Varazdin Development and Entrepreneurship Agency
in cooperation with
University North

Editors:
Ilko Vrankic, Daniel Tomic

Economic and Social Development

13th International Scientific Conference on Economic and Social Development

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Book of Abstracts

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Barcelona, 14-16 April 2016

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IMPACT OF OIL PRICE ON TURKISH MACROECONOMIC VARIABLES

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ABSTRACT

Turkish economy is heavily dependent on oil and natural gas, as the latest figures from International Energy Agency (IEA) show that Turkey imports 90% of its total liquid fuels. Therefore a more volatile oil price can have consequences on macroeconomic variables in Turkey. It is empirically evident that an increase in oil prices followed by deterioration in macro economic variables while a decrease in oil price has relatively lower expansionary effect on macro economic variables. This paper analyzes the economic effects of oil price on the major Turkish macro economic variables, including Gross Domestic Product (GDP), Consumer Price Index (CPI) and Real Effective Exchange Rate (REER) on the basis of quarterly data from 2003Q1 to 2015Q3. Firstly, ADF, KPSS, PP unit root tests and Zivot-Andrews, Lumsdaine Papell unit root tests allowing for structural breaks are used to characterize the time series. Additionally, Granger causality test is performed to give a clearer picture of how these variables are related. The results show that Gross Domestic Product, Oil Price and Consumer Price Index are stationary, while Real Effective Exchange Rate have unit root in Turkey. Test results indicate that, there is a casual relationship from oil price to GDP and to CPI. Furthermore, there exist a bidirectional causality between GDP and CPI in Turkey.

Keywords: *Causality, consumer price index, oil price, real effective exchange rate, Turkey*

THE ASSESSMENT OF THE CONSTITUTIONALISM OF COUNTRIES WITH THE HELP OF THE INTEGRAL INDEX

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ABSTRACT

It is known that many international organizations and foreign experts study different directions of constitutional economics in order to reveal legislative preconditions of the economic development. There is no doubt that one of the important ingredients of the development and empiric implementation of the program of the constitutional regulation of social-economic relationships is the assessment of the constitutional level of the economy. In order to solve the above-mentioned problem we suggest to use the tools of factor analysis, a method of data reductions. In this article we have improved the Rule of Law Index by World Justice Project and create more integral index in order to estimate the progress of countries in this area. We have suggested the methodology that helps us to define scale coefficients of that express the comparative significance of the above-mentioned index. In addition, we measure and analyze the integral index of the constitutional level for 102 countries. Moreover, the above-mentioned methodological approach will also help to find out gaps of the constitutional development, provide the guideline for the constitutional development policy of the economy and fulfill them with high efficiency.

Keywords: *Constitutionalism, regulation, assessment, rule of law, justice, methodology, factor analysis, development, economy, comparative, policy, efficiency*

FACTORS AFFECTING THE STUDENTS' HEALTH FROM USING SMART PHONES IN THAILAND

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ABSTRACT

This research purposes are aim to study the characteristics of using smart phone and relationship between characteristics of using smart phone and students' health both physical and mental health. The sample group is university' student around Bangkok in Thailand that using smart phone regularly. A questionnaire was completed by 400 respondents and analyzed by Descriptive statistics and inferential statistics (Independent t-test, One-way ANOVA). The study found that respondents' health problem in eyes and finger related to the number of using hours per day and the duration of continues use. The more using smart phone the more health problems. For the mental problems found that respondents are trending to have mental problem by bored when working with smart phone.

Keywords: *Health problem, Smart phone, Illness due to using phone*

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ADEQUACY OF THE CAPM FOR ESTIMATING THE COST OF EQUITY CAPITAL: EMPIRICAL STUDY ON UNDERDEVELOPED MARKET

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ABSTRACT

When evaluating investment projects, an appropriate discount rate needs to be estimated, which is often represented by the weighted average cost of capital (WACC). Furthermore, when estimating the cost of equity capital, the Capital Asset Pricing Model (CAPM) is usually used. With the aim of testing and analyzing the possibility of applying the CAPM model to making capital budgeting decisions in underdeveloped markets, the authors conducted research on a sample of 62 randomly selected project proposals generated in the period from 2003 to 2014 and planned to be implemented in Eastern Croatia. Through this research, cash flows, profitability, and the investment structure of the projects were analyzed and put into relation with profitability of the investment in a created stock portfolio.

The results showed that, when using the CAPM in underdeveloped markets, certain adjustments in defining calculation input values are needed in order to get relevant output information. Even without the specificities of underdeveloped markets, the use of the CAPM is still not without controversies. The questions regarding beta calculation, a premium market rate and an adequate risk-free rate, are still being discussed. Nevertheless, it was found that the CAPM could give a satisfactory insight into investors' minimum required returns and the riskiness of investment options.

The authors emphasize that investors must not ignore the shortcomings of this model regarding the characteristics of capital markets it was tested on, the specificities of the industry being invested in and the fact that the CAPM model strongly responds to highly variable cash flows and a project period to achieve full production capacity.
Keywords: *capital investments, CAPM, decision making, management, risk analysis*

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CAPABILITYES AND HUMAN WELL-BEING: HOW TO BRIDGE THE MISSING LINK?

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ABSTRACT
The division of theoretical work into two broad areas of social and economic theory kept the social and economic domains separated from each other for a long time at the theoretical level. This division of social and economic theoretical realms is at odds with the everyday realities of life, where social activities are entwined with economic activities through a nested relationship. Sen's major contribution in the field of economics is to resist the desocialization of economics and challenge the philosophical foundation of traditional economic theory. Sen contributed to shifting the focus in the field of economics and development studies from an exaggerated emphasis on growth towards issues of personal well-being, agency and freedom. In this line of argument, known as capability approach (CA), Sen has provided a broader definition of human welfare involving more complex motivations, like social concerns and the well-being of future generations, etc. However, despite having many promising features, Sen's CA also has its own weaknesses when considered on its own. CA is often criticized for its underspecified nature and the lack of a definite list of capabilities raised some concerns regarding the practical application of this approach. Through an exhaustive review of relevant literature, this paper sets out to outline the main feature of Sen's

approach. The aim of this paper is to identify the potential as well as the limits of CA for the conceptualization and assessment of human well-being. The paper concludes that in order to use CA to construct an empirically grounded assessment of wellbeing, one needs to adopt carefully designed procedural methods for the selection of relevant capabilities.
Keywords: *Capability Approach, Quality of Life, Well-being*

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ACCESSIBILITY OF INFORMATION: INTERNATIONAL STANDARDS, RECOMENDATIONS AND PRACTICES

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ABSTRACT

Awareness of different people's abilities, characteristics and needs and their inclusion should be and are attributes and tasks of modern, responsible societies, since in today's information society access to information is a basic human right - a prerequisite for equality and equal opportunities. Information and communication technology (ICT) as an assistive technology and a tool supporting diverse users through its quality aspects (usability and accessibility) is a very important factor

in this concept. International standards, recommendations and (best) practices of ICT addressing accessibility issues of information discussed in the paper are among key drivers of promoting and assuring accessibility of information and ICT. In general, international standards and recommendations should also foster and put into practice the universal design as the design of products, environments, programs and services being usable by all people to the greatest extent possible, without the need for adaptation or specialized design, as stated in the Convention on the Rights of Persons with Disabilities.
Keywords: *Accessibility, Inclusion, International standard, Information and communication technology, User diversity*

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CAN UNPREDICATABILITY BENEFIT AN INEFFICIENT FIRM?

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ABSTRACT

Occurrence of chaos in Cournot Duopoly model is investigated by assuming isoelastic demand function and suppliers' expectation. The Nash Equilibrium and its stability are examined for both homogeneous and heterogeneous suppliers. Largest Lyapunov exponent and Kaplan-Yorke dimension of strange attractors are obtained. Average long run profit for both types of expectations and different inefficiency scales is observed.

It is shown that an inefficient supplier, following either homogeneous adaptive or heterogeneous expectation, is benefited when chaos persists whereas an efficient supplier is benefited by controlling chaos.
***Keywords**: Adaptive expectation, Bounded rationality, Chaos, Cournot Duopoly, Long run average profit*

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THE RELATIONSHIP BETWEEN DEMOCRACY AND CORRUPTION IN MENA COUNTRIES

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ABSTRACT
The goal of this study is to investigate the relationship between democracy and corruption in 13 MENA countries through an empirical analysis using a panel GMM during the period 1984-2013. Results show that a higher corruption is affected on democratic structures such as the Arab countries (Omgba (2015); Haber and Menaldo (2011)). Thus, a certain democratic and the high income states of the oil exporting countries would not have been decreased corruption level, (See Jetter (2015), Rachdi and Saidi (2014)).
***Keywords:** Corruption, Democracy, MENA Countries, Panel GMM*

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LOCAL DILEMMA ABOUT LIBERALISATION OR INTERVENTION

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ABSTRACT

Public sector economics describes algorithms of public authorities' decisions about liberalisation of their tasks or intervention in the private issues. Such theory mainly concerns national or supra-national level decisions. Aim is to propose algorithm of similar decisions locally, taking into account individual specific of local situation. Methods of policy analysis for this aim are applied. Local governments have dual nature - they are executors of national policy as well as autonomous policy-makers and executors of own policy.

General principles, formally recognised by all members of the Council of Europe (this concerns also 100% of the EU countries) are: 1) for dividing of competences among national and local authorities - the principle of subsidiarity; 2) for scope and content of intervention - principle of proportionality. The same principles could be applied for decisions about liberalisation or intervention of local issues, which concerns obligatory or voluntary local governments' competences. Factors, which has to be taken into account to decide about intervention, are presence or absence of several types of local market failure and several types of government failure.

Proposed algorithm of decision includes testing of sustainability of private activities, testing of main types of market failures, EU failure, national government failure, local government failure. That first cycle of procedure is practical implementation of the principle of subsidiarity. If intervention is necessary, then there are several options, how to impact on situation.

The choice could be done among 1) regulation of private activities with corresponding administration; 2) supplying of public services for free; 3) supplying services or goods for partial payments of beneficiaries; 4) direct entrepreneurship; 5) facilitating private entrepreneurs or organised civil society organisations; 6) outsourcing of corresponding local government activities.

That second cycle of procedure is practical implementation of the principle of proportionality to ensure as minimal intervention, as possible.

