EU countries (real convergence). This is condition-sine-qua non for successful accession.

Keywords: *competitiveness, global competitiveness index, integration process, real convergence, transition reforms*

INFORMATION TECHNOLOGY APPLIED TO PRODUCTIVE SECTOR AND CREATION OF STRATEGIC ALLIANCES. WOOD CASE

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ABSTRACT

The paper puts emphasis on analyzing three aspects: first builds a baseline of wood sector taking into account the subsectors of forests, sawmills, barracks, carpentry and outlets. The geographic area considered for the study includes the 5 major cities of the department of Tarija: Bermejo, Entre Rios, Villa Montes, Yacuiba and Tarija as the capital of the department of Tarija. A real analysis of the situation was made in the wood sector based on management of the company divided into 9 modules: strategic management, human resource management, processes management, financial management, quality management, management customers, infrastructure and equipment, safety and research and development, which led to identifying the strengths and the weaknesses that were taken into account by public and private performers involved in the sector and then shaped in a document of the strategic lines of the sector. Second, the application of information technology to the productive sector in the processing and dissemination of information allowing real-time queries. Third, the emergence of strategic alliances between different institutions: Departmental Government, Municipalities, International Cooperation Agencies, the Academy and entrepreneurs all with a common goal and where each institution was strengthened.

Keywords: *management, sector, wood*

NEW TRENDS IN THE REGIONAL DEVELOPMENT

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ABSTRACT

Regions are fundamental components in economic and administrative structures of each country. In present day, we can see the increase of their importance in the global dimension. This process is more and more visible from year to year and takes place on every continent. The regional policy is a special instrument, which serves for realization of topics in this subject. The assurance to equalize and permanent development, is one of the most significant regional policy issues. For areas designated as regions, the idea of development gives interesting perspectives of new possibilities and brings guarantee for better conditions of life to the society. The word: “development”, is strictly connected with the concept of constant economic growth. In the theory of regional policy, from the beginning of the industrial revolution in 18th century until the middle of 20th century, models of exogenous growth dominated. Those ideas were based on capital investment, consumption increase and expansion of big cities and industrial agglomerations. In the second half of last century, it turned out to be economically insufficient. The regional policy needed a new way of development. Scientists, business people and theoreticians of sociology and administration, began to search for a different and more effective method of regional growth. The answer for those efforts were models of endogenous growth. They are concentrated on: human capital, R&D, technical capital, self – government policy and ideas of citizens participation in the management. Those new ideas are opportunities for good prosperity, not only for well – developed areas, but also for poor – developed zones. Today, in the time of global economic stagnation, searching for new solutions in question of regional growth is strongly delimited of those trends in regional development. They opened completely fresh notions and innovative dimensions in the surrounding world in which we exist.

Keywords: *economic stagnation, endogenous growth, exogenous growth, model, regional development.*

FORMING THE FAVORABLE ENVIRONMENT FOR INNOVATION: CASE OF SERBIAN REGION

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ABSTRACT

This paper is devoted to the problems of regional innovation system development. The creation of effective innovation system capable to increase the innovation activities is proclaimed as one of the urgent needs for Russian economy. By now, Russian innovative activities are ranked rather low compared to other developed countries.

According to The Global Competitiveness Report 2012-2013 Russia is ranked 67 among 144 countries. In the recent years, Russia's lagging in innovative sphere has increased. The most dramatic expression of this problem seems to be low level of demand on innovations.

During the period from 2000 to 2011, not more than 10% of industrial enterprises implemented innovations. During the last decade there was a number of state initiatives focused on increasing innovation activity, however the achieved results were not sufficient. The key problem is the inadequately low demand for innovation from the domestic corporate sector.

In fact, the government is the only source of internal demand on innovations either directly or through the state economic sector. The existing innovation system appeared to be rather functionally limited: where there is an opportunity to use government resources, there is economic growth (still, not always effective). According to statistics, when science and innovation costs increase, the efficiency of these costs tends to decrease.

Siberia is a vast region of Russia that has enormous territory, lots of natural resources, developed industry and large scientific and educational potential. Thus the problems of Siberian innovation system are rather typical for the whole country.

In this research we accumulated the information about the largest investment projects which are planned to be implemented in Siberia and constructed indicators of the innovation incentives of the main economic actors. Our

analysis shows that in the medium-term Siberian economy is likely to continue to have the status of the resource-driven economy.

Keywords: *Innovation systems, Regional development, Siberia*

HOW TO MAKE CAPITAL MARKET A SAFER PLACE FOR INVESTMENTS

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ABSTRACT

Trust is a key factor for the survival and a efficient functioning of any capital market in the world. Market abuse has a very damaging impact on the confidence of investors and as such should be reduced to a lowest possible level. The history of the financial markets knows a number of forms of manipulation and fraud that systematically affect the trade of financial instruments, designed for making profit which does not match the market conditions. Market manipulation is as old as the market itself. Since the creation of the financial markets, there has been a variety of manipulation and scammers who used lies and scams to mislead investors on the market, and upon that created delusion, exercised unlawful material benefit.

Keywords: *Capital markets, investor, securities, stock market, manipulation, abuse.*

THE RESTORATION OF PUBLIC SECTOR OF MEXICO THROUGH THE FISCAL POLICY AND THE CONTEMPORARY ECONOMY

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ABSTRACT

In Mexico, since the early 80's, neoliberal economic policies are aimed at economic liberalization and fiscal discipline. Since then it has prioritized macroeconomic stability at the expense of public finance constraints and increased productive investment that prevent sustained economic growth of the country. In this context, the Mexican government continues to express that the economy is controlled by the market, however, in reality is necessary the intervention of State and the implementation of fiscal policies progressive, allowing restructure the public sector to better allocation and distribution application of economic resources. The aim is to show the impact of fiscal policy on economic growth from an endogenous perspective that allows the wedges visible by the repeated use of economic policies go against the development of production and economic welfare of the majority of Mexicans. To support the theoretical method, we analyze the main contributions of the scientific literature on the economic and fiscal, contrasting with statistical evidence to identify the ravages of contemporary economy and globalization, what reveal the lack of resources to encourage the public sector Mexico and limited ability to pay tax to economic development, limiting government revenue capacity, hence, arise a better implementation of productive public spending and increased state intervention in the economy, as a means to restructure the public sector and generate productive optimal conditions to ensure productive development and the financial solvency of Mexico. This could be achieved through fiscal policy with more levying higher revenues and the implementation of progressive spending to encourage investment in industrial infrastructure, productive development and social spending.

Keywords: *Fiscal policy, ability to pay, revenue capacity, contemporary economy*

DEMOCRACY, DECISION-MAKING ARENAS AND PUBLIC POLICIES: THE BRAZILIAN HOUSING PROGRAM MINHA CASA, MINHA VIDA

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ABSTRACT

This paper analyzes the political and institutional arrangements of Programa Minha Casa Minha Vida (PMCMV), the new housing program in Brazil, with an aim to evaluate its democraticity – the participation of a plurality of actors, both from government and society – and its effectiveness – the achievement of the established goals. The hypothesis is that PMCMV can be considered a public policy with institutional arrangements that are politically legitimate and also bureaucratically enablers to achieve its objectives. The selected data, however, showed that this hypothesis was only partially confirmed. Even though the established goals were achieved through management and monitoring arrangements to raise its efficiency, the PMCMV failed to include important social actors such as the popular pró-moradia movements and organized groups of urban theorists and practitioners, whose demands were not addressed in the decision-making arenas.

Keywords: *Brazilian housing policy; bureaucracy; democracy; institutional arrangements.*

INTERNET COLLECTIVE SERVICES IN RISK SOCIETY

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ABSTRACT

Combine multiple services into a single service, or even a few sites in the network is a solution gaining more and more popularity. The main argument supporting the development of such collective services is to increase the level of convenience. A good example is social networking sites (eg Facebook, Twitter) and integrated information systems (such as Google - mail, calendar, hard, translator, maps, etc.). However, there is a problem with the unwillingness on the sharing of your personal information due to the empirical cases of identity theft, impersonation of the provided personal data and finally causing personal injury personal image. An even greater lack of confidence takes place against the collective services offering financial services on the Internet. Some sort of exception to this rule are shopping websites (eg Merlin, Amazon, Groupon) transfers paid with PayPal. Interpretive background of the proposed discussion outlines the German sociologist Ulrich Beck, who notes that today are entering a phase, "second modernity", which means the globalization of modern institutions and the liberation of everyday life of tradition and custom. Thus, the traditional industrial society vanishes, and its place is taken, "the risk society", namely the risk of uncertainty. Global order in this regard is primarily a risk control (cf. Giddens 2008, p. 696). Beck adds that today we do not like to risk and prefer to take preventive measures - the same applies to collective services offered on the network. The proposed reflection locates on the border of sociology, philosophy and economics.

Keywords: *collective services in Internet, financial aggregation industry, the risk society.*

STRATEGIC MARKETING PLANNING OF MONTENEGRO TOURISM AND HOSPITALITY

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ABSTRACT

The topic of this paper is theoretical and practical approach of strategic marketing planning of Montenegro tourism and hospitality. The most important step in strategic marketing planning in hospitality is market analysis, which give informations about positioning of tourism and hospitality of one country, as well as, reputation, image, brand awareness. The paper will give specific comparison analysis of Montenegro hospitality and hospitality of countries in region. According to this analysis will be given appropriate strategies for improving Montenegro tourism and hospitality, which has wide range of opportunities for diferente target groups. Montenegro is well known as country of beauty, ecology, good hospitality, history, culture and tradition. All this is excellent base for "story telling" strategy, strategy of differentiation, strategy of innovation and total communication strategies about good Montenegro tourism and good hospitality. In past years Montenegro tourism and hospitality gave focus on total communications, throught good services, culture events, historical stories, nature protection, according to ecolocigal standards and green approach. Implementation of these strategies was good, which shows results of strategic marketing control analysis, and also that control analysis gave suggestions for futher development of hospitality strategies. The advantages of Montenegro tourism is offers for variety target groups of consumers, from families, through young people, students, bussines people, to congres tourism and exlusive consumers, which need high class hotels or yachting tourism. The paper will give new strategies opportunities for Montenegro elite hospitality in exlusive port "Porto Montenegro" in Tivat. New approach have to include new media opportunities, like social network communications, blog communications. Also, green approach of Montenegro tourism is advantage that have to be improve and emphasize in communication strategies of Montenegro tourism and hospitality. Also, historical aspects of Montenegro, as well as, cultural treasures have to be emphasize in order to improve Montenegro tourism and hospitality as brand. The most important thing is to realize potential of Montenegro hospitality and to use opportunities of modern communications.

Keywords: *Hospitality, Implementation of strategies, Market orientation strategies, Market analysis, Strategic marketing planning.*

EU PROJECTS FOR COMMON PEOPLE

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ABSTRACT

The present study aims to analyze the projects financed from European funds for agriculture and its subsidiary in Romania from 2007 to present, their number, the average cost and time of preparation, areas of activity, and type of the applicant ownership. Also, this study will present the measures taken at national level for supporting ordinary people to access European funds. Have these measures failed to achieve their goal?

The study proposes a discussion on the well-known bureaucrats from Romania. Furthermore, the paper will outline the predictions about the number of eligible projects in the rural area financed by European funds for agriculture in the period 2014-2020 in current conditions, needs and availability. The second part of the study aims to analyze the effects of European funding project preparation using a software application in a much shorter time than the classic preparation, with zero costs for the funds applicant and with a guaranteed eligibility.

What are the costs for this application and how much it will influence consulting companies? This application can form the basis of the future food and agricultural stock market on a national level, that will be accessed from anywhere in the European Community. This application aims to solve a common problem on national level. It concerns the small and medium farmers who does not know the supply and demand of a particular agro-food market, thus causing the establishment of plantations whose products have no demand on the market or the offer is very high, both cases resulting in a lower sale price.

Chapters:

- 1. The analysis of EU funded projects for agriculture in Romania*
- 2. The software application description*
- 3. Conclusions*

Keywords: *agro-food products, demand and supply, EU project, project applicant, software application.*

NANOTECHNOLOGY AND LITHIUM: A WINDOW OF OPPORTUNITY FOR BOLIVIA? ADVANCES AND CHALLENGES

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ABSTRACT

The potential of nanotechnology (NT) has surprised the world over the last decade, and its products are now found in all sectors of the economy. Policy makers talk about NT as the next industrial revolution that will reconfigure the global economic map. This optimistic vision, in which all parties will gain international competitiveness through the development of NT, is explicit in programs of research and development (R&D) and in national innovation systems (NIS). However, a less optimistic vision exists, which argues that NT is being developed in a world in which the concentration of capital assures that only the most developed countries, or those developing countries with large GNPs, are able to utilize the advantages of NT to improve their international competitiveness. In this article we call attention to the very particular example of Bolivia. The Bolivian case is unique for two reasons. First, in 2009 Bolivia opened its first NIS, the Bolivian Innovation System (SBI – Sistema Boliviano de Innovación). However, unlike its regional peers, the Bolivian program is not based primarily on the concept of competitiveness, but rather that of “vivir bien” (living well). While this concept may sound romantic, it reflects a political position oriented toward national capacity development in such a way as to serve the interests of the majority of the population. This explicit and direct connection between R&D, innovation, and the needs of the population is distinct from the main current, which assumes an indirect connection between increasing competitiveness and improving quality of life, with the market as an intermediary in the distribution of resources. Second, Bolivia has, supposedly, the largest lithium reserves in the world, although they are not yet in production. Lithium has become a strategic resource over the last 20 years, largely because it has displaced silicon as a battery component, due to its greater efficiency (in weight, size, and durability). With the arrival of electric cars to the consumer market in 2010 the international demand for and price of lithium has shot up, leading some to call Bolivia the next Saudi Arabia. However, lithium battery technology is not fully mature. One of the main problems is the highly flammable nature of lithium. This is where NT comes into play. In the last few years, following massive research efforts, lithium

batteries have been developed and brought to market in which the electrodes are coated in NT products, which significantly decrease charging time and increase the lifespan of the batteries. These characteristics leave Bolivia without the R&D capacity to jump on the NT bandwagon, but still able to benefit, indirectly, from the development of NT if the lithium development efforts of the SBI prove effective. This paper seeks to show the relationship between SBI and the potentials of lithium, showing not only the possibilities, but also the intrinsic difficulties.

Keywords: *Nanotechnology, Lithium, Bolivian Innovation System, Bolivia.*

RELATIONSHIP BETWEEN HUMAN CAPITAL AND ECONOMIC GROWTH EMPHASIZING SOCIALIST AND OIL- PRODUCING COUNTRIES

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ABSTRACT

This paper aims to analyze the effect of human capital on economic growth. Linear regression models with ordinary least squares method have been used for the analysis in which the dependent variable of Gross Domestic Product (GDP) per capita growth is decided according to real price and independent variables for human capital are enrollment rate in different education levels and also literacy rate. For control variables, socialist countries and petroleum exporting countries are fed into the regression as dummy variables. The cross-country data of this research are provided and calculated in a sectional manner according to the information and statistics of the World Bank. The results of this research are demonstrative of the positive and statistically meaningful influence of the variables of enrollment rate in secondary schools and literacy level on GDP growth. Countries with socialist backgrounds and petroleum exporting countries also have a positive and meaningful effect on GDP per capita growth.

Keywords: *human capital, economic growth, socialism*

KAZAKHSTAN'S ACCESSION TO THE WTO AS THE NEXT STEP TOWARDS GLOBALIZATION: PROS AND CONS

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ABSTRACT

Kazakhstan's Accession to the WTO – is an additional instrument of economic modernization and strengthening of Kazakhstan's competitiveness in international markets, which will open many opportunities for our country. When we are making important decisions about joining the WTO we need to be assessed all of the positive and negative consequences that may have an impact on the economic development of Kazakhstan. One of the main questions is feasible contradictions between the aims of Custom Union and WTO. Will accession to the WTO develop our economy or consolidate our position in world market as the raw material country, finally reducing the industrial and agricultural sector of our country?

The results of research were formulated as the required direction for economic development of Kazakhstan, which should be accepted before accession to the WTO for the painless step toward globalization. At the present stage of Kazakhstan's accession to the WTO, the next direction for Economic Development of Kazakhstan should be relevant: improving the investment policy; the development of competition and encouragement of entrepreneurship; the development of agriculture industries; the formation of clusters; a regional policy; the implementation in the enterprises of the Republic of technical quality standards that meet the requirements of the WTO. It is necessary take effective measures to speed up modernization and diversification of the economy.

During the research were also analyzed the influence of pluses and minuses of Kazakhstan's Accession to the WTO to the position of Custom Union's countries.

Keywords: Custom Union, globalization, Kazakhstan, World Trade Organization

TERRITORIAL MEGAPROJECTS AS A RELEVANT TOOL OF THE STRATEGIC TERRITORIAL MANAGEMENT: COMPARATIVE ANALYSIS OF RUSSIAN AND AMERICAN EXPERIENCE

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ABSTRACT

In the modern Russia the reconstruction of the historic territorial megaprojects and the realization of new ones as a relevant tool of the strategic territorial management is becoming the manifestation of contemporary institutional, organizational and informational transformations of the economic space of the global economic system. In contrast to financial investments, megaprojects are oriented on a real material result, having a considerable prolonged impact on the changes in the economic space. The article compares the American and Russian experience in the realization of the territorial megaprojects within the strategic territorial development. Authors assume that the study of the American experience of the realization of territorial megaprojects has an important role for the modernization of the Russian strategic territorial management. Russia has accumulated a considerable historic experience of the realization of megaprojects as a positive one (Transsib) as well as a negative one (BAM). On the basis of these two historic megaprojects the reasons for their successfulness and unsuccessfulness are examined as well as an expert estimation of possible prospects of their modernization in the economic space of modern Russia is given. Besides the reasons for the rebranding of the megaproject "Ural Industrial – Ural Polar" are revealed, the risks are studied and the postproject prospects of the Olympic megaproject "Sochi 2014" are disclosed.