Keywords: *Local government, Intervention, Subsidiarity, Proportionality, Failure*

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THE IMPACT OF REMITTANCES ON ECONOMIC GROWTH AND ACCESS TO FINANCE

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ABSTRACT

In Western Balkan countries, personal remittances make a substantial part of foreign capital inflow. Even though remittances represent an important source of income for households and individuals, reducing poverty and increasing consumption and welfare, there is a great potential of directing these funds in order to achieve long-run benefits regarding economic growth and development. Economic policies should be implemented to create better conditions for higher investment of remittances into production and human capital accumulation, which can yield greater benefits from both micro and macroeconomic perspective. Recipient country financial development may often be negatively affected by remittances, since they help reduction of existing financial constraint and are mostly directly oriented to consumption. In order for the positive link between remittances and financial development to emerge, development of new remittance-linked financial products is advisable. They would help remittance directing into official transmitting channels and increase remittance receivers' access to other banking products, health insurance and education.

Keywords: *Economic Growth, Financial Development, Remittances*

A MULTIFARIOUS, MULTIFACETED APPROACH TO THE MULTIPOLAR WORLD: A NECESSITY

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ABSTRACT

If we compare today's world with the World(s) from 1914, 1929 or 1939, some similarities occur: multiple powerful actors on the global and regional levels with conflicting interests, economic difficulties of a large number of economies, and the inability of "the international community" to put a stop on the world's most intense conflicts or rivalries. The Great Recession, which hit the developed, especially European economies the hardest, has shifted more economic power into the direction of emerging economies, thereby accelerating an inevitable economic and political change.

Various states have managed to accelerate the change in the distribution of economic wealth. These states, grouped mainly in the BRICS, and in the Next Eleven (N11) have shown, contrary to the Western, "culturally superior" geopolitical thought, that they are neither backward nor incompetent, thereby challenging the developed states.

After the paradigm of American Empire, which ended in the worst economic crisis in 70 years, it is time for a new paradigm. Since it would be an illusion to think that multipolarity would be shaped by all the parties concerned, it has to be shaped by those most important. However, the current relations between most powerful states are all but cooperative.

The pragmatic relations and the common goals of the BRICS states should not be overestimated. The relations between the USA and the EU, which show a high level of homogeneity because of the Ukrainian crisis, may not in the future be so close. A clear difference would exist between the arranged and the accepted multi-polarity, and a multi-polarity in which one side is not inclined but compelled to accept multipolarity, concurrently limiting its achievements.

An approach to the present and the future multipolarity and multipolar world that would be multifarious and multifaceted is therefore a necessity.
Keywords: *Multifaceted and Multifarious Approach, World Economy*

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ULUDAG WINTER TOURISM AND ITS IMPORTANCE IN THE ECONOMIC DEVELOPMENT

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ABSTRACT

Tourism which is a regional means of development is closely related with the local economic development. Winter tourism is a set of activities and relationships composed of trips made to the regions which are located in the heart of ski sports and accordingly with slopes and snow, accommodations and other services. Since winter tourism mainly consists of a number of activities depending on snowy environments, it requires locations with certain height and slope which will also allow the execution of other nature sports such as walking, climbing etc. besides skiing and snowboarding.

Uludağ, the most popular winter sports center which is 30 km away from the Bursa city center has significant natural advantages in terms of winter tourism. However, with the recently changing tourism demands in winter tourism, developments have been taking place in the types of tourism. Uludağ having natural advantages have not been able to sufficiently benefit from these advantages and cannot make use *of its existing potential. Besides the countries having sucessful snow resorts of Europe such as Austria, France, Switzerland, Italy and Andorra, Romania and Bulgaria are also increasing their competitiveness in the international markets in recent years with ambitious investments. When Uludağ which is in the location of the largest snow resort in Turkey is compared with these resorts, it is thought that there is a way to go in the field of winter tourism.*

Starting from this idea, in the research, it is aimed to identify the contribution of Uludağ to the local economic development and the potentials for increasing this contribution. Towards the mentioned aim, the study will be carried out based on field research. In the conclusion of the study, it is planned to submit the proposals focused on policy and strategy to be followed in terms of having Uludağ use its potential in the most efficient way and provide more contribution to the local economy. In addition, its thought that the results to be obtained will be a basis for another study with the subject "the comparison of Uludağ with foreign snow resorts in terms of winter tourism" which is planned to be conducted after the study is completed.

Keywords: *Winter Tourism, Economic Development, Tourism Development*

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INTERNATIONAL AND LOCAL CAPITAL MARKETS

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ABSTRACT

In contemporary economic times when economies all around the world are going through immense turbulence, it is important to have a proper understanding of international and local capital markets. With the help and proper understanding of market structure and overview, decisions that are pivotal in the progress and development of an organization can be taken and implemented subsequently. At the same time, it is also significant to highlight the ways in which globalization has restructured modern economic environment and the role it plays in shaping modern *form and operations of capital markets. The level of interdependency that states display on each other in terms of economic needs and dependencies has further modified the overall role of the ways in which economic relations between countries as well as their corporations have changed since the advent of globalization and its implications on the economy. Some of the key aspects that will be discussed during the course of this discussion will be related to the challenges and the scope of globalization on the modern world. Moreover, it is also important to state here that the discussion will also shed light on the various aspects of the ways in which enterprise can be managed in a contemporary turbulent economic environment. This will incorporate the ways in which modern day economic practices can be integrated into daily economic and organizational duties and responsibilities such as technology to ensure that working operations and processes can be conducted in the most transparent manner. All these practices and their collective implementation play an extremely important role in shaping the contemporary form of entrepreneurship and the operations that are related to organizations and the processes that govern it.*

Keywords: *globalization, corporate governance, international market, economy*

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ANALYSIS OF MSME ECOSYSTEM IN SERBIA AND IDENTIFICATION OF KEY STRATEGIC SECTORS FOR ITS DEVELOPMENT

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ABSTRACT

Serbia's economy is one of the least developed economies in Europe and for the Government it is crucial to find the drivers of economic growth. The transition process has not fulfilled the expectations of governments and citizens in the past 15 years. As an especially bad part of the transition process emerges privatization of former industrial giants, where the vast majority of these enterprises ceased to exist. The companies that have survived are now far from the former size and production power. Because of this privatization process, the majority of large enterprises currently operating in Serbia are the result of foreign direct investment. However, the total amount of foreign direct investment in Serbia is decreasing from year to year, and it becomes clear that economic growth cannot be based solely on that.

These are the reasons why drivers of Serbia economic growth have to been sought in the development of entrepreneurship and small and medium-sized enterprises. The Government must create programs of institutional support for development of MSME sector in order to create new jobs, increase employment and generally renew economic activity in the country. However, a key elements of each of the Government programs are strategic sectors that should be supported.

The aim of this paper is identification of strategic sectors and the value chains that have the greatest potential for development of the whole MSME ecosystem.

Key strategic sectors should be supported by the Government through a more favorable financing, administrative support, training programs etc. A comprehensive analysis MSME sector has been conducted in order to identify key strategic sectors in Serbia, and a part of this analysis will also be shown in the paper.
Keywords: *entrepreneurship, MSME, development, strategic sectors, institutional support*

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THE ADOPTION OF FACEBOOK FOR EDUCATIONAL PURPOSES IN THAILAND

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ABSTRACT

Research on the Adoption of Facebook for Educational Purposes is aim to understand why students use Facebook primarily for online activities. In order to analyze the type of Facebook usage on matters related to the objectives of education and to compare the result between business administration student and Engineering student from the sample group. The hypothesis states that the nature of demographic difference (gender, study year, faculty, frequency of use, number of friends on Facebook), resulting in the reasons for Facebook usage and for the educational purpose are different. The sample group consisted of 400 respondents. The statistics used for data analysis are Descriptive statistics and inferential statistics (Independent t-test, One-way ANOVA). The study found that demographic characteristics different does not affect the use of Facebook in the social influence aspect. For the educational purposes found that the study year does not affect the use of Facebook for educational purpose.

For the faculty different found that business administration student use Facebook for communication and create educational partnerships slightly higher than Engineering Students with statistically significant.
Keywords: *Facebook, Educational, Blended Learning, TAM, UTAUT, SNSs*

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HOW DO ESEIGS' FACULTY AND LİBRARİAN WORK TOGETHER İN ORDER TO PROMOTE STUDENTS' KNOWLEDGE MANAGEMENT SKİLLS?

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ABSTRACT
Information practices and learning strategies, i.e. knowledge management, are gaining acceptance in the field of Education. Knowledge management can be described as a set of practices that help to improve the use and sharing of data and information in decision-making. This paradigm shift, at a national scale, was driven by the Bologna Declaration by assuming that students play an active and central role in their training. Projects like "Tuning Educational Structures in Europe" and "Definition and Selection of Competencies" mentions information literacy skills (ILS) as a strategy for the individual to thrive in the 21st century. This requires a critical analysis on the nature of the information itself and of the informational skills that are needed as a basis for decision-making, issuing opinions and execution of duly informed and reasoned actions.

This short-paper shows the relationship between the full time faculty of the School of Management and Industrial Studies (ESEIG) of Polytechnic Institute of Porto (IPP) and ESEIG´s librarian. We assess, by a questionnaire applied to both faculty and ESEIGs´ librarian, how they face collaboration among them in order to achieve a good performance in terms of information literacy of that student community. This study shows how these actors perceive their roles within the information literacy education in this context.
We conclude that there is growing concern on the part of faculty to promote students acquisition of information literacy skills, but that collaboration with the librarian did not reach the parameters considered yet satisfactory by the information literacy movement.
Finally, action proposals are presented to that community in order to facilitate dialogue and collaboration between those actors, in order to promote the acquisition of ILS by the students. Some proposals are presented in order to enhance and improve the relationship between them, and thus improve ILS that students acquire.
Keywords: *Collaboration; Higher Education; Information Literacy skills; Information Society; Knowledge Management*

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THE IMPACT OF EU FUNDS ON THE DEVELOPMENT OF TRANSITION ECONOMIES

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ABSTRACT

European Union consists of countries which are very different considering their stage of development, economic characteristics, social policy and living standard quality. The EU funds should contribute to the development of transition economies through reducing

regional disparities between transition economies and the rest of EU member states and promoting growth. Late 1980s brought the collapse of a communist system in Europe and left behind its economies in an unprepared state for a capitalist tournament. Nowadays, many of these countries belong to a group of new EU members who are still facing a problem of convergence towards their advanced colleagues. The main goal of this paper is to answer whether the EU funds affect the development of transition economies. Findings from the literature up to now result in different conclusions regarding the impact of EU funds, ranging from those which prove that they have a significant effect to the ones who deny the positive influence of EU funds.
The empirical analysis in this paper conducted on ten transition economies over 14 years showed that the effect of analyzed EU funds is indeed positive, i.e. EU funds promote growth in transition economies. The planned economy left a certain heritage to transition economies in form of lack of entrepreneurship, infrastructure and weak institutions, which can present an obstacle for efficient EU funds usage. Transition economies should not fall into a trap of EU funding overenthusiasm and they should be fully aware that they, foremost, need to develop and implement appropriate economic policies on their own, after which the EU funds will assist them on their path of convergence.
Keywords: *EU funds, development, panel analysis, transition economies*