Keywords: *Appalachian Regional Commission, BAM, Olympic megaproject Sochi 2014, strategic management, rebranding, risks, Tennessee River Administration, territorial development, territorial megaprojects, Transsib, Ural Industrial – Ural Polar.*

PRIVATE BENEFITS OF CONTROL IN RUSSIAN DUAL-STOCK COMPANIES: A RELATIONSHIP WITH THE OWNERSHIP STRUCTURE

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ABSTRACT

The paper aims to investigate whether and how various corporate ownership patterns are related to the magnitude of private benefits available to the party controlling the firm. Previous studies have mostly focused on the effect of these characteristics on firm performance, typically measured by Tobin's Q and accounting ratios, which only imperfectly reflect "shirking" and "stealing" actions that the party in control of the firm can take. Instead, a better grasp of the scope of corporate governance conflicts within firms (and the ability of corporate constituencies to control it) can be obtained by focusing on private benefits of control, a centerpiece of the recent corporate finance literature. In this study, we measure such private benefits using the voting premium approach, namely, as the difference between the price of voting shares and the price of non-voting shares divided by the price of non-voting shares. We use a sample of dual-class stock firms (those issuing common and preferred shares) traded in the Russian stock market, which provides us with an unbalanced panel of some 1000 observations (over 200 firms observed during 13 years, 1997-2009). The data come from the RTS, SKRIN and SPARK databases. We find nonlinear relationships between the CEO ownership, ownership share of the supervisory board chairman and the voting premium. The relationship between the state ownership and the voting premium is also found to be nonlinear.

Keywords: *private benefits of control, supervisory boards, ownership structure, common and preferred shares*

ANALYSIS OF EDUCATION SYSTEM AS A FACTOR OF TOURISM DEVELOPMENT IN CROATIA

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ABSTRACT

Efficiency of work in tourism, regarded as a labour-intensive economic activity, is the basic factor of labour efficiency and competitiveness, and consequently of economic effects in tourism. A specific characteristic of tourism is that it evaluates, on an economic basis and through labour and capital, natural and sociocultural resources, thus producing added value. Starting from the fact that the employment function is one of the most important economic functions of tourism, this paper investigates and presents the role of formal education system in education of experts who would prospectively work in tourism in the Republic of Croatia.

The aim of this paper was to identify the efficiency of the secondary and tertiary education in Croatian tourism. From this aim the research hypothesis was derived that in order to increase the quality and competitiveness of Croatian tourism it is necessary to increase the number of highly educated experts in all business organizations in tourism. General scientific deduction and analysis methods were used to interpret the secondary data sources. The secondary data were collected from statistical reports, scientific and professional articles, and some Internet web sites. Additionally, the primary research was also conducted; to evaluate the efficiency of each education level the Delphi method of surveying the personnel working in tourism was used.

Key words: *education system, efficiency of the human factor in tourism, tourism in Croatia*

Section 2

Enterprise in Turbulent Environment

UNDERPRICING OF CORPORATE BONDS: EVIDENCE FROM THE CEE MARKETS

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ABSTRACT

The aim of this paper is to investigate the underpricing phenomenon of newly issued corporate bonds in the CEE markets and its determinants. The study is composed of three parts. First, I review the existing literature on the bond underpricing, focusing both on theoretical explanations and empirical research. Second, I present datasets and research methods employed. Finally, I describe the empirical analysis and its results. The computations are based on a filtered sample of 142 corporate bonds issued between March 2010 and August 2013 and listed on regulated CEE markets. The paper ends with conclusions and suggestions for further research. The study makes two crucial contributions to the relatively modest literature on initial bond offering mispricing: it attempts to verify whether the IBO mispricing is present also in the emerging markets and it tries to identify which factors influence the size of the mispricing. The performed analysis allows to confirm the existence of the underpricing effect of newly issued bonds in the CEE markets. However, it was not possible to indicate any specific factors which particularly impacted the size of the underpricing.

Keywords: *corporate bonds, underpricing anomaly, new issues, CEE, emerging markets.*

THE REALIZATION PROGRAM OF SOCIAL SUPPORT IN EDUCATIONAL INSTITUTIONS

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ABSTRACT

In the article describes the main approaches and issues related to the formation of corporate social responsibility, which is one of the key factors in creating a

positive image of an institution of higher education (IHE). The authors consider the social function of IHE as a function acquires a special status in the modern development of society, the implementation of which requires the consideration of the needs of stakeholders. Show the need to improve corporate social responsibility to improve the competitiveness of educational institutions in the modern world. In the article describes the main features and principles of socially responsible activities of the institution of higher education on the basis of the developed and implemented programs of social support workers and students, as well as analysis of the main mechanisms for the implementation of social programs.

Keywords: *social support, employees and students of educational institutions.*

LEADERS OF INDUSTRIAL MARKETS IN RUSSIA: MARKET POWER AND REGIONAL DIFFERENCES

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ABSTRACT

Large companies, influencing main tendencies of economic development, traditionally play important role Russian economy. Such actors could be found at most industrial markets; usually they have dominant positions and determine markets' structure and all economic indicators. In most cases these companies act in the form of corporations. They have large investing potential, could present models of innovative behavior. Market leaders have been in the center of attention of many researchers during recent years. Their performance is monitored and analyzed in the number of papers. This research is aimed to the estimation of main features of the position of large leading corporations. Characteristics and changes in their leading positions are supposed to be found. Processes and tendencies that take place at the level of national economy are compared with similar processes in regions. Research idea deals with the results of analysis of large corporations' positions. An approach based on the leadership stability and sustainability indicators is suggested. Company's leading position could be considered sustainable if it is based on several criteria. Another characteristic – leadership stability – reflects leadership in long term period. We suggest special calculable indicator – sustainability (stability) coefficient (CS) which can vary from 0 to 1. Open data provided by rating agency Expert were used under research. Positions of

leading corporations in Russia, Kazakhstan and several Russian regions including Siberia, Urals, South and North-West were analyzed. Leading companies were determined according to several criteria including sales volume, profitability, capitalization, and sales growth. It is possible to conclude basing on research results that leadership sustainability is rather high under stable and growing economy. At the same time it was found that large corporations couldn't keep leading positions on various criteria under unstable economy. Their market power inevitably decreases during crisis years. Situation in regions is heterogeneous, examples of more or less stable leadership could be found. With stable and sustainable leadership it is possible to expect that current tendencies of economic development and market distribution would continue. North-west region of Russian is an example of such regions. Other cases are characterized by high level of uncertainty.

Keywords: *market leaders, regional differentiation, leadership sustainability*

"TAX HAVENS" TOWARDS ACHIEVING GOOD CORPORATE GOVERNANCE PRACTICES

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ABSTRACT

The Organization for Economic Cooperation and Development (OCDE) started a comprehensive demarche in integrating the ``tax havens`` across Europe in the required trend of transparency, disclosure and good corporate governance practices. The aim of this research is to analyze the corporate governance codes and practices of two ``tax havens`` across Europe, namely Malta and Cyprus. By comparing these codes and their implementation level with the OECD's principles of corporate governance, we present a critical approach of the comparison between ``tax havens``'s corporate governance framework and the recommendations of OECD. The practical value of this descriptive research consists in tackling the issue of ``tax havens`` from the corporate governance

perspective, in terms of elaborating and implementing the codes of corporate governance in Malta and Cyprus.

Keywords: *Corporate governance, Cyprus, Malta, OECD, ``Tax haven``, Transparency.*

AUDIT QUALITY AND CORPORATE GOVERNANCE: EVIDENCE FROM THE BUCHAREST STOCK EXCHANGE

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ABSTRACT

Corporate governance attributes represent a resort for achieving the quality of the audit process, being a driving force of the entity's corporate governance mosaic. The aim of this research is to investigate the association between audit quality and corporate governance attributes in the case of Romanian's listed entities. In order to achieve this goal, a multiple regression was constituted with the following variables: audit quality as a dependent variable, and a series of corporate governance elements as independent variables, while firm size, firm age and industry being designed as controls. The full sample consists of the entities listed on the Bucharest Stock Exchange in the period 2008-2012, compiling both tier I, II and III companies. This research contributes to the existing literature in the area of emerging economies by being the first article that addresses the issue of audit quality and corporate governance attributes at the level of listed companies in Romania, one of the European Union's emerging economies.

Keywords: *Audit, Corporate governance, Emerging economies, Quality.*

HUMAN CAPITAL IN FINANCIAL INSTITUTIONS

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ABSTRACT

Human resources are an important factor in the overall efficiency of financial institutions which is one of the most competitive and turbulent industry. Investment in human resources at the individual and organisational level is a key component of business process management in financial institutions, mainly due to the continuous development of new products, strong competition, dynamic changes and challenges in finance, the emergence of new risks, intense regulatory changes, etc. The aim of this paper is to explore the level of human resource management development and human resource investments, needs for such investment and its cost-effectiveness in the case of financial institutions in the Republic of Croatia. Banks will play a central role in the analysis, as they are dominant financial institutions in the financial sector holding about 80% of the total financial sector assets. Furthermore, the paper will delineate the terminology referring to human resource management and clarify the terminology differences between human resources and human capital through the theoretical framework. Based on that study, the paper will analyse the hypotheses of the importance of investment in human resources as well as critically evaluate forms of human resource development. The purpose of this paper is to identify and provide guidelines that can help the bank and financial institutions management to make decisions about the appropriate form and level of investment in human capital based on the theoretical knowledge and practical aspects.

Keywords: *banks, financial institutions, human capital, human resources*

ASSETS' MANAGEMENT AND SHARE PRICES FOR ELECTRIC UTILITIES: EMPIRICAL RESULTS FOR WORLD ELECTRIC UTILITIES

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ABSTRACT

Electricity market in Russia is still being formed, so electric utilities try to adapt to new conditions. One of the main tasks for Russian electric utilities is determining the factors influenced on companies share prices and making an ability to influence them. It is important because selling shares is one of the most appropriate ways to accumulate necessary amount of money for sustainable development in the future.

Firstly, it was interesting to find out whether it is possible for companies to influence on share prices with high quality of management. Speaking about management we assume assets' management (return on assets, rate of fixed and current assets, return on equity and etc.) in electric utilities. In article we analyzed the world experience in this field and compared it with Russian one.

Then, we tried to define the dependence between share prices and assets' management with the help of econometrical methods analysis. We regarded some objects for the years since 2000 and investigated them with the help of panel data analysis. We used STATA for finding out significant factors for share prices of electric power companies. We made the analysis for some countries, such as USA, China, Russia, UK and others; and then compared the results. Finally we are going to define some general regularities for electric utilities all over the world and to find out some features for them for different countries.

Keywords: *share price, assets' structure, electric utilities.*

STRATEGIC DECISION MAKING WITHIN THE CLUSTER IN THE CONTEXT OF ORGANISATIONAL ENTREPRENEURSHIP

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ABSTRACT

The article characterises the essence of strategic management within a cluster, treated as a more or less formalised organisation created as a result of mutual interactions of various partners from the sector of business, science, and public administration to implement certain goals. It was emphasised that this type of management constitutes the information and decision-making process, whose aim is to solve the key problems in the activity of a cluster, its survival and development with particular regard to strategic potential and impact of external environment. The need for professional gaining and processing information was indicated so as the knowledge resources have become the basis for accurate (good) decisions making. Regarding the complex nature of the decision making process, the study indicates the need for strategic thinking performed by managers and leaders of the cluster, determined by flexibility, creativity and intuition, playing a very important role in the process of developing organisational entrepreneurship in these kinds of structures. The consideration, whose outline has been presented in the article, was made on the basis of theoretical studies.

Keywords: *cluster, decision, entrepreneurship, information, knowledge, management*

THE ADAPTATION OF TOURIST AGENCY BUSINESS IN CROATIA - DOMINANT TRENDS IN GLOBAL TOURISM

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ABSTRACT

The globalization and liberalization of markets are what affects the change of the dominant trends in the tourism industry of the 21st century and create a turbulent business environment prone to rapid changes to which every tourist business must adapt successfully in order to maintain and improve their competitiveness. Equally important is adapting to global trends in terms of tourist destination which would require the cooperation of the private and public sectors. The distribution systems and the creation of strategic partnerships both have an important role in tourism, and the dominant trends are changes in consumer behaviour, focus on the environmental aspects of tourism and cultural tourism, orientation to extend of the tourist season and consolidation trends in tourism. The results show that the Croatian tourist agencies are insufficiently involved in the global distribution systems as well as in creating a destination value chain, which is the basis of competitive destinations. On the other hand, tourist agencies in Croatia regularly explore the demand market and adapt to trends, especially in terms of making arrangements for cultural and ecological tourism, which are globally recognized selective forms in future of tourism.

Keywords: *globalization, tourism market, global distribution systems, dominant trends, tourist agencies*

CHALLENGES OF THE COMPLEX GLOBAL ECONOMY ON THE NETWORKED MODERN ENTERPRISE

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ABSTRACT

The academic literature (in the fields of international economics, international business and international management) increasingly argues that the global economy is a complex system and/or a complex network. Therefore, the (not necessarily economic rooted) sciences of complexity and networks, and the recent advancements in some very different fields (such as: physics, neuroscience and psychological science) seem to offer the appropriate knowledge and instruments in order to understand the features and the dynamics of the new global economy.

The turbulent, even chaotic environment dominating over and influencing nowadays all the dimensions of human activity are nothing than extra sources of uncertainty and risks that the modern enterprises have to deal with, in their search for survival and competitiveness.

Within this global framework, the modern enterprise is also experiencing challenges of its own: it is becoming, more and more, a networked business – defined and governed by the power of its internal and external interrelations.

Thus, a whole new plethora of opportunities and threats (linkages and spillovers, connections – in space and dynamics – in time) has to be considered and then positively integrated into the strategies and behaviors of the modern enterprise, redefining its economic core itself.

The paper aims to explore, based on a trans-disciplinary and multi-level bibliographical approach, the main challenges of the complex global economy on the networked modern enterprise, in order to identify possible solutions to problems such as: co-evolution with the environment(s), co-opetition between different network nodes, and synergy between stakeholders' needs.

Keywords: *complex system, global economy, modern enterprise, networks*

THEORETICAL OVERVIEW OF MICROECONOMIC ASPECTS OF MERGERS AND ACQUISITIONS

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ABSTRACT

Mergers and acquisitions represent prominent phenomenon of the developed capitalist world. In turbulent business environment of 21st century companies are forced to use different growth strategies in order to successfully position themselves with respect to competition and to preserve and increase their profit margins. Mergers and acquisitions, as a part of a growth strategy, often fail to create synergies and value for shareholders. Therefore, variety of organizational variables like employee resistance, changes in business strategy and organizational structure, as well as changes in organizational culture are being analyzed and pointed out as crucial variables for M&A success. Since majority of research in field of M&A is focused on internal organizational variables the main aim of this paper is to present overview of microeconomic aspects of M&A with special focus on industry structure and its impact on M&A success. Besides, historical development of mergers and acquisitions is also presented in this paper.

Keywords: *mergers and acquisitions, industry structure, Herfindahl-Hirschman Index, M&A waves*

PROBLEM OF AN ASSESSMENT OF EFFICIENCY OF THE ENTERPRISE WITHIN THE CONCEPT OF NONLINEARITY OF TIME

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ABSTRACT

One of the most actual problems of the modern management is adequate estimation of the efficiency of enterprises. Enterprise development is a cyclic process. The traditional financial focused concept of an assessment of results of the enterprise functioning, based on indicators of financial statements, has been criticized since end of XX century. Essential disadvantages of traditional methods of the assessment of efficiency showed the necessity to develop new approaches to the assessment. The goal of the measurement of efficiency is to associate most of systems of indicators, concerning to different fields of the enterprise activity (for example, expenses, the income, investments, innovations, marketing) in order to estimate and analyze the efficiency of enterprise at each organizational level. The key factor, determining the resultant indicators, is the time factor. In our opinion, time problem in management is of high importance. All disadvantages of the methods of the efficiency measurement appear, because the basis measurement process is based on the linear model of the current of time. This approach does not consider specifics of business - enterprise processes, as well as does not take into account the extent of a full financial cycle, duration of a production cycle, rates of moral obsolescence of equipment and technology, the speed of changing of market conditions and many other significant factors. The approach is preferable, in which:

- A. there is the nonlinear current of time for economic systems*
- B. there is only one previous condition, and a set of future conditions for each current state.*

The essence of time is better explained by the quantum theory, which is also applicable to economic systems.

Keywords: *efficiency, enterprise, estimation, nonlinearity of time.*

FUTURE OF AUDITING PROFESSION

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ABSTRACT

Auditing profession is exposed to public criticism for a while. That criticism is based on recent numerous corporate scandals which have, among other reasons, additionally flamed always interesting debate about auditor's independence. Are public expectations unreal and is there a space for further concerns about auditing profession are some of the questions examined in this paper. In order to anticipate the role of auditing profession ahead of us, this paper focuses on current status of auditors and challenges auditors encounter in their work. Therefore, concentration of audit companies, forming auditor's fees, auditor's independence, providing non-audit services by auditors as well as auditing litigations are also examined in this paper. This paper tries to initiate discussion about auditing future. It is extremely important that auditing profession maintains its position in turbulent business environment. Only independent auditors with their report can enhance the reliability of information presented in companies' financial statements which are basic decision making tool for investors and creditors.

Keywords: *auditor's independence, challenges of auditing profession, future of auditing, litigations*

PERFORMING BUSINESS THROUGH VOLUNTARY DISCLOSURE. INSIGHTS FROM ITALIAN LISTED COMPANIES

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ABSTRACT

Motivation: *In a turbulent environment, the communication of detailed and realistic corporate plans helps a company to aggregate internal and external consensus around strategies and risks. In particular, periodic presentations of company's intentions, future actions and expected results are among the most important devices used to attract capital at a lower cost than rivals.*

Nevertheless, there are little researches that analyze how companies disclose voluntary information to financial community through detailed forward-looking plan, such as the business plan.

Object and methodology: *This research highlights principles and content of an effective voluntary disclosure, deriving them from the three major guidelines on business plan proposed by the Italian Stock Exchange, the National Board of Accountants and Accounting Experts and the IBAN-A.I.F.I.-PriceWaterHouse Coopers.*

Through the method of the Likert scale, the research evaluates the quality of all type of voluntary communication presented by Italian industrial listed companies, investigating information on market competition, strategies, actions, key value drivers and expected results. The objective is to trace a connection between their quality, the consensus gathered on financial market and the profitability achieved.

Results: *Collectively, the findings indicate that:*

- *few companies adopt the business plan as a tool for voluntary disclosure;*
- *no business plan reaches the maximum score, and over half are insufficient because:*
 - *confidentiality takes precedence over transparency,*
 - *it is often surrounded by uncertainties regarding environmental changes, competitors' moves and market reactions,*
 - *it do not provide a clear map of cause-and-effect links by which specific actions lead to specific results.*

Therefore, uncertainty of voluntary disclosure is not always penalised by financial markets, and its credibility does not always undermine the achievement of expected performance, evidenced by financial statements.

Keywords: *business plan, voluntary disclosure, public and private disclosure.*

PRISE SURPRISE AT THE RUSSION STOCK MARKET

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ABSTRACT

It is proved that Russian stock market does not react to the appearance of unexpected macroeconomic statistics. Studying the price surprises caused by the release of macroeconomic statistics, we hypothesized, the essence of which was the following: exit unexpected market statistical information must necessarily lead to price fluctuations in the stock market. This hypothesis is based on economic theory.