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PERSONAL INCOME TAX SYSTEM IN BULGARIA

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ABSTRACT

Personal income tax (PIT) is the most important fiscal instrument in modern times. Its share amounts to 20-25% of total fiscal revenues in many European countries as well as other developed economies because of its important role in enhancing social equity. On the other hand, high personal income tax rates are considered a significant factor

for inefficiencies in labour markets. Therefore, over the last decades most industrialized countries initiated reforms aiming at reduction of overall tax burden, and in particular personal income tax rates. The reforms in most of these countries focused on decreasing top marginal tax rates, but also on decreasing minimum marginal tax rates on low-income workers. In other countries, especially in the transition economies of Central and Eastern Europe, the reforms of personal income taxation were even more far-reaching.
The present paper has as its object the personal income tax system in Bulgaria. The first part of the paper outlines the main types of PIT models existing in theory, and in particular: the multi-bracket progressive taxation, the Bentham's progressivity, the Hall-Rabushka flat tax and the proportional income taxation. The second part dwells upon PIT systems in EU Member States. There are significant differences among these countries, and especially between the "old" Member States of EU-15 and the new Member States from Central and Eastern Europe. The third part places the focus on the organization of personal income tax in Bulgaria because of the specific features that distinguish this country from all other EU Member States.
Keywords: *personal income tax, tax reforms, tax system*

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THE IMPACT OF CULTURAL HERITAGE ON SUSTAINABLE TOURISM DEVELOPMENT: THE CASE OF PERGAMON

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ABSTRACT

Global processes; the spread of businesses, products, brand names and patterns of consumption between countries and continents can be viewed as a process of homogenisation (cf. Dicken, 2007; Kearns & Philo, 1993). Instead of homogeneity, diversity is preferred by tourism *demand. Therefore, local identity and traditions of tourism destinations are very important values for the competitiveness. The impact of cultural heritage in fostering tourism is very important in planning regional and local development policies (Cuccia,Guccio, Rizzo, 2015). Pergamon is one of the most important districts for its development at cultural tourism in Izmir, became the 999th property added to UNESCO world cultural heritage in 2014. Pergamon was founded in the 3rd century B.C. Its location in the Aegean Region, the heart of the Antique World, and at the crossroads between Europe and the Middle East destined it to be an important cultural, scientific and political centre. Pergamon and its multi-layered cultural landscape exhibit outstanding evidence of civilizations such as the Hellenistic, Roman, Byzantine and Ottoman. (UNESCO.2014)*

In this study, mainly the effects of being in the World Heritage List were questionized, especially by examining tourism development of Pergamon which is the town of Turkey from the perspectives of sustainability. This article aims to discuss stakeholders' experiences regarding the contribution of UNESCO World Heritage List on sustainable tourism development. The study is based on a combination of qualitative interviews and observations. A case study approach used semi-structured interviews to collect data from purposively sampled local stakeholders. The interview questions spanned heritage awareness, local identity, cultural tourism and the contribution of UNESCO World Heritage List on sustainable tourism development.

***Keywords:** Cultural Heritage, Cultural Tourism, Pergamon, Sustainable Tourism Development*

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IS TURKEY BREAKING THROUGH THE MIDDLE INCOME TRAP? - AN EMPIRICAL INVESTIGATION

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ABSTRACT

The Turkish economy experienced a deep crisis in 2001, followed by implementation of a recovery program mainly designed by a well-respected Turkish economist Kemal Derviş. Despite well-targeted policies, structural reforms and promising outcomes of the recovery program, political parties forming the coalition government lost their seats in the 2002 parliamentary elections and the Justice and Development Party (AKP) came to power with a large majority. The successful program stimulated an impressive growth performance in the following years and most AKP proponents credit a large proportion of this success to AKP's single party government, giving rise to the debate as to whether single party governments are more inclined to generate growth in Turkey. The AKP wing has frequently claimed that single party governance for 14 years has led to significant economic gains in Turkey since 2002, including GDP per capita growth. In this study we attempt to unearth to what extend this argument is in line with the formal results, employing a recently introduced methodology, based on stationarity test. Additionally, the study reveals whether Turkey's economic performance in this period is sufficient to move the country out of the middle income trap. For the analysis we construct a series showing the relative position of the Turkish GDP per capita compared to a wealthy reference economy, namely the US. To this end, we evaluate the relative position of the Turkish GDP per capita for the periods before and after commencement of AKP governance and for the sub-periods of the AKP era between 2002 and 2015.

Our findings show that the Turkish economy improved significantly under the single party government in the first two terms of the Justice and Development Party between 2002 and 2011. However, this inclination in performance appears to have lost momentum in recent years.
Keywords: *Middle Income Trap, Single Party Governments, Turkey, Unit Root Tests*

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PROMOTING SUSTAINABLE CONSUMPTION THROUGH HIGHER EDUCATION

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ABSTRACT

The first decades of the 21 century have been considerably marked with the immense need for changing the harm and injustice that has been brought upon the natural and social order in the world. Unsustainable production and consumption, the need for more luxury and wealth have resulted in different social inequalities, the pollution of the ecosystem, the unsustainable exploitation of natural resources, which ultimately endangers human existence. The time has come for a different, more sustainable approach in the production of goods and services, as well as in their consumption.

The aim of the paper is to emphasise the importance of implementing the concept of sustainable consumption, for the purpose of altering unsustainable purchasing habits, and thereby directing consumers towards sustainable consumption patterns, in order to achieve social

cohesion, environmental protection and economic development. For the means of attaining a better insight into the functioning and implementation of sustainable consumption when it comes to the decisions of individuals, the research was conducted on a population of university students. Despite a high level of knowledge about eco products, the results explicitly showed a relatively low level of consumption of these products, primarily due to their insufficient information on their benefits. Therefore, promoting sustainable consumption require collaboration of universities with different stakeholders: governments (at global, national, regional and local levels), business and non-governmental organisations. The higher educational system, with its keen role in moulding young minds, must make a great effort in raising awareness on the importance of sustainable consumption, in order to improve the quality of life for all.
Keywords: *sustainable consumption, consumption patterns, eco products, high education, Croatia*

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DOES THE RELATION BETWEEN STATE AND MARKET AFFECT THE RETIREMENT AGE? A CROSS-SECTION STUDY FOR OECD COUNTRIES

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ABSTRACT

The paper discusses the very timely and important topic of retirement age. This problem seems to be crucial for contemporary pension reforms in many countries forced by deteriorating demographics. Many of them face the challenge of an increasing pensionable age, which usually meets with social resistance, although the economic reasoning for such a policy is rather obvious. However, in this study the problem of retirement age is related to pension regimes theory. The paper contributes to the literature on optimal retirement age as well as comparative studies on pension systems, including pension regimes

typology. The main goal is to answer the question whether the relation between state and market in a pension system affects the statutory and effective retirement age. The results of the study generally confirm the negative relation between the involvement of the state in a pension system and the statutory as well as the effective age of retirement. The empirical study is conducted on the basis of statistical data for 30 OECD countries. The method employed is mainly based on comparative analysis of selected statistical parameters, a hypothesis test for difference between means as well as correlation analysis. The paper consists of following sections. After an initial part of an introductory character, the literature on retirement age and pension regimes typology is reviewed. Then the conceptual framework for pension regimes typology employed in the study is presented. The next section includes the empirical study. The paper ends with a short and succinct conclusion.
Keywords: *Labour market, Pension, Pensionable age, Retirement, Retirement age*

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THE REQUIREMENTS AND OPPORTUNITIES FOR PROMOTION OF CROATIAN HEALTH TOURISM

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ABSTRACT

The paper deals with the possibilities of improving the supply and promotion of health tourism in Croatia. By analyzing the goals and procedures set forth in the Action Plan for the Development of Health Tourism in the Republic of Croatia and the activities undertaken to this end so far and considering the recent achievements of the countries with the most propulsive approach to and results in the promotion of the

treatment of foreign patients, this work identifies the key barriers to the development of Croatia's health tourism and Croatia as a destination that has all the possibilities to include in its rich tourism supply the health care services for foreign citizens and establish itself permanently in the international market. The suggestions for resolving the identified deficiencies, order of actions, descriptions of activities, coordination of responsibilities and the suggestion for a different approach to promotion made in this paper draw upon the Action Plan and are accompanied by concrete international examples the implementation of which should guarantee the exploitability of the rich natural, material and human resources of the Republic of Croatia in order to contribute to the global health tourism supply and visible changes on the economic map of this part of Europe and beyond.
Keywords: *Croatia, health tourism, media, promotion, public relations*

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MODELLING MIGRATION FROM THE EU CANDIDATE AND POTENTIAL CANDIDATE COUNTRIES TO THE EU MEMBER STATES

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ABSTRACT

The EU candidate and potential candidate countries have a long history of economic emigration to the EU member states. However, the recent influx of refugees from North Africa, the Middle East and South Asia to Europe has raised not only the political, but also traditional economic concerns of large immigration flows. In light of the recent migration developments and the increased migration fear index among the EU member states, the purpose of our paper is to answer the question if the fear of labour migration from the EU candidate and potential candidate countries to the EU member states is justified or not. In order to achieve this objective, we examine a number of determinants of migration from *the EU candidate and potential candidate countries to the EU member countries and specify and estimate an extended gravity model of migration, based on panel data analysis, for six EU candidate and potential candidate countries (Albania, Bosnia and Herzegovina, Croatia, Macedonia, Serbia and Turkey [Croatia became the 28th member of the European Union on the 1st July 2013]) and EU-27 member states in the period 2001-2014. Our results indicate that the difference in income level between the EU-27 and EU candidate and potential candidate countries, measured as real GDP per capita, the gross average monthly wages in the EU candidate and potential candidate countries and the stock of the EU candidate and potential candidate countries' nationals residing in the EU-27 member states as a share in the total population of the countries of origin are the main determinants of migration from the EU candidate and potential candidate countries to the EU-27. One of the most important finding of our analysis is that the achieved progress of the EU candidate and potential countries on their way towards full EU would have a positive, but only marginal significant impact on the emigration from these countries to the EU member states.*

Keywords: *EU candidate countries, EU potential candidate countries, gravity model, international migration, panel data.*