Keywords: *Event Studies, Surprise, Russian Stock Market*

IMPROVING THE CREATIVE THINKING OF TALENTED KNOWLEDGE WORKERS AND MANAGERS IN POLISH AND FRENCH ENTERPRISES

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ABSTRACT

The study is the issue of creative and participatory activities of employees in the organization in the context of the changing expectations of socio - economic, forcing both to employees and teams and executives of innovative activities. The planned research seeks an answer to the question.

What factors attributable to the organization can help to improve the working conditions of knowledge workers classified as "talent", teams of such employees and managers in charge of the work of outstanding employee teams in Poland and France?

In order to answer such a question was developed (and subsequently validated) adjusted for purposes of research and questionnaire research was conducted on a sample of 142 Polish workers in 23 medium - small enterprises, 84 employees from 10 companies in France. Workers considered to be particularly talented in both in Poland and France stressed in the first place the need of approval by the entrepreneurs and board members deviating from accepted standards of work style. Members of the outstanding teams in somewhat greater in France than in Poland (the variance obtained a criterion for statistical significance) for the relevant member "favorable personnel policy" and the ability to obtain additional compensation for an above-average job. In the group of Polish managers clearly accentuated "more autonomy" in the workplace (in the French differed from the Poles in statistically significant) and already cited "favorable personnel policy". The latter category was also nominated by the bulk of the French managers.

Keywords: *creative thinking, talented employees, determinants of creative thinking of employees*

IMPACT OF REWARD SYSTEM ON JOB SATISFACTION THROUGH ORGANIZATIONAL COMMITMENT: A STUDY OF PRIVATE BANKS BASED IN ISLAMABAD PAKISTAN

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ABSTRACT

The study of reward system based job satisfaction has earned great attention from the researchers all over the world in recent times. It is commonly believed that job satisfaction enhances the organizational commitment among employees of different organizations and this research study will examine the impact of reward system on job satisfaction which ultimately enhances the overall organizational commitment among the employees of private banks of Pakistan based in Islamabad. Through a questionnaire data has been collected from the lower and middle level employees of the ten private banks based in Islamabad Pakistan. Data evaluation has been performed to collect the results. This research paper enhances the understanding of the importance of reward system based job satisfaction for the employees of different private banks of Pakistan.

Keywords: *Reward System, Employees, Job Satisfaction, Organizational Commitment, Private Banks, Pakistan.*

THE RELATIONSHIP BETWEEN TYPES OF ENTREPRENEURIAL ACTIVITIES AND GDP PER CAPITA

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ABSTRACT

The paper investigates the assumption that a country's economic development depends on the capacity of its society to innovate and its capability to react to changes as foundations for creating higher living standards. Entrepreneurship seems to be an important determinant of economic development, with independent entrepreneurs and entrepreneurial employees in leading roles as innovators.

Using the indicators of entrepreneurial activities from the Global Entrepreneurship Monitor (GEM) project, the aim of this paper is to analyze the significance and the intensity of impact of three different types of entrepreneurial activities: (1) total early stage entrepreneurial activity, (2) entrepreneurial employee activity (also known as intrapreneurship or corporate entrepreneurship) and (3) established entrepreneurial activity on real gross domestic product per capita in cross-national perspective. The influence of these entrepreneurial variables as independent variables on real GDP per capita as dependent variable is analyzed by methods of correlation and regression analysis.

The regression diagnostics of the linear regression model has been carried out and it has been found out that the model is statistically significant and meets all the regression assumptions. Based on the ordinary least squares method for regression parameters estimation, the results of the analysis show that the impact of entrepreneurial employee activity on real GDP per capita is positive and about twice as strong as the negative impact of total early stage entrepreneurial activity on real GDP per capita.

Also, entrepreneurial activity of individual employees is about 2.4 times stronger than the positive impact of established entrepreneurial activity on real GDP per capita.

Keywords: *Economic Development, Entrepreneurial Employee Activity, Global Entrepreneurship Monitor, Regression Analysis, Testing the Regression Assumptions*

THE QUALITY OF FINANCIAL REPORTING AND CORPORATE GOVERNANCE: EVIDENCE FROM ROMANIAN'S AERONAUTIC INDUSTRY

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ABSTRACT

One of the most important functions that corporate governance can achieve is assuring the quality of financial reporting. This study investigates the association between corporate governance attributes and the quality of financial reporting process across the aeronautic entities listed on the Bucharest Stock Exchange. The sample consist of six companies observed for a period of five years (from 2008 until 2012) in terms of testing the research hypothesis ``There is a positive association between corporate governance and the quality of financial reporting``. In order to achieve this research`s aim, a multiple regression was designed and the results indicate that there is no significant association between the specific corporate governance attributes and financial reporting quality in the case of Romanian entities operating in aeronautic industry. In terms of value, this article addresses, for the first time in Romania, the issue of the association between corporate governance and financial reporting quality.

Keywords: *Aeronautic industry, Corporate governance, Romania*

THE IMPACT OF OFF-BALANCE SHEET ITEMS ON THE PROFITABILITY OF CROATIAN BANKING SECTOR

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ABSTRACT

Off-balance sheet items present the potential bank obligations which can significantly effect on bank financial position and profitability as well as the cash flows in case of the settlement. According to the regulations of Croatian National Bank, banks in Croatia are obligated to evaluate the credit risk for created off-balance sheet items in order to make provisions which are recorded as an expense and obligations in accounting records and therefore presented in bank financial statements. Although, the contracted value of off-balance sheet items are recorded in off-balance sheet records, the provisions for identified and unidentified losses on those off-balance sheet items are actually income statement item and thus can seriously effect on bank profitability. Provisions for identified losses on bank off-balance sheet items are formed based on the classification of certain off-balance sheet item into risk groups defined by the Croatian National Bank. The more riskier the off-balance sheet items is, the more provisions must be calculated on this item and therefore the more expenses must be recorded in accounting records and presented in income statement. The primary objective of this research is to determine the intensity of the relationship between off-balance sheet items and the profitability of Croatian banking sector and to identify the significance of provisions on the profitability of Croatian banking sector. The research includes the period from 2010 to 2012, because in this period the new methodology for the preparation of aggregate financial statements is applied by the Croatian National Bank. Moreover, the objective of this paper is to identify the structure of off-balance sheet items in Croatian banking sector and the circulation of these items in the period from 2010 to 2012.

Keywords: *Croatian banking sector, financial statements, off-balance sheet items, profitability, provisions*

DIVIDENDS ON COMMON AND PREFERRED SHARES: THE RELATIONSHIP WITH THE OWNERSHIP CONCENTRATION IN RUSSIAN PUBLIC COMPANIES

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ABSTRACT

This paper investigates the relationship between the dividend policy and ownership structure in Russian public companies. A study of the link between dividends and ownership concentration is based on the sample of public companies with dual class share structure. These shares were traded on the Russian Trading System (RTS) in the period of 2003-2009. The authors explore a broad range of factors related to the ownership concentration. This study allows making conclusions on the impact of the ownership concentration on the dividend policy. Moreover, there is evidence that this impact differs for the dividends on ordinary and preferred shares.

Keywords: *dividends, corporate governance, public companies, dual class shares, ownership concentration.*

THE ROLE OF INTELLECTUAL CAPITAL IN BUILDING COMPETITIVE ADVANTAGE OF NON-PUBLIC UNIVERSITIES

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ABSTRACT

The paper analyses the role of intellectual capital in gaining and sustaining competitive advantage of HEIs. Intellectual capital is a determinant of quality in research and education. Higher Education Institutions (HEIs) are considered one of the pillars of the Polish educational success in the last 20 years. Thanks to them thousands of Polish undergraduate students gained access to higher education. This institutional change was one of the enablers for the development of the knowledge society in Poland both in terms of qualitative and quantitative growth. The tertiary education market in Poland is defragmented with approximately 150 public and 300 non-public higher education institutions. The number of non-public HEIs is decreasing due to financial problems causing their bankruptcies or forcing them to merge with other non-public universities. With the ongoing demographic downturn the market is characterized by fierce competition among those HEIs which have not closed down their operations. This paper includes a short theoretical introduction to strategic management of HEIs in general context. The results from the empirical study conducted by the authors among managers of Polish non-public universities are presented in the paper. The study consisted of an on-line survey which asked questions relating to the three key elements of intellectual capital, namely: human capital, organizational capital and customer capital (students and other external stakeholders). The paper includes a quantitative analysis of selected research questions which are presented in Ms Excel figures. The paper summarizes the research finding which are followed by includes a discussion on the importance of IC in strategic management of IC. The lessons from the Polish education market (which makes up approximately 50% of the market for tertiary education in the region) can be useful to other countries from the emerging markets which face similar challenges (e.g. Romania, Turkey, Hungary) to name just a few.

Keywords: *Intellectual Capital, Knowledge Management, Strategic Management, Tertiary Education*

SOCIAL RESPONSIBILITY OF COMPANIES – GREEN JOBS

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Modern corporations are taking initiatives to assess and take responsibility for the company's effects on environment and impact on social welfare. One of the aspects of social responsibility is the concern on green jobs in business sector. Information and Communication Technology (ICT) infrastructure has become a vital part of all sectors in business economy contributing to the fact that it will take more and more specialists with ICT skills. Demand for people who are capable of greening ICT itself and helping ICT to make other activities greener is the revolution in business. Green jobs and the use of green ICT represent a vision of the future. Goal of this paper is to present, through literature analysis, findings on importance of green jobs in industry and especially in ICT sector. In empirical part a preliminary research on perspective of students on aspects of green job as well as perspective of ICT companies is presented.

Key words: *green jobs, ICT, social responsibility*

MOTIVATION FACTOR FOR THE DEVELOPMENT OF MANAGEMENT IN THE ORGANIZATION

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ABSTRACT

Development of the organization depends on the skill in the application of a set of macro models and approaches to its continuous improvement and in terms of strategic behavior in situations of change, taking into account the factors of organization and its production efficiency, integration in the interaction of its structural elements as well as compliance with the dimensions of the human factor, reflecting directly into motivation, focus and Connectivity between collaborators, applying the principles of efficient and adequate life strategy. Therefore everything that concerns those aspects of the system of human resources in the organization encourage its positive development. At most, this means:

- 1) use of its components, mechanisms and processes for stimulating each individual and management teams to self in a constantly „learning“ are organizations,*
- 2) application of techniques (tools) for selection and evaluation of individual and group behavior, analysis and study of human potential, applying policies and programs that combine intellectual and emotional commitment of employees, career development, with complex forms of impact, training talents and human capital development.*

They are determined by its key points: allocation of labor, delegation of rights and responsibilities, specific specializations, etc. But all in the context of joint objective pursued, the different functions, operations, task assignments based on commitment and governance mechanisms connecting people in a comprehensive network of relationships and working structure. In this aspect of the analysis organizational structures are not as frozen diagrams illustrating Diversity of individual elements or planned coordination of activities, and as an active interaction between all the capabilities of the organization (technical, industrial and human) to achieve the objectives. Even in those characteristics of the organization are important as ways of its functioning (theories, concepts, models and approaches) and their critical and behavioral understanding, the impact of organizational structures and organizational design, but research and analysis of specific dimensions behavioral variables and projections.

Keywords: *allocation of labor, efficiency, motivation, strategy*

INNOVATION CAPABILITIES MEASUREMENT: EMPIRICAL STUDY

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ABSTRACT

The article deals with the theoretical and estimation issues related to the study of innovation capabilities in Russian industrial companies. Building on the resource based view and the dynamic capabilities concept we divided “innovation resources” and “innovation capability” constructs and estimated them by five types of dimensions. We used financial, human, technological, information and organizational dimensions. We present the theoretical background of innovation capability (IC) concept and its components. The result is a developed and validated model for measurement and planning of innovation capabilities of industrial companies in Russia. The model is based on the synthesis approach to studying in both innovation resources and capabilities. The methodology of the model provides a classification for innovation resources and capabilities, approach for estimation of these variables and platform for efficient capability's profile planning.

Keywords: *Capability, Innovation, Measurement*

MANAGERIAL OWNERSHIP AS AN INCENTIVE FOR MANAGERIAL ACTIONS

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ABSTRACT

Lately, the effect of firm size on managerial compensation becomes much poorer while compensations of top management team are associated mostly with the firm performance. Specifically, the use of stock options and other forms of deferred compensations puts the firms' growth as the most important goal to managers because that is how they can exaggerate the decisions and actions about firms' growth. TMTs' effort of is difficult to measure, so it is almost impossible to define how much effort the manager should invest to deliver the maximum in performing their job. Participation in ownership could provide financial incentives to managers that will make them more connected and committed to the organization and more motivated at work. Increased motivation will have direct effects on improving productivity through greater efforts and possible innovations. If the firm achieves higher profits in the long term/run, managers-shareholders will increase their wealth by receiving dividends and/or due to higher stock prices at the capital market. Managerial ownership can be viewed as a way to combine the interests and goals of managers and owners, which increases with the enlargement of manager's share ownership (Jensen and Meckling, 1976). By increasing their ownership in firm, top managers are increasing their relative power and thus reinforce and consolidate their position. Therefore, this paper discusses how managers could use their power to achieve their own interests at the detriment of the interests of other shareholders, so all that can create a negative effect of ownership.

Keywords: *managerial compensation, gain sharing, managerial actions, firm strategy*

PUBLIC-PRIVATE PARTNERSHIP IN INNOVATION ACTIVITIES OF THE UNIVERSITIES IN CHINA

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ABSTRACT

In 1995 China officially announced a strategy of the country's revival through modernization of economy and education. Within the transformation to the knowledge economy the country planned to make a transition from a model "Made in China" to a new model "Made and Created in China". According to the new model China had to re-orient from adopting technologies to producing its own. It was planned that universities, universities' R&D and their innovation activities would play a major role in the transition. A public-private partnership model between universities and private enterprises was used to intensify innovation activities and create a permanent link between science and industry. Our paper explores six types of PPPs in innovation activities of the Chinese universities. They are: technology contracts, technology transfer, university-owned enterprises, joint research centers, independent colleges, and university-based science parks. The aim of the research is to analyze each partnership, the goals of the government participation, and the role PPPs played in science and technology progress in China. Special attention in our study is given the unique forms of PPP that exist only in China: independent colleges and university-owned enterprises. Both structures developed naturally as a result of common interests of business and universities in education and R&D, and were not created by any governmental special legislation. Results demonstrate that PPPs in innovation activities in the universities in China significantly contributed to the intensification of scientific and technical policy of the country and the country's transition to the knowledge economy.

Keywords: *China, innovation activities, public-private partnership, university*

CREATING AUTOCATALYTIC PORTFOLIO FOR MASTERING SURVIVAL AND DEVELOPMENT OF ORGANIZATION

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ABSTRACT

Recent research of complex organizations in global environment identified and discovered new functions of strategic management. Among these functions mastering survival and development is becoming more and more important. This paper presents processes by which autocatalytic portfolio can be created for MASTERING SURVIVAL and DEVELOPMENT of organization. Autocatalytic portfolio requires comprehensive approach to organization by which present and future functions of organization can be discovered, then approach to structures can be developed, and effective and efficient governance can be created. It is important to emphasize, that in the study, organization is considered as living organism, which is the outcome of genetic, memetic and monetic co-evolution.

Keywords: *strategic management, new functions, survival, development, autocatalytic portfolio*

BE INNOVATIVE AT INNOVATING: AN INTERDISCIPLINARY COMPARISON OF INNOVATION PROCESSES

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ABSTRACT

Innovation processes are of tremendous importance for economic development as they transform new ideas into products and services from which society can benefit. Different industries developed and further-developed unique innovation processes optimally fitting their specific demands. However, several aspects are relevant to other industries, too, and their imitation could enable innovation process improvements. In this paper we perform an interdisciplinary comparison of innovation processes to identify such general tendencies as well as novel aspects that could spill over to other industries' innovation processes.

Keywords: *Innovation, Innovation Process, Interdisciplinary Comparison*

PROBLEMS AND CHALLENGES FACING ALBANIAN WOMEN ENTREPRENEURS

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ABSTRACT

Entrepreneurs are key driving force of modern economies. Women entrepreneurs are one of the fastest growing populations of entrepreneurs in the world. According to the 2012 Global Entrepreneurship Monitor (GEM) Women's Report, in 2012, an estimated 126 million women were starting or running new businesses in 67 economies around the world. Women run businesses across all sectors of industry. In Albania, a woman in business is a phenomenon that began after 1990 with the major changes that have taken place in Albania during its transition from a centrally planned to market-oriented economy. Since 1991, the number of businesses create and run by women continue to grow. Firms owned by women continue to diversify into all industries. Yet, women-owned firms still have a long way to go to achieve parity with men-owned firms. This paper aims to assess the intensity of women as entrepreneurs in Albania. The paper includes problems and challenges faced by women entrepreneurs in the Albanian socio-economic context and their prospects for future development. The picture that emerges of the finding is that the women entrepreneurs face gender-related challenges, an unfavorable business environment, which is characterized by infrastructural deficiencies, corruption, low access and high cost of finance and weak institutions, which prevent them from realizing their full potential as entrepreneurs.

Keywords: *Albania, Challenges, Socio-economic development, Women entrepreneurs.*

CAPM AND FINANCIAL MARKET ANOMALIES: A CASE OF KARACHI STOCK EXCHANGE PAKISTAN

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ABSTRACT

In this study we tried to examine if capital asset pricing model can explain the variations of returns in the presence of market anomalies in a developing economy like Pakistan. The daily stock prices were obtained from Ksestocks.Com and Brencoder.Com from Dec 31, 2003 to Dec 31, 2010. We used cross sectional and panel data analysis to know the impact of beta on returns. The results clearly showed that jewel model of standard finance, the capital asset pricing model, failed to explain the anomalies in return. This clearly indicates the fact that there are other factors, mainly behavioral, that may be incorporated in an asset pricing model to enable it to explain the variation in returns. These return anomalies may be better explained if we see them in the context of behavioral issues such as investors Biases, Irrationality etc.

Keywords: *Capital Asset Pricing Model, Financial Market*

IT INFLUENCED CSR IN DE-STABILIZED ECONOMY WITH COMPARATIVE ANALYSIS OF VARIOUS EUROPEAN COUNTRIES

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ABSTRACT

Corporations around the world are struggling with a new role, which is to meet the needs of the present generation without compromising the ability of the next generations to meet their own needs. Organizations are being called upon to take responsibility for the ways their operations impact societies and the natural environment. They are also being asked to apply sustainability principles to the ways in which they conduct their business. Sustainability refers to an organization's activities, typically considered voluntary, that demonstrate the inclusion of social and environmental concerns in the business operations and in interactions with stakeholders (van Marrewijk & Verre, 2003). It is no longer acceptable for a corporation to experience economic prosperity in isolation from those agents impacted by its actions. A firm must now focus its attention on both increasing its bottom line and being a good corporate citizen. Corporate Social Responsibility (CSR) refers to the company's efforts to go beyond what may be required by the regulators, it is the corporate initiative to assess and take responsibility for the company's effect on the environment and impact on social welfare. Information Technology (IT) is also an enabler of business functions. It plays a great role as the benefits gained from it are of great use but corporate social responsibility (CSR) puts limitations on its usage.