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FEMINISATION OF OIL-RESOURCE CRISIS IN NIGER DELTA IN NIGERIA

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ABSTRACT

Oil resource crisis in the Niger Delta has taken on different dimensions which are of serious concern both to the Nigerian rental state, the Transnational Oil Corporations operating in the region, and the international system as a whole occasioned by global political economy ramifications. The question of development has been in the front burner of every state in the international system. Oil extraction and processing as a development means for the Nigerian rental state produce a lot of genuine untoward externalities and costs socially, economically, and environmentally. Apart from the children, the most vulnerable are no doubt the womenfolk. This paper relies on social constructivism to provide explanation for the feminisation of oil-resource crisis in the Niger Delta, as this may not be adequately captured within the theoretical framework of any of the typical liberal and neo-liberal approaches. Even though the paper acknowledges that the women struggle for an equitable and distributive resource governance to bail the region out of resource curse contradiction has for the most part being peaceful, it raises concern over the long lifespan of their vulnerability as they are still much at the receiving end of the oil-crisis left-over, as well as the renewed post-amnesty conflicts in the region. With little or nothing to show by the Transnational Oil Companies (TOCs) in the form of Corporate Social Responsibility (CSR) as a social construct to mitigate oil resource governance crisis and its attendant negative socio-economic and environmental consequences with a view to restoring resource equity, and engender peace in the region, the feminisation of oil crisis in the region will continue without any end in sight at least in the foreseeable future. To avoid the likelihood that the feminisation takes the form of women employing their most powerful weaponry, it is required that the Nigerian rental state and its colluding

TOCs should as a matter of urgency prioritise intervening actions. These should be such that are geared towards good oil resource governance with genuine concern for gender equality, popular participation, and resource distributive justice as regards oil extraction and processing in the region. In particular, the TOCs should refocus and reenergise their CSRs towards facilitating real economic activities for the local women to effectively draw their attention away from the oil struggle in the region.
Keywords: *Feminisation, Oil-Resource Crisis, Resource Curse, Transnational Oil Companies (TOCs), Corporate Social Responsibility (CSR), Niger Delta*

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RELATIONSHIP BETWEEN RESEARCH AND DEVELOPMENT AND ECONOMIC GROWTH IN THE EU COUNTRIES

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ABSTRACT

The issues of economic growth and development are constantly re-evaluated, especially after occurrence and severe consequences of the economic and financial crisis of 2008-2009. The world trends are changing and market is more competitive as ever. These changes are

visible in several ways: increased competition from emerging economies, economic structure of countries is changing concerning the importance of manufacturing and services sectors, strategies of positioning in global value chains, geopolitical centers of power, as well as policy initiatives to foster competitiveness and economic growth and development. This paper empirically tested the Granger causality between R&D expenditure and gross domestic product growth in the period 2003-2013. We defined two variables: (1) gross domestic expenditure on research and development as percentage of gross domestic product and (2) gross domestic product (GDP) per capita annual growth rates on the sample of European Union countries. Unidirectional causality from GDP per capita annual growth rate to gross domestic expenditure on research and development with lag two has been confirmed at 5% significance level. Following Granger causality test results in our model we took GDP per capita annual growth rate as an independent variable and R&D expenditures as the dependent one. Afterword we used dynamic panel data and panel generalized method of moments as an estimator. Gross domestic expenditure on research and development on average depends on gross domestic expenditure on research and development previous year with coefficient 0.77 and on annual GDP per capita growth rate with coefficient -0.0073. Even though the sample countries are heterogeneous in terms of GDP per capita level statistically significant effects has been confirmed. The empirical results confirm that most developed European Union countries invest less, measured in relationship to the GDP per capita growth rate, but invest more in absolute terms. It is obvious that the European Union as an integration of rather heterogeneous countries faces many challenges with maintaining and strengthening its position on the world market. Also, the paper gives some overviews of fostering these activities in Croatia.
Keywords: *Croatia, EU, research and development*

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EGG MARKET IN POLAND AT THE BEGINNING OF THE XXI CENTURY

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ABSTRACT

This paper examines share price of the companies listed on the WIG-SPOŻYW and their fair value between 2006-2016. Data from Q1 2006 to Q1 2016 was collected from the Stooq.pl (Polish portal of shares). Two hypotheses are tested: (1) value of the shares based on the market price; (2) value of the shares as the fair value of shares.

The production of eggs takes place within the poultry segment – the egg production, which is an important component of the Polish food industry. It is systematically developing and modernising. The systematic increase in the production and export of eggs and egg products as well as the improvement of the technical and economic self-sufficiency of Poland in this field of management constitute a result of these actions. Like any other business, it needs to be modernised in order to meet the requirements of its consumers and win in a competitive market. Since it is the activity which is not directly related to the land, it should be a factor that activates and involves labour resources in the areas of large labour surpluses in agriculture.

Keywords*: Egg market, fair value of shares, company, market value of shares*

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COMPARATIVE ADVANTAGE OF TURKEY IN FREIGHT TRANSPORTATION SECTOR : IN COMPARISON WITH BRIC COUNTRIES

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ABSTRACT

Technological developments, increase of the international competition, reduction of the transportation costs and tariffs cause the realization of each process in a different country by dividing the production activities into smaller sub-processes having different factor intensity. This case increases the importance of the services sector, especially of the logistics and transportation services which have significant share in the services sector. Turkey with the geograghical position advantage it has being located on the intersection of the international transport corridors passing through Europe and Asia creates an important force of competition in the transportation sector. Starting from this idea, in the study, it has been aimed to reveal the competitiveness of the transportation sector in Turkey with the RCA (Revealed Comparative Advantage) index. In addition to this, the comparison of the competitiveness of the transportation sector which has gained importance with recently increased trade volume in Brazil, Russia, India and China which are referred to as BRIC countries has been aimed. In terms of international competitiveness, it is thought that the comparative analysis with these countries will play a guiding role in determination of the policies towards the future. In this context, firstly, the issues of competitiveness and comparative advantage will be mentioned and then, the general situation analysis of the transportion sector in Turkey and the BRIC countries will be included. Finally, assessments will be made by calculating the RCA index related with the transportion sector for Turkey and the BRIC countries.

Keywords: *Transportation Sector, Competitiveness, BRIC*

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PASSENGERS' TRUST IN INFORMATION SOURCES: EXAMPLES OF CROATIAN TRANSPORT ORGANIZATIONS

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ABSTRACT

The authors review the trends of trust in information sources, particularly dwelling on passengers' opinions in public, air and railway transport. Contextualizing the uncertainties such as traffic accidents that transport organizations often have to face, the paper diagnoses efficient channels for informing target audiences. The opinion poll carried out among the passengers using the services of Croatian transport organizations Zagrebački električni tramvaj (ZET), Croatia Airlines (CA) and Hrvatske željeznice (HŽ) shows that Internet-based sources of information are considered to be the most trustworthy. Users' opinions rank high on the list of reliable sources of information when it comes to seeking information on products and services. Further, the results indicate that the potential of these channels has been underexploited because passengers have not recognized them as information sources yet. The authors confirm that the traditional marketing tools for disseminating information are becoming inefficient given the investment made, which is primarily manifested in the lack of passengers' trust. In the opinion of the users of CA services, the company's official website provides the most information about the organization's activities. As for the users of HŽ services, their source of information are usually the persons they know. The users of ZET, on the other hand, rely on their personal experience.

Keywords: *information sources, media, trust, passengers, transport*

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HOW TO MEASURE DEBT SUSTAINABILITY IN DEVELOPED COUNTRIES? - A COMPARISON OF DIFFERENT APPROACHES

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ABSTRACT

Considering there is no single methodology for measuring debt sustainability in developed countries the paper compares two approaches most commonly used in the analysis: (1) influence of public debt to GDP growth rate which indicates different findings – positive influence if the debt is low and negative impact above some particular level of public debt; and (2) the impact of public debt to interest rates (spreads) that indicates if the country is able to get money in the international financial markets at low interest rates, the level of debt is sustainable. The results of many different empirical analyses have been extracted and the conclusion points the diversity of results, methodologies, sample countries, but also the lack of systematic methodology to measure the debt sustainability. There is also area to additional research which should involve debt inter-causality with the current account as well as the connection between the debt with the amounts received from the European structural and investment funds.

Keywords: *developed countries, economic growth, interest rates, public debt*

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THE DEVELOPMENT ASSISTANCE OF THE UNITED KINGDOM TO INDIA IN THE YEARS 1991 - 2014

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ABSTRACT

Nowadays international economic cooperation in the form of development assistance might need to be revised. Everyone is aware of significant economic growth of some developing countries as Brazil, China, Mexico, to mention a few, which causes the world to change dramatically. Then, donors of the aid need to adjust to the new condition. A good example of this process is relation between the UK and India. The British policy on development assistance has played a meaningful role in their international relations in recent years. On the other side, India is widely recognized as one of the world's fastest-growing economies. Nevertheless, it could still be considered as a developing country - where poverty is falling fast but it remained the serious issue.

The paper is an attempt to present the bilateral development assistance from the UK to India over almost the twenty-five years, since Indian government started liberal reforms in 1991, to examine the argument that the British are one of the leaders in development assistance and to raise the problem of future perspectives of development cooperation. This article briefly explains the evolution of the British assistance, especially in relation to Indian economy which was the main recipient of their aid.

Keywords: *development, development assistance, India, the UK*

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THE ROAD VISUAL INSPECTION MECHANISMS OF THE FREIGHT ROAD TRANSPORTS IN THE EUROPEAN UNION FROM A LEGAL AND ECONOMIC PERSPECTIVE

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ABSTRACT

The free movement of goods, services, persons and capitals are the pivot and the basis of the European Union (E.U.) construction. This paper is focusing on goods. However, this free movement of goods requires a solid legal framework governing the freight road transports in the member states provide the road visual inspection mechanisms by the joint inspection teams. The objective of this paper is to present these visual inspection mechanisms for selected member countries that are the nexus of this freight traffic, analyze them from a legal point of view and recommend measures for survival, improvement and growth of this crucial sector in the European economy, specifically the E.U. regional development.

Keywords*: freight, inspection, mechanisms*

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ASSESSING THE IMPACT OF NON-PERFORMING LOANS ON ECONOMIC GROWTH IN TURKEY

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ABSTRACT

The purpose of this study is to determine the effects of non-performing loans (NPL) in the Turkish banking sector on the economic growth. An econometric model regarding the factors affecting the economic growth was created. The present study has used the quarterly data between the years 1998Q1 and 2015Q3. Databases are provided by the Central Bank of the Republic of Turkey and Turkish Statistical Institute. Data analysis was performed with software package Eviews 8. The data analysis including the unit root test was conducted in the Augmented Dickey – Fuller (ADF) and Phillips – Perron (PP) methods and Granger causality test. In this study, unit root tests were carried out primarily in order to examine the stability of the series, and simple regression model was estimated as a result of the unit root tests. In the present study, the relationships were between variables in the determination of the model were estimated with ordinary least squares (OLS). In accordance with the results of the empirical analyses in Turkey, there is a causality relationship between non-performing loans and domestic credit volume of the Turkish banking sector. Granger causality tests show that these relationships are bivious. Non-Performing Loans, gross domestic product (GDP) at constant prices, public sector expenditure at constant prices (PS) and private sector expenditure at constant prices (PSE), domestic credit volume (CV), total loan interest income (I) are the most significant sub-items of the economic growth. In another respect, it is expected to have the causality relationships between NLP, GDP, PE, PSE, CV and I which are the sub-items of the economic growth.

Keywords: *Bank Loans, Economic Growth, Multivariate Regression Analysis, Non- Performing Loans*

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DETERMINANTS OF IMPAIRED LOANS AND DOUBTFUL LOANS IN ITALY

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ABSTRACT

The work aims to investigate the incidence of banks' size and financial and macroeconomic indicators on the ratio of impaired loans to gross loans and on the ratio of doubtful loans to total asset. The financial indicators are return on average assets and cost income ratio, as indicators of profitability and efficiency of the bank, while macroeconomic indicators are the inflation rate and the unemployment rate. The study focuses on Italian banks over the period 2008-2014, these are crisis years in which the incidence of impaired loans has grown considerably. The analysis is conducted on a sample composed of 60 Italian banks, divided into 20 joint stock banks, 20 cooperative banks and 20 popular banks. The analysis method is based on multivariate panel regressions models. The empirical analysis shows that the ratio of impaired loans to gross loans and the ratio of doubtful loans to total asset are negatively related to return on average assets and to banks' size. Therefore, these two variables exert a positive influence on loan quality.

The ratio of impaired loans to gross loans is also negatively related to the cost income ratio. Regarding the macroeconomic determinants, results point out that there is a positive relationship between the unemployment rate and both dependent variables. The unemployment rate exerts a negative influence on loan quality.

***Keywords**: bank, doubtful loans, impaired loans, non-performing loans*

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FORMULATION AND TESTING OF A LOCAL ECONOMIC DEVELOPMENT POTENTIAL ASSESSMENT TOOL

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ABSTRACT

Local economic development (LED) is globally recognized as a tool to accelerate economic development in local regions. The aim of this research was to formulate and test a tool to assess the economic development potential of a local region, as such as tool does not exist. Various regions could be assessed and compared using the tool. The development potential of a region has been formulated as the total of local resources (r) multiplied by the local capacity (c). Various factors have been identified which contributes to the extent of the local resources and capacity. The tool was tested in the "Vaal-Triangle" region which includes municipal areas of Emfuleni and Metsimaholo in South Africa. In testing the tool in the study region, it was found that both areas had low economic development potential indexes of below 30. The tool identified which factors are allowing for this low index and those factors needs to be addressed in the local LED strategy. The tool, if applied in local regions, will allow local LED practitioners to assess potential and to formulate strategies to improve the potential.

***Keywords:** Local economic development, development potential, assessment tool, case study*

THE ROLE OF REAL ESTATE DERIVATIVES IN HEDGING REAL ESTATE: AN EMPIRICAL ANALYSIS OF THE U.S. COMMERCIAL MARKET

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ABSTRACT

Today, real estate today is used as an important investment vehicle owing to its many benefits, including diversification and ability to yield real returns. Real estate prices can be volatile in the short run, and therefore, investors need to hedge themselves to avoid negative returns. This problem is due to the systematic and unsystematic components of real estate risk. Systematic risk refers to risk that applies to all similar properties, while unsystematic risk refers to risk that applies only to the property that needs to be hedged. The systematic component of real estate risk can be mitigated by proper use of real estate derivatives, such as forwards, futures, options and swaps. These are instruments whose underlying asset is the index, which is composed of real estate in the region with a similar purpose as the property being hedged. This study examines some of the major benefits and difficulties of using real estate derivatives for hedging real estate, using data from the U.S. commercial real estate market, such as those from Ishares U.S. Real Estate Exchange Traded Fund, General Growth Properties Inc., Simon Property Group Inc., The Macerich Company, and Vornado Realty Trust. The daily data are from the period June 19, 2000 and August 24, 2015, with 3,820 pieces of information for each variable. The study aims to investigate the statistical integration in the U.S. commercial real estate market, using Johansen's cointegration test. The research helps provide a better understanding of the real estate derivatives market and has important implications for academicians, practitioners, and policy makers.

Keywords**:** *Cointegration, Derivative Contracts, Indexing, Real Estate, Risk Management*

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A SEEMINGLY UNRELATED REGRESSION ANALYSIS ON THE TRADING BEHAVIOR OF MUTUAL FUND INVESTORS

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ABSTRACT

This paper provides a comprehensive investigation on the causality relationship between fund performance and trading flows. We analyze if investors behave asymmetrically in fund purchasing and selling by seemingly unrelated regression which comprises several individual relationships that are linked by the fact that their disturbances or the error terms are correlated. The empirical result shows a significantly negative relationship between fund performance and purchase flows for domestic funds.

The magnitude of domestic funds redemption negatively affects current return, but not for international funds. As previous fund return positively affects current net flows, the further lagged performances have no significant impact on the trading flows, revealing that fund investors are sensitive only to short-term past performance.

Most importantly, while negative fund performance leads to the increases in redemption, positive performance contrarily leads to the decreases in purchase.
The evidences strongly indicate an asymmetry behavior of fund investors in the return-purchase causality relations.
Keywords*: *Fund performance, Fund flows, trading behavior, Seeminglyunrelated regression

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THE EFFECT OF SERVICE QUALITY DIMENSIONS ON CUSTOMERS' LOYALTY THROUGH CUSTOMER SATISFACTION IN JORDANIAN ISLAMIC BANK

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ABSTRACT

This research aims to study the effect of banking Service Quality Dimensions on customers' satisfaction, and customers' loyalty; the dimensions include tangibility, reliability, empathy, responsiveness, and Assurance, Data were collected through questionnaires forming a representative sample. A total of 250 questionnaires were distributed to Jordanian Islamic Bank customers in Amman city, the findings indicated that there is a positive effect of Tangibility, Reliability, Empathy, Responsiveness, Assurance, on customer satisfaction toward customers' loyalty. The results of study support Hypothesis of study (H1, H2, H3, H4, H5, and H6) (2), the data indicate that the findings of Hypothesis are significantly and positively related to customers' loyalty.
***Keywords**: Service Quality Dimensions, Customer satisfaction, loyalty, Jordan*

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THE FLEXIBILITY OF THE INFLATION TARGETING SYSTEM: A DYNAMIC PANEL DATA ANALYSIS WITH FRAGILE ECONOMIES

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ABSTRACT

The transitivity from exchange rate to inflation rate should be limited in inflation targeting system for the success of the strategy. Despite the fact that this transitivity has been decreased in recent years, exchange rate is still one of the main determinants of inflation in fragile economies with high current account values. Exchange rate increases detached from economic fundamentals are reflected to the prices in high percentages. Therefore, overvaluations or disvaluations require a monetary policy reaction. Changes in exchange rates should be considered when creating inflation expectations due to the impact of exchange rates on inflation. Depreciation in exchange rates began with the announcement by Fed that it will gradually exit from quantity easing. Inflation targeting has gained new flexibility to deal effectively with real economic instabilities according to recent empirical literature thanks to its ability to anchor inflation expectations. The objectives of the study were to make judgments about whether inflation targeting is a flexible monetary system or not by determining the strength of its anchoring effect on inflation expectations and to suggest some political recommendations according to the obtained results. In order to accomplish this objective, the relationship between exchange rates and inflation expectation will be analyzed via the dynamic panel method.It can be stated according to the acquired results that exchange rate continues to be an important indicator of inflation expectations for the sample group during the examined periods.

Keywords: *Exchange Rate, Flexible Monetary Policy, Inflation Expectation, Inflation Targeting*

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THE ASSESSMENT OF THE COMPARATIVE EFFICIENCY OF REFORMS OF COUNTRIES WITH THE HELP OF FACTOR ANALYSIS

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ABSTRACT

The theoretic and empirical idea of the research is related to the fact that all countries are included in the globalization process of the world economy in order to surmount both internal and external challenges. In practice the authorities of various countries try to solve the problems with the help of both tactical and strategic programs. Considering the historic experience of different countries governments of those countries overcome the issues with different efficiency that leads to huge differences in the welfare and the quality of life in different economies. In general, the governments of countries develop and implement transition reforms to get over the issues. The quantitative comparative assessment of the results of those reforms are expressed through different indexes developed by different organizations. We have tried to develop theoretic and methodological points that and create an integral index that will include as many indexes as possible that reveal the comparative effectiveness of reforms in various areas. The methodological approach of our assessment is based on two parameters:

1. *the change of the score of the country by different indexes for two periods of time,*
2. *the change of the rank of the country by different indexes for two periods of time.*

Based on above-mentioned two indicators new indicators are created that reflect reforms of countries and the classification of countries represent their comparative effectiveness.

Keywords: *Reforms, effectiveness, assessment, transition, methodology, development*

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REINDUSTRIALISATION AS THE BACKBONE OF THE NEW DEVELOPMENT PARADIGM IN TRANSITION COUNTRIES

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ABSTRACT

Without denying the importance of the initial economic, political, geographical, historical and other circumstances of the individual countries at the time they entered the transition, there is ever more reason to believe that the reasons for their falling behind should be sought in their lack of understanding and recognising that there has been a change in the development paradigm. At the same time, globally, the ever more intense competition threatens the survival of both the companies which are capable of transforming themselves to become innovative, productive and responsive to the pressures from the environment, and the whole national economies. Consequently, when it comes to finding a new formula for the development in transition countries, it is argued that the today's multi-polar world requires a new development paradigm, specifically designed to tackle problem of deindustrialisation amongst other things. In other words, overcoming the deadlock in the development of the countries in transition is possible only through a "new" framework, i.e. by accepting a "new" paradigm of the economic development and reactivating entrepreneurial economy. The paper seeks an answer to the question of whether it is possible and how to reverse the concept of development in the countries in transition towards a greater global equality in wealth, in the light of re-opening the issue of their re-industrialisation.

Keywords: *Competitiveness, New Economy, Reindustrialisation, Transition*

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THE IMPORTANCE OF COLOR AS A MARKETING TOOL IN TOURISM

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ABSTRACT

In current times of frequent changes, marketing experts must innovate, think fast and be one step ahead of their competition. Every introduction of a new product is initialized by strong impulses from the market, whether it is enhanced by customer wishes or by the attractiveness of the competition. The fact is that energy of each colour hue has emotional and psychological properties, which is used as a tool in informal communication in the aim of long term memory. When designing new, or renovating existing spaces in hotels, designers do not choose a colour randomly, but with the aim of transferring a certain message to the customer about the product or service. The aim is to influence an observer's visual perception, mood and behaviour, by harmonious relations of colours. Furthermore, some hues stimulate productivity and creativity of the employees, so if the harmonious relation among colours is achieved, some very positive effects on business activity can be accomplished.