Keywords: *Corporate Social Responsibility, Information Technology, Sustainability*

CORPORATE GOVERNANCE FROM THE PERSPECTIVE OF EXPATRIATES MULTINATIONALS COMPANIES – A STUDY FROM CZECH REPUBLIC

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ABSTRACT

The problems of corporate governance are currently an important topic within the academic community. Importance of this issue is highlighted in connection with business success in global market conditions. As the most fundamental assumptions associated with successful corporate governance of subsidiaries of multinational enterprises is being considered the casting of statutory bodies expatriates from central multinationals. The main objective of the research was to describe and analyze the representation of expatriates in performance of corporate governance in subsidiaries of multinational companies operating in the country. The Czech Republic is currently in the post transition phase of development of the market economy with a significant presence of multinational companies in the country's economy.

The article is presenting an empirical study with the description of expatriates representation in the statutory bodies of subsidiaries of multinational companies in the country. The results obtained refer specifically to the number of branches with the presence of expatriates and their representation in administrative and executive authority, or at other positions respectively. The sample on which is the issue of corporate governance has been examined included 332 subsidiaries of multinational companies from the most important sectors of the economy of the Czech Republic. Also the company size and ownership structure in subsidiaries of multinational companies with regard to the representation of expatriates has been the subject of the research. The results comprises of the headquarters analysis based on the financial performance indicators achieved by the multinational company branches with regard to the representation of expatriates as well.

Keywords: *Expatriates, Multinational Companies, Corporate Governance*

SUBCONTRACTING AS THE STRATEGY FOR SLOWING DOWN THE FALL OF CROATIAN LEATHER PROCESSING AND MANUFACTURE OF FOOTWEAR AND LEATHERWEAR

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ABSTRACT

The changing industry dynamics, competition from the Far East, and ever-changing fashion trends of leather processing and manufacture of footwear and leatherwear necessitate the implementation of new strategic approaches. Leather manufacturing and processing industry companies in developed and developing countries have recognized the opportunities of the development of subcontracting relationships as a specific form of outsourcing that involves close relations and information exchange between companies. The purpose of this paper is to present subcontracting as the one of the most important strategies for the recovery of the Croatian leather processing and manufacture of footwear. In understanding benefits and limitations of subcontracting, the qualitative study on the sample of companies operating in the Croatian leather manufacturing and processing industry was conducted. The results suggest that the Croatian footwear and leather manufacturing companies have seen the benefits of subcontracting in the form of guaranteed markets, secured raw materials, and technical assistance. As this industry operates in a very inconsistent market, investigated companies agree that subcontracting is the strategy for bridging over the actual crisis, but they also suggest that the future of subcontracting is entering into business with higher added values.

Keywords: *Croatia, leather processing and manufacture of footwear and leatherwear, subcontracting*

MULTI-SIDED PLATFORM STRATEGIES FOR BUSINESS INCUBATOR ECOSYSTEM MANAGEMENT

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ABSTRACT

The purpose of this paper is to study the issues relevant to the business incubator ecosystem platforms likely to be used for hosting startups through the convergence of different groups of actors and services. It is shown that business incubator could be a multi-sided platform (MP): an organization that creates value primarily by enabling direct interactions between many distinct types of affiliated customers. The preliminary business incubator ecosystem MP's groups/sides are startups, universities, businesses, public corporations, leading technology companies, service providers, media companies, other accelerators, angel/seed investors, incubators, R&D labs, venture capitalists, institutional investors, government agencies, mentors etc. A MP mediates the relationship between startups and the universe of other sides' groups of business incubator ecosystem. The successful business incubator MP provides infrastructure and rules that facilitate the groups' transactions and can take many guises. The groups are attracted to each other and form a phenomenon that economists call the network effects. With many-sided network effects, the MP's value to any given user largely depends on the number of users on the network's other sides. Value grows as the platform matches demand from the platform sides. The taxonomy of business incubator ecosystem and main performance indicators are developed. The main business incubator ecosystem MP's governance strategies are discussed. Two factors stand out as favoring proprietary models of business incubator ecosystem: the big investments in centralized infrastructure (usually government) or user subsidies (including crowd funding and crowdsourcing); and the appeal of the shared approach to all the parties involved when the industrial market is likely to be served by a single incubator platform over the long term. The results of a research project on business incubator ecosystem management strategies, covering Global and Northwest Russian incubators and techno parks, are summarized to reveal the nature of the factors governing proprietary versus shared models when designing business incubator ecosystem platforms.

Keywords: *Clusters of innovation (COI), Business Incubator Ecosystem; Multi-sided Platform Governance; Innovation strategy*

DEVELOPING ETHICAL ORGANISATION: VALUES, IMPLEMENTATION AND GOVERNANCE

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ABSTRACT

In the last few decades, business ethics has emerged as an important issue in society and it is become critical to business success in the long term. Business ethics deals with good vs. bad or right vs. wrong behaviour and practices occurring in business context. In order to regulate these issues, the majority of U.S. companies introduced ethics codes during the mid-1980s to mid-1990s, first in the USA, Europe and then through local subsidiaries overseas. Today, more than 50% of the 200 biggest companies in the world have one of the forms of ethics code. According to the Institute of Business Ethics in UK, most firms (85 of the FTSE100) have codes of ethics. However, nowadays it is considered that ethics code is not the only factor impacting ethical organisation i.e. it does not necessarily mean that all companies that have ethics code are ethical in their business operations. Also, it is established that merely having an ethics code is not enough to ensure ethical behaviour, e.g. Enron had ethical code in place, but the company lacked organisational culture. This coincides with numerous studies proving the fact that existence of ethical code is not enough and that a company should establish ethical operations comprising ethical leadership and ethical organisational culture. Leadership is the key source of ethical guidelines within an organisation and it impacts many positive results as well as implementation of ethical organisational culture. Therefore, in a life of an organisation it is especially important to develop both - ethical leadership and organisational culture – which together protect from unethical behaviour whilst promoting ethical behaviour.

Keywords: *Business ethics, Ethics, Ethical Leadership, Ethical organisational culture, Organisational culture*

KNOWLEDGE MANAGEMENT IN A MODERN HIGHER EDUCATIONAL INSTITUTION

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ABSTRACT

The need in new technologies, new methods of creation, transfer and usage of knowledge makes a problem of knowledge management crucial for a modern higher educational institution. The paper aims to discuss possibilities of using the concept of knowledge management in Universities, as their competitiveness depends on employment of innovative technologies of creation, transfer and usage of knowledge. In this connection, the basic elements of the process of knowledge management and strategy are considered, as well as conditions for the successful realisation of this concept are indicated. The global aim of knowledge management in a higher educational institution is to enhance competitiveness of educational services provided by the higher educational institution. Under market conditions, competitiveness of a higher educational institution depend on its readiness to adopt to a continuous innovation process, based on usage of the existing and generating new knowledge. Intensity of competition under such conditions makes higher educational institutions to use actively such means of competitive struggle, as lower prices; higher level of the provided educational services, wider range of provided disciplines, which are in demand on the market. Regardless of competitive struggle, each higher educational institution should elaborate a successful strategy, aimed at supporting its superiority over competitors and strengthening its market position. It is important to remember, that competition between higher educational institutions is a dynamic and changing process. But it is possible to monitor the situation on the market of educational services, to think the competitors' steps ahead, in order to win the competition. Another important constituent of the knowledge management process is creation and introduction of innovations and innovative forms of teaching. It is important and it requires creation of the relevant innovation environment at a higher educational institution. Higher educational institutions, as research institutions, should elaborate innovative research and methodological projects and implement their in their work, thus taking more successful position on the market of educational services. Efficiency of knowledge management in a higher educational institution depends on successful integration of qualifications, knowledge, experience, skills, and research potential of the teaching staff (faculty). It requires the relevant technologies and support provided by specialised and

innovation units of the higher educational institution, thus ensuring structuring and systematisation of knowledge and its collective usage. Higher educational institutions, possessing such concept as knowledge management, have competitive advantages on the market of educational services.

Keywords: *Knowledge Management, Knowledge Management Process, Knowledge Management Strategies, Knowledge Management System, Learning Organisation*

ANALYSIS OF CORPORATE ENTREPRENEURSHIP EFFECT IN A PHARMACEUTICAL FIRM

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ABSTRACT

This paper examines the impact and importance of management support as an aspect of corporate entrepreneurship in pharmaceutical companies. A primary research was done among employees of a pharmaceutical company PharmaSwiss through a questionnaire distributed by e-mail or the Internet. Primary data was collected through a survey questionnaire. A questionnaire will be distributed via e-mail or the Internet, employees of the pharmaceutical company PharmaSwiss Ltd. which is a central enterprise of this work. This work provided a theoretical overview of corporate entrepreneurship, its basic features, aspects of introducing. Primary research was conducted in order to ascertain the level of implementation of management support as corporate entrepreneurship in the pharmaceutical company, examining the attitudes of employees and ultimately determine the impact of implementation of one aspect of corporate entrepreneurship and that is management support, on the business results and success of pharmaceutical companies.