The research was based on the assumption that wrong colour choice in marketing communication could cause negative perception of milieu respectively information receivers. Testing was performed on 182 respondents (ages from 30 to 60 years), according to psycho- physical method of constant stimuli based on Stevens' method of evaluation of colour hue influence on psychological experience of a colour hue

stimulus, in hotel advertising. Statistical analysis of results was performed by methods of descriptive statistics, Kruskal-Wallis ANOVA and Median test. It has been shown that green and blue hues of high chroma are less noticeable.
Corporations and distinguished brands can easily influence their customers if they use the right colour combination which will prove their wealth, authority, social influence and acknowledgement.
***Keywords**: colour as communication element, colour energy, visual perception, marketing communication, business competition, tourism*

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RISK AS A DRIVING FORCE OF CONTEMPORARY SOCIETIES, ECONOMY & POLITICS

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ABSTRACT

This paper discusses understandings of risk as a driving force of societies not only as a tenet of the risk society thesis but also in terms of the economy, risk governance, risk regimes and as a technology for risk governmentality. Risk policies has also, during the last couple of decades, been developed in association with concepts such as vulnerability and resilience which we would say, implicates a certain understanding of the world. The dilemmas of materialism and idealism in addition to actors and structure will be analysed in relation to how risk concepts express notions of social, economic and political stability or instability and relationships between individuals, organisations and

societies in different ideological systems, e.g., liberal or state-oriented. We suggest that there is a need for a genealogical questioning of the relationships between the self, markets and society, a questioning that can illustrate the contingency of these relationships, or, as we would have it, release them from their black boxes. Using illustrative local examples we will reflect upon the role of individualisation, marketization, and globalisation and anticipated catastrophes for the governing through risk. The analyses show the interaction between economic, social and technical systems through the normalisation of risk (de)responsibilisation and that the developments of neoliberal governance in terms of freedom and security interacts with the management of global terrorism and climate change.
Keywords: *Economic globalisation, Individualism, Risk Societies*

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THE ROLE AND IMPACT OF E-COMMERCE ON CONSUMER BEHAVIOUR

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ABSTRACT

Electronic commerce refers to the 'buying and selling of information, products and services via computer networks' (Kalakota & Whinston, 1996). Bloch, Pigneur and Segev (1996) extend this to include 'support for any kind of business transactions over a digital infrastructure.' Thus, broadening the definition to absorb activities such as the provision of information to consumers, marketing and support activities. In effect, all the activities, which are common to the combined efforts of each of the three channels conventionally used in the buying and selling process, these being, communications, transaction and distribution channels. Consequently, in an online environment a web site is able to advertise products, allow consumers to pay for them, and in the case of digital software, distribute the product via a download (Li, Kuo & Russel,

1990). Concerning non-digital products, communications and transaction functions can be achieved on a web site but not distribution. Therefore, depending upon the product, from a business to consumer (B2C) perspective, electronic commerce has the potential to be used in all phases of a commercial transaction, and in turn, will have significant implications for the retailer. The aim of this paper however, is to set out to bring together aspects of consumer behavior that the researcher considers are pertinent to a retailer striving to meet consumer needs in an online environment. In doing so, this paper will be focusing upon the consumer information search process and consumer value. However, with both attempting to determine how online retailers are firstly facilitating the search process and secondly, offer consumer value via their web site. Finally, the ultimately aim of this paper will be to establish how retailers are striving to motivate consumers to buy online.
Keywords: *Consumer behavior, E-commerce, Information Processor, Optimism, Purchase behaviour*

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FINANCIAL STRUCTURE OF STOCK COMPANIES IN MONTENEGRO IN THE FUNCTION OF PROFITABILITY

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ABSTRACT

The financial structure of the company refers to the structure of financing of business assets and concerns the relationship between their own and borrowed sources of financing. Financial strategy of the *company, as a part of business strategy, has one of the main financial objectives: to achieve desired financial result, which would guarantee the preservation of their own capital and the realization of the principle of continuity. One of the company's financial goals is to provide optimal financial structure that has the purpose of maximizing business performance. The aim of this paper is to determine the degree of correlation between financial structure (measured by indicators of indebtedness and interest coverage) and profitability (measured by profit rates and rates of return on equity). This paper seeks to answer the question of cause and effect in the context of financial structure and profitability of the company: whether a certain financial structure (higher or lower indebtedness) causes more or less profitability, or there is a reverse effect. Empirical research is conducted in the case of joint stock companies in Montenegro, which according to the Law on Accounting and Auditing of Montenegro have the obligation to draw up quarterly financial statements. It should also be noted that the legal form of companies is one of the factors of the financial structure, and consequently, this research can be the basis for further analysis in the case of other legal forms of enterprise.*

Keywords: *financial structure, profitability, correlation, joint stock companies, Montenegro*

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FAST FOOD CONSUMPTION HABITS OF YOUNG PEOPLE

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ABSTRACT

This study has been applied to 400 students studying at the Faculty of Economics and Administrative Sciences in Ordu University in order to determine their fast-food consumption habits. According to the results of the research, it has been determined that a clear majority of the young (84%) consumes fast-food and this ratio is higher among female students. Students prefer consuming fast food 0-3 times a week (51,2%) and in their lunch times(52,7%). Students mainly prefer soft drinks (80,7%) and/or tea (71,1%) as beverages along their fast food meals. Among the main reasons why students prefer fast-food are that they study at school (65,2%), fast-food products are delicious (64,3%) and cheap (63,0%). It has been determined that although a great majority of the participants (61,3%) think that fast-food consumption habit has negative effects on human health, only 23,8% of them think of taking precautions against these negative effects of fast food consumption in the future. Within the scope of this research, Chi-square teest has been used in order to understand whether there is a significant relation between fast-food consumption habits of students and the independent variables of gender; residence and monthly income. According to the results gained, whereas there is not a difference between the gender of students and their fast-food consumption habits, significant differences have been found between fast-food consumption habits of the students ad their residence, hometown, and monthly income.

Keywords: *The young, Fast-food, Consumption Habits, Ünye*

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COMPARATIVE ANALYSIS OF EMPLOYMENT TENDENCIES IN THE CIS COUNTRIES

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ABSTRACT

The abstract gathers information on the labour markets of the Commonwealth of Independent States member countries available by 2014 and draws recommendations based on comparison to developed countries. Comparative analysis of tendencies of employment in the Commonwealth of Independent States member countries is a main objective of the research. Studies of the current situation in labour markets that have an impact on formation of tendencies of employment in the member countries is also carried out. Official statistical data of the Interstate Statistical Committee of the Commonwealth of Independent States, Eurostat, OECD iLibrary have been chosen as a methodological base of research. As a result, of the research on the basis of the revealed problems of functioning of the labour markets in the Commonwealth of Independent States member countries we developed recommendations for effective employment of the population and to further transformation of labour markets of the developing countries according to the experience of developed countries.

Keywords: *Commonwealth of Independent States, flexible employment, labour market, labour resources, unemployment.*

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ESTIMATING VALUE ADDED TAX GAP IN TURKEY

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ABSTRACT

As an important issue in the fiscal structure of a country, tax gap is defined as the difference between tax burden that the taxpayer should face and the amount actually paid. In this study, tax gap was evaluated by the framework of the Value Added Tax. The reason behind this choice, i.e. Value Added Tax Gap (VAT Gap) is to make an effort to evaluate the efficiency of the tax administration, the compliance of the tax payers and the relationship between policy gap and the compliance gap. With this aim, VAT Gap and the various methods to calculate this gap were examined. Furthermore, based on the reports by the European Commision, VAT Gap in Turkey for 1993-2014 period were estimated and evaluated by employing topdown method.

Keywords: *Compliance Gap, Policy Gap, VAT Gap*

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KNOWLEDGE LEVELS OF THE CONSUMERS ABOUT ECO-FRIENDLY PRODUCTS IN EDIRNE - KESAN DISTRICT SAMPLE

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ABSTRACT

The consumption behaviors which covary with globalization create negative effects for the environment. The increasing environmental consciousness of the consumers have caused their environmental concerns to raise in time. Thus, the consumers have been trying to change their purchasing behaviors and they show a tendency to purchase eco-friendly products more. Within this scope, the relations between the consumers' acquaintance with eco-friendly products and their behaviors of purchasing eco-friendly products according to their demographics have been examined. The data that were used in the study have been obtained from face to face interviews with 143 families in Keşan district of Edirne. In the research, it has been determined that 59;4% of the consumers are acquainted with eco-friendly products and 35,7% of them purchase eco-friendly products. In the Chi-square analysis, a significant relation has been determined between age, education, occupation, marital status and acquaintance with green products. Additionally, a significant relation has been found between age, education, income and purchasing of green products, as well.

Keywords: *Consumer, eco-friendly product, level of knowledge, purchasing*

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THE CHANGING LANDSCAPE OF VOLUNTARY PENSIONS IN THE CEE REGION

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ABSTRACT

The main aim of this paper is to assess the significance of voluntary pensions in selected CEE countries and to discuss the changes in the role of the third pillar. The study provides insight into the recent reforms and implemented solutions with respect to the supplementary pension schemes in Bulgaria, the Czech Republic, Croatia, Hungary, Poland, Romania and Slovenia. The empirical study analyses the development of voluntary private pension plans in these countries in the time span between 1998 and 2015 using statistical data on the assets of the third pillar pension plans, the contributions paid and the membership.

Keywords: *CEE countries, pension system, third pillar, voluntary pensions*

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SOLUTIONS FOR ECONOMIC DEVELOPMENT IN RURAL REGIONS: THE CASE OF THE NORTHERN FREE STATE REGION

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ABSTRACT

Globally more than 50% of the world population are urbanized. Rural regions, specifically in developing countries are in socio-economic decline. This research has the primary aim to analyse the state of rural development in South Africa. Rural development is defined as a process *of sustainable development leading to significant improvement in quality of life for the total population in the region, and especially the poor. More than two-thirds of the world's poor population live in rural regions. South Africa has similar rural poverty statistics. Rural regions in this country have deteriorated over the last two decades due to a lack of sustainable support for these regions. The government has since 2010 prioritized rural development in an effort to intervene in poverty and poor service delivery, but the implementation of a comprehensive rural development strategy is still not integrated or successful. The research methodology included a theoretical review of rural development in South Africa, and a case study focusing on the Northern Free State region. The Methodology also included a qualitative assessment of the study region, indicating below average compliance with best practice principles. Requirements for successful rural development and best practice rural development guidelines were also formulated for the study region in reducing poverty and to stimulate development. Some of the research findings include the discovery that rural regions have the potential to be popular again for reasons such as a quality rural environment, technological "space shrinking" and food security. Rural development requires a strong and committed government: strategies should focus on specific labour intensive economic sectors, such as tourism and agro-processing which links to manufacturing. Of further significance is the development of indigenous knowledge as well as the protection and maintenance of rural towns as service centres.*

Keywords: *Best practice, Northern Free State region, poverty, rural development, solutions*

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PSYCHOLOGICAL EMPOWERMENT AND EMPLOYEE BEHAVIORS EMPLOYEE ENGAGEMENT AS MEDIATOR AND LEADER-MEMBER EXCHANGE AS MODERATOR

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ABSTRACT
The objective of this study is to determine the association between psychological empowerment and two behavioral outcomes of employee (i.e. organizational citizenship behavior and knowledge sharing behavior) by examining the mediating role of employee engagement and moderating role of leader-member exchange. A survey was completed by employees working in different corporations and jobs. The data were collected by self- administered questionnaire and analyzed by using correlation and regression analysis. Results indicate that psychological empowerment positively influences organizational citizenship behavior and knowledge sharing behavior. In addition, employee engagement partially mediates the relationship between psychological empowerment and organizational citizenship behavior and fully mediates between psychological empowerment and knowledge sharing behavior. Psychological empowerment has positive significant relationship with the employee engagement whereas leader-member exchange does not moderate the relationship between psychological empowerment and employee engagement. The implications of these findings are discussed.

Keywords: *Employee Engagement, Knowledge Sharing Behavior, Leader-Member Exchange, Organizational Citizenship Behavior, Psychological Empowerment*

FINNISH HIGH-IMPACT ICT SMES AND ECOSYSTEMS

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ABSTRACT

It is a well-known fact that the Finnish economy is treading water. The globalisation makes it necessary for firms and policy makers to be able to manage complex international business relationships in a nimble manner. This paper studies the characteristics and role of high-impact small and medium-sized companies (HISMEs) of the information and communication technology (ICT) cluster in the Finnish business environment. From a national point of view, this subset of the whole enterprise population is of particular interest, since these companies have both managed to grow their sales significantly, as well as greatly increase the number of people they employ. We utilised a database comprising the financial information of over 80 million European companies to identify all Finnish HISMEs. We analysed in detail 125 SMEs that met the criteria for a high-impact SME operating in the ICT cluster. The results indicate that the firms studied contribute considerably to the growth and stabilisation of the Finnish economy. Furthermore, we found that HISMEs in the ICT cluster include a high proportion of medium-sized companies and the companies are mainly located in four regions in Finland.

Keywords: *High-impact SMEs, company growth, financial performance, business ecosystems, entrepreneurship policy*

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THE AUDIT COMMITTEE INFORMATION SOURCES: A DISADVANTAGE OF THE TWO-TIER SYSTEM

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ABSTRACT

There are two leading corporate governance systems established in the world today: a one-tier and a two-tier system. Distinctions between the two systems are decreasing, with audit committee being one of convergence factors. Nevertheless, legal status of audit committee in a two-tier system is still not fully comparable to its legal status in a one-tier system. One of the differences that remain even after the most recent reform of the EU audit law relates to the possibility of obtaining information, and high-quality information is one of essential conditions for effective functioning of audit committee. In a two-tier system, legally regulated information sources of supervisory board - and thus also of the audit committee - are the following: regular and special management reports, the auditor of annual financial reports, external supervisory board experts and the right of access to incorporated information. The dilemma is whether the audit committee has an option to obtain information directly from the company's employees. In this respect, the question of possible direct communication between the audit committee and internal auditor is central to the discussion. This issue is specific to the two-tier system. According to prevailing opinions in theory of the two-tier system, this possibility of direct communication is allowed only in exceptional cases. However, authors of the article are observing that this strict approach is slowly weakening and a trend of gradual convergence of internal auditor and supervisory board can be noted. The interaction between the audit committee, the auditor of annual reports and internal auditor is one of the indicators of good corporate governance.

Keywords: *Audit Committee, Corporate Governance, Information Sources, Internal Auditor, Two-Tier System,*

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THE CONCEPTUAL FRAMEWORK FOR INTEGRATING MARKET AND DESIGN ORIENTATION WITHIN MARKETING

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ABSTRACT

Purpose: *While the role of other functions within marketing are continuously researched and measured, the role of design has been neglected. The main purpose of this study is to propose the initial conceptual model investigating relationships between design and market orientation.*

Design/methodology/approach: *Existing models of market orientation (MO), design orientation (DO), and design management (DM) are investigated. The background of the market orientation and design orientation construct are explained. The initial conceptual model based on theory is proposed as the starting point for future research. The preliminary qualitative research has been executed in this stage of the research.*

Findings: *The qualitative stage deals with the potentials of design orientation from the managers', as well as the designers' perspectives. When analyzing the results, we come to a conclusion that differences between the two groups of examinees exist, mostly in their perception of design.*

Originality/value/implications: *The challenge is to propose a new model of managing design within the marketing concept, with the purpose of better cooperation between all the stakeholders involved, bringing better business results in different environments. The new design orientation-market orientation model contributes to both marketing and design scholars, as well as marketers, designers, and managers in practice. The results of this study may provide a basis for future research on the topic.*

Research limitations: *Investigating the relationship between MO and DO is at an early stage; furthermore, both concepts, as well as the relationships, are very complex and multidimensional.*
Keywords: *conceptual model, design management, design orientation, market orientation, relationships*

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FACTORS AFFECTING CAPITAL STRUCTURE: A PANEL DATA ANALYSIS ON BORSA ISTANBUL

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ABSTRACT
The aim of this paper is to reveal the factors affecting capital structure. In the paper, the factors affecting capital structure is examined by testing 77 Turkish manufacturing firms traded on Borsa Istanbul, with 308 observations from 2010 to 2013. Non-manufacturing firms were not included in the study since their incentives are different compared to manufacturing firms. In the paper, different levels of leverage are employed as proxies for capital structure. Using Leverage (LEV) and Debt to Equity (DE) as proxies for capital structure (leverage) on panel data analysis, the significant relationship is found between independent variables used in models and capital structure. Size, profitability, tangibility, growth opportunity, equity turnover, dividend paying and maturity are used as the firm's specific variables that affect a firm's capital structure decision. In addition, Altman's-Z score is employed as proxy for bankruptcy risk. Empirical results present that there are significant relationships between firm's specific variables and capital structure, except equity turnover. The coefficients of bankruptcy risk as measured by Altman Z score for all models are negative and significant. General evaluation suggests that the obtained results conform to the trade off theory better than the pecking-order theory.
Keywords: *Altman Z Score, Pecking Order Theory, Trade off Theory.*

IMPLEMENTATION OF THE BUSINESS IMPACT ANALYSIS FOR THE BUSINESS CONTINUITY IN THE ORGANIZATION

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ABSTRACT

Business Continuity Management (BCM) aims to reduce risks and develops plans for restoring business activities if they are interrupted by a disaster. As business are increasingly dependent on IT services, the objective of IT Service Continuity Management (ITSCM) is to support the overall BCM by ensuring that required IT infrastrucure (IT services) can be restored within optimal costs and time after a disaster. The business impact analysis (BIA) as well as the risk analysis are very important phases of the BCM process in order to determine the critical business processes and their priority for the recovery in the case of outages caused by disasters. The purpose of the paper is to conduct the business impact analysis within the specific trade organization in Croatia. The obtained results can be used to further the implementation and maintenance of the business continuity in the same organization.

Keywords: *Business Continuity Management (BCM);IT Service Continuity Management (ITSCM); Business Impact Analysis (BIA)*

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HUMAN CAPITAL MANAGEMENT: MONITORING OF THE INTERRELATIONSHIPS CO-WORKERS IN ORGANIZATIONS IN THE CZECH REPUBLIC

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ABSTRACT

Monitoring of the interrelationships co-workers are an essential prerequisite for successful human capital management. The goal of this paper is to identify the current trend of the most competitive companies in the Czech Republic based on the monitoring of communication and relationships between employees. Furthermore, the paper aims to answer a research question relating to the existence of a correlation relationship between monitoring employee collaboration and enterprise size by number of employees. The goal of the survey research was to map the current state of the investigated problematic and its trends. The methodology of this paper is based on Spearman correlation analysis. The basic sample for the survey encompassed the most prevalent sectors found in the first 100 most significant companies in the Czech Republic. To ensure a credible sample of respondents was determined by clear criteria and the selection of those organizations was secured using database information system MagnusWeb. The overall comparison of acquired data presents current trends in human capital management and provides the answer to the research question. The results indicate the possible use of modern technologies for more effectively monitoring of communication and relationship between employees in the form of enterprise social networks. Furthermore, the use of the latest trends, innovations in technology for managers doing have been discussed, to achieve effective leadership and present the vision for the future research. This paper tries to highlight the fact that it is necessary to follow the latest technology and adopt new sophisticated tools to ensure effective human capital management.

Keywords: *Human Captial Management, Interrelationships, Co-workers, Organizations*

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INNOVATION BEHAVIOUR AND R&D PERFORMANCE OF SMES: THE MODERATING EFFECT OF REGIONAL DYNAMISM

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ABSTRACT

In recent years, the causes and effects of regional variations in economic performance and their link with innovation have been attracted considerable attention by policy makers and various scholars. It is evident from the literature on regional competitiveness and innovation that the role of the firm has been seen as a critical within the innovation system of a region. Therefore, this study seeks to cast some light on the innovation performance and characteristics of the firms operating in the Gaziantep province.

This study aims to convey a reliable picture on the current state of affairs regarding the Gaziantep SMEs modus operandi with regards to innovation and at the same time to identify critical gaps in R&D and innovation involvement of the SMEs, that if left without a training and capacity building response, may seriously impede the developement of the Gaziantep Province economic competitiveness.