Keywords: *corporate entrepreneurship, innovation, management support, pharmaceutical industry*

LEADER'S PERSONALITY AS FACTOR OF SUCCESS IN SMALL INNOVATIVE BUSINESS

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ABSTRACT

The problems of small innovative business development in regional economy are under discussion in this paper. Here small innovative business is analyzed from the point of view of the concept of Regional Innovation System. We analyze small innovative business of Novosibirsk region (Russia).

Small innovative business operates in the conditions of high risks and uncertainty that are attributes of any innovation activity. Then, finding key factors that will lead company to success becomes highly important.

In this paper factors that determine successful development of small innovative business are under study, with small innovation business activity being analyzed at different stages of its development (at the founding stage and at the stage of growth). It was obtained that according to representatives of small innovative business key factor of success lies in the sphere of human resources and management – and that is leader's role. Thus, the paper is focused on the role that company's leader plays in the development of small innovative business, on his contribution in bringing the company to success. The main attention of our analysis is paid to finding out reasons that make leader's personality one of the key factors of success in innovative business. The paper shows that significance of the leader's role is determined by the range of objective and subjective reasons. For example, it is influenced by the age of the company on the one hand and by the position of the manager on the other hand.

Though every business is unique, studying common patterns of development and considering other experiences can facilitate the thorny way to success for a small innovative company.

Keywords: *Factors of Success, Innovation systems, Leader's personality, Small innovative business.*

SMS'S MANUFACTURING STRATEGY FOR BUSINESS CONTINUITY AND CRISIS MANAGEMENT

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ABSTRACT

At company level it's easily driven if the management has the will and sees the benefits. High tech companies both small and large are more likely to have this type of culture because of the people they employ and the fact they are always thinking to solve technical problems. Many continuous improvement management systems/techniques also involve getting the primary through to tertiary work groups to think of better and innovative methods of working or developing new techniques and technologies. SME's are commercial enterprises with ultimate objective of being profitable. A typical SME, especially nowadays, would suffer from lack of spare cash and wouldn't be willing to borrow, for any financial liabilities are detrimental. The guarantee on returns is perceived as a gamble, and thereby introduced uncertainty can be unacceptable for a small certainty and stability seeking company. In crisis conditions have resisted only SMS's that had a clear strategy of innovation, adapting to market demands, continuous reduction of production costs, following ensuring quality conditions. A analysis made on 20 SMS's showed that only companies that had a clear innovation strategy could minimize the effects of the crisis on consumption.

Keywords: *Crisis, Innovation, Management, SMS's, Strategy*

USING LINEAR PROGRAMMING MODEL FOR PRODUCTION OF EGGS (DESIGNED FOR REFLECTING VARIOUS FEEDSTUFF COMBINATION IN ERAQ – ERBIEL)

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ABSTRACT

This study aimed to formulate a linear programming model for production of eggs at different stages of rearing and production periods using local feed ingredients, the main Goal of the study is to reduce the cost. We construct a mathematical model were designed to reflect various feedstuff combination used in the diet formulation by taking into consideration nutrient requirements and the variables of this model is the feed ingredients were used (protein, carbohydrate, fat, minerals, vitamins, soya oil, corn, barley, wheat brain, salt, limestone, phosphate, vitamin/mineral complex, and calcium). The objective function of the model was to minimize the total cost production of producing a particular diet after satisfying a set of constraints at market price we used Kurdistan region north of Iraq for this study, the result which found to reduce cost of feeding by as much as between (30 to 50) \$/ton than those imposed on the produced by the market. The variation in the cost is a result of the variation in the nutrient requirements of the laying hens according to the stage of production , each stage required a certain level of combined nutrients' in the feedstuff which it cause different quantities of feedstuff to be used in each ration.

Keywords: *Egg Production, ERBIEL, Linear Programming Model*

STRATEGY OF INNOVATIONS: COMPARISON OF LARGE AND SMALL BUSINESS IN RUSSIA

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ABSTRACT

This paper is devoted to the comparative analysis of innovative strategies of large and small business in Russia. According to statistics innovative activity of Russian industry remained low: the number of enterprises that carried out innovations is in the range from 9.3 to 10.6% of the total number of enterprises, moreover the innovation activity of an enterprise directly depends on its size.

However, the innovative activity of small businesses in Russia is much lower than that of large ones, a number of recent studies had shown a positive dynamics of the share of small enterprises implementing technological innovation. In our research of small innovative entrepreneurship in Novosibirsk Scientific Centre, using two parameters (level of products' novelty and orientation to the national or international market) we distinguished a group of companies, which we call "leaders". For such companies, the predominant sources of technological innovation are a privatization of academic results and development of products and processes in rapidly growing sectors. The relatively high level of the novelty of the products of companies - leaders is accompanied by using a strategy "high quality at a high price". The typical behavior model for such companies is innovative entrepreneurship.

Innovative activity of large Russian companies is focused primarily on the acquisition of machinery and equipment of foreign manufactures. Even mega-companies employing over 10 thousands of people prefer importing key knowledge from abroad. So the dominant strategy is a passive technological borrowing. Although most researchers agree that the borrowing and adaptation could become the main sources of rapid catch-up technology development, the experience of the advanced innovative countries testifies, that borrowing must be accompanied by the creation of an additional new knowledge.

Keywords: *business models, innovation, larges, small, and medium-sized companies, strategic priorities*

THE ADVANTAGES OF EXPLORING THE DYNAMICS OF PROFESSIONAL SOCIAL NETWORKS USING QUALITATIVE RESEARCH METHODOLOGY

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ABSTRACT

This paper offers in depth arguments into why researchers should approach the issues relating of professional (managerial) social network dynamics using qualitative research methodology and methods. Even though many research endeavors have offered more understanding on how social networks affect various outcome variables such as firm, team or managerial performance, there is a dearth of research on understanding the underlying mechanism of (managerial) professional social network development, change, growth and decay. This is where qualitative research approach steps in, because of its

ability to unravel the hidden processes behind pertinent social network research questions. In that light, this paper offers arguments into why qualitative research is applicable to the existing research problems in the field of managerial social networks.

STUDY OF THE GOOD PRACTICES IN PERSONNEL MANAGEMENT IN WOODWORKING AND FURNITURE ENTERPRISES IN BULGARIA

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ABSTRACT

Personnel management in contemporary organizations is an important part of the company management. A main prerequisite for business improvement is employee development, which is related to skills and competency enhancement. It provides company growth, financial success and competitiveness. Extremely important topics in the companies are issues like wages, motivation and staff training. Managers are looking for different options in personnel motivation in the organization, using both financial and non-financial motivators, and also various forms of training. This report aims to present basic theoretical and practical aspects of personnel management in Small and Medium Enterprises in Bulgaria, and in particular - good business practices in woodworking and furniture firms.

Keywords: *Motivation, Personnel management, Small and Medium Enterprises, Training and staff development, Woodworking and furniture enterprises*

STRATEGY VS. RESILIENCE – WHICH MATTERS MORE?

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ABSTRACT

Resilience, defined as an ability to bounce back or cope successfully despite substantial adversity (Rutter, 1985), is in focus of various researches. Organizations that operate in today's turbulent environment are aware that their ability to survive and develop sustainably largely depends on their resilience and capacity to adapt to the new situation - their resilience capacity (Coutu, 2002). Resilience is also a result of processes that help organization to maintain its resources in a form that copes positively with unexpected and manages to avoid negative trends (Sutcliffe and Vogus, 2003; Worline et al., 2004), and strategic management is, in its very essence, exactly that process. Relation between resilience and strategy is in the scope of this paper which aims to provide a comprehensive overview of their linkage. Also, this paper proposes that organizations building resilience in the way that it incorporates key processes, budgets and strategic plans, can make it competitive advantage over competitors who are dealing with the same concept only declaratively.

Keywords: *organizational resilience, crisis management, strategic management*

RE-INDUSTRIALISATION: NEW PATTERNS AND THE CHALLENGES TO TRADITIONAL INDUSTRIES

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Abstract

Re-industrialisation is an actual challenge, which addresses a wide range of countries who pretended the global leadership in the 20th century: USA, the UK, Russia and many others. Does it mean the recovery of old industrial enterprises (as Russian politicians often claim) or it implies the new shape of traditional industries? Basing of Russian foresight exercises (Long-run S&T Forecast-2030), we argue that old fordist industrial organisation will exhaust its competitive advantages in the nearest future. We put forward and systemise

the expert arguments from various fields: technological, economical, institutional, educational etc. We explore the two possible patterns of industrial development. The mass routine production seems to be organised on the basis of the robotised technologies, that are expected to become one of the three pillars of the coming sixth technology revolution. We provide statistical and expert evidence to prove that in this sense the re-industrialisation will be the new industrialisation, not the reincarnation of the old large-scale production. We pay special attention to the customised production pattern which is expected to attract the augmenting demand due to the consumption habits that fostered in the service economies. We provide the evidence for the existing areas of the small scale industrial production in the B2B sectors, and summarise the lessons for the future developments. We argue that the customised production may become the mainstream in the B2C-oriented industries as soon as the technological basis for cheap personalised production matures. We provide the expert-based pool of cases to highlight the critical technologies for individualised production, among which the nanotechnologies seem to be the core. We conclude that these technologies are expected to become the main competitive advantage within the arising industrial organisation.

Keywords: *customised vs. large-scale production, global technological challenges, new industrial organisation, re-industrialisation, sixth technological revolution.*