The study establishes the needs and requirements in the fields of R&D and Innovation in all identified SMEs. It provides and overall insight of a broader sample of innovation and technology intensive SMEs in Gaziantep. More particularly, using survey data from 254 SMEs. The research identified that:

- *Innovation performance of Gaziantep SMEs*
- *Innovation characteristics of Gaziantep SMEs*
- *Main sources of innovation*
- *Attitudes towards innovation*

The collected responses were transformed into numbers in order to analyze using SPSS and STATA (statistical software). T-test and one-way ANOVA test have been generated to define the statistic and theoretical significances between the groups of each question and to identify relationships between different variables.
Keywords: *Innovation behaviour, R&D performance, Regional dynamism*

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THE EFFECTS OF PERCEIVED SERVICE QUALITY FOR CUSTOMER LOYALTY IN AIRLINES

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ABSTRACT

Tourism makes a major contribution to the global economy. It directly contributed about $2 trillion to world GDP in 2015 and provided over 105 million jobs globally (3.4% of total employment) by the help of development in transportation features. Growing continuously from the 1950's, airline transportation is extremely important in promoting the country's economy. At first years, air services took a place in people's life as fast, safe and regular but privileged transportation because of high costs. Recently, dizzying improvement in features such as comfort, speed of transport and security with economical prices transformed airline transportation as a mass. Because of its intensive use of infrastructures, the transport sector is an important component of the economy and a common tool used for development. This is even more so in a global economy where economic opportunities have been increasingly related to the mobility of people, goods and information. High quality transport infrastructure is a prerequisite for sustained economic growth and for maintaining competitiveness in a

developed economy. In this context, measurement of the expectations and satisfaction of flight passengers has an important role in determining the factors affecting the passenger experience. In this study, unlike the former studies in the literature, flight service quality will be evaluated through criteria of the most respected airline passenger satisfaction programs compared with a scale to measure the degree of passenger satisfaction. Desired analysis will be applied in order to determine the factors affecting the passenger experience to offer solutions for the prescribed quality.
Keywords: *Airlines Industry, Customer Loyalty, , Perceived Service Quality*

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IMPACT OF JOB SATISFACTION (JS) FACETS ON INTENT TO LEAVE (ITL) FOR HUMAN RESOURCES EXPERTS (HRE): A STUDY FROM TURKEY

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ABSTRACT

Human Resources Experts (HRE) are responsible for increasing their organization employees job satisfaction and decreasing their intention to leave. However, their job satisfaction has been a relatively understudied area in Turkish literature. This study tried to investigate the HREs job satisfaction (JS) level and its relation to Intention to Leave (ITL).1,100 e-mails were sent to the HREs all over Turkey who are registered on LinkedIn and have the connection with the authors. A total of 317 usable questionnaires were returned (29% return rate). Spector's Job Satisfaction Survey and Cammann et al. Intention to Leave scale were used in the survey. Correlation and regression

analyzes were used to identify significant predictors of intention to leave. The correlation analysis showed that HREs job satisfaction factors were negatively associated with their intention to leave [r=-,69, p=0.01]. Further explanations about the job satisfaction factors and regression results will be discussed in the context of this paper.
Keywords: *Job satisfaction, Intention to Leave, Human Resource Department, Human Resources Experts*

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ACCOUNTING RESPONSIBILITY – ENHANCING ITS ROLE IN RISK MANAGEMENT: AN EMPIRICAL STUDY OF A TRADE BANK OF IRAQ

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ABSTRACT
Management accounting is one of modern social science, and accounting that will help the administration in each of the planning, control and performance evaluation and to take appropriate administrative decisions, which are supported, based on information extracted from the accounting information system in the enterprise (Hussein, 2000.132). Under the development of economic and industrial growth, which led to the large size of the facility, which in turn led to the expansion of the organizational structure, it became difficult for the facility management to take all administrative decisions related to their work, so it has become a need to delegation of authority

lower administrative levels, and determining their responsibilities by working on the basis of the decentralization system and activate the sectoral integration system and accountability these levels for business results within the limits of its responsibilities. The division of activities and distribute them to positions of responsibility also makes it easier determine the risks faced the administration and distributed to those centers which facilitates risk diagnosis process, and thus the accounting responsibility can be approach for the risk management.
Keywords: *Accounting Responsibility, Risk Management*

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THE RELATIONSHIP BETWEEN DIVERSIFICATION STRATEGY AND FIRM PERFORMANCE IN DEVELOPED AND EMERGING ECONOMY CONTEXTS: EVIDENCE FROM TURKEY, ITALY AND NETHERLANDS

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ABSTRACT
The aim of this study is to determine whether there is a difference between types of diversification and performance comparing Turkey, Italy and Netherlands. There are studies with the conclusion that the indicators of the relationship between diversification strategies and firm performance of developed countries differ from the indicators of developing countries. The data of 166 firms in Netherlands, 265 firms in Italy and 128 firms in Turkey were analyzed. The data of 2007-2011 was used in the research. Return on Assets (ROA) and Return on Sales (ROS) for financial performance and Entropy Index for diversification

were used. According to the results, there is no correlation between total entropy and a performance criterion ROA and ROS in Italy and Netherlands. On the other hand, in Turkey, it is understood that there is a low-level positive correlation between total entropy and firm performance.

Keywords: *Diversification Strategy, Entropy Index, Organizational and Financial Performance*

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OVERVIEW OF THE OBSTACLES AND FACILITATORS OF LEARNING AND ACQUIRING KNOWLEDGE IN STRATEGIC ALLIANCES – AN EMPIRICAL STUDY

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ABSTRACT

In this paper we address the issue of knowledge transfer between organizations in partnerships as well as the role of the knowledge exchange in building successful cooperation. Given its many positive effects on the business performance, such as creativity, innovativeness and flexibility needed in modern business environment, it was of the utmost importance to investigate different factors that either contribute or constrain learning in alliances. After the theoretical background on the aforementioned topic was given, an empirical research and its main conclusions were described in the paper. A study of the alliances in

Croatian context revealed that organizational characteristics exhibit the most pronounced influence on the knowledge transfer success which was especially highlighted in domestic alliances. The level of integration, the primary area of cooperation and the previous experience in forming alliances between partners did not change the extent to which different factors influenced knowledge transfer.
***Keywords**: Contextual variables, Knowledge transfer, Strategic alliances*

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THE RELATIONSHIP BEETWEEN R&D AND EXPORT DECISION OF TURKISH FIRMS

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ABSTRACT
The relationship between Research and Development (R&D) decision has been of great interest in the firm level studies. Expanding R&D expenditure within firms is regarded as one of the main strategies to deal with globalization challenge. Theoretical and empirical studies link a positive relationship between R&D ability and export capability of firms. This paper focuses on two types of relationships depicted in literature. In the first place we attempt to examine how the firm's R&D decision and export decision are determined based on the firm’s

specific characteristics, namely labor productivity, firm size, age, skill, capital intensity, and foreign ownership of the company. Secondly, we consider the interaction between R&D and export decisions for Turkish manufacturing firms, using World Bank Enterprise Survey, conducted in a cross-section study of 2013 through face to face interviews. To test the aforementioned relationships, we utilize Bivariate Probit estimation approach. This method is particularly useful for taking the consideration of two-dimensional nature of the data. Our main findings present that R&D and the firm's export decision are positively correlated in Turkey. Besides government subsidies increase the probability of firm's export decision as expected. Furthermore, both export and R&D decisions differ on the basis of firm characteristics.
Keywords: *Research and Development, Export decision, bivariate probit estimation approach Turkey*

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ON SOME IDEAS FOR IMPROVEMENT OF IDENTIFICATION AND RECORDING GAINS/LOSSES

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ABSTRACT

The aim of paper is to analyze the definitions and recording process of revenues and gains. The authors of current paper have worked out some suggestions for improving the reporting process taking into account the definitions of income, revenue, gains, losses and profit. Analyzing the inconsistency in two pairs of opposite terms (Profit and Loss and Gain and Loss) the authors came to conclusion that the amount named gain/loss in disposal of property, plant and equipment is rather correction or adjustment of previous miscalculation of depreciation

expense due to the formula. To make aforementioned adjustments and show them separately a Contra depreciation expense account or Depreciation adjunct account is recommended.

Keywords: *income, gain, loss, profit, transaction approach*

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ASSESSING THE VIABILITY OF ADOPTING CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN SME TOURISM AND LODGING FACILITIES

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ABSTRACT

There has been an increased awareness of the environmental and social consequences of human activity particularly in business operations (de Grosbois, 2012), and many businesses have begun to adopt Corporate Social Responsibility (CSR) initiatives to appease such concerns (de Grosbois, 2012). Within tourism and hospitality enterprises, CSR has gained momentum (Kucukusta, Mak & Chan, 2013), with larger lodging chains implementing CSR practices into their daily operations (Goeldner & Ritchie, 2006). Such organizations see it as a competitive strategic tool to increase brand image, customer loyalty, and satisfaction (Kucukusta et al., 2013). Due to the initial investment associated with its implementation (Kang, Stein, Heo, & Lee, 2012), smaller and medium enterprises (SMEs) are hesitant to implement CSR efforts. SMEs play an instrumental role in tourism and hospitality but often suffer from problems caused by their lack of size and resources (OECD, 2015). As such, many operators are unsure whether CSR initiatives will be financially feasible and/or beneficial (Kang et al., 2012). One suggested method to assist with its implementation is to charge premiums however, few studies have assessed consumer attitudes of CSR practices and their relationship with pricing, and those that have show mixed results (Kang et al., 2012; Baker, Davis & Weaver, 2013). The purpose of this study is twofold: first, to assess

consumer attitudes on the level of importance placed on CSR practices when choosing lodging facilities, and second, to assess consumers' willingness to spend on such facilities. An online survey was conducted and a total of 233 responses were collected in April 2015. Findings revealed a significant number of tourists are willing to spend more on accommodation providers that adopt CSR principles, as well as the importance they place on specific CSR practices. It is hoped the findings will assist SMEs with their decision to adopt CSR practices.
Keywords: *Consumer attitudes Corporate Social Responsibility, Smaller and Medium Enterprises, Willingness to spend*

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INNOVATIVE MARKETING IN SMEs AND LARGE SCALE ENTERPRISES: GAZIANTEP SAMPLE

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ABSTRACT

Most of innovative marketing definitions concentrate on new ideas concerning new products or services, improvements in existing products and refining these ideas to a market opportunity to meet the market demand in a new way. The purpose of this paper was to investigate the concept of innovative marketing and how it exposes itself in the context of small-to medium-sized and large scale enterprises. The literature relating to the characteristics of SMEs, large scale enterprises and innovative marketing are reviewed to identify the key elements of innovative marketing, SMEs and large scale enterprises. This review and the key elements identified contribute to an overall conceptualisation of innovative marketing for SMEs and large scale *enterprises and the differences of aspect of innovative marketing for SMEs and large scale enterprises. The discussion considers and provides a description of innovative marketing in SMEs and large scale enterprises. Innovative marketing does not just relate to products, new product development, and technological development but is also evident in other aspects of marketing related activities and decisions and is very specific to the context and needs of the SME and large scale enterprises. The sample used for his study comprised the database of Chamber of Industry and Chamber of Commerce including all their numbers. Data was collected though online survey. Mostly closed questions were employed for the survey. Approximetely, 650 companies clicked on the link access the online survey. 250 of SMEs and 100 of large scale companies completed the survey in full. The responses analysed using SPSS and STATA.*

Keywords: *Small to medium-sized enterprises, Large scale enterprises, Innovative marketing*

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THE ROLE OF INNOVATIVE SMEs TO THE GROWTH OF REGIONAL ECONOMY: THE CASE OF CZECH REPUBLIC

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ABSTRACT

Globally, we cannot deny the fact that SMEs form part of the fabric of the economic growth. This presupposes that they serve as a pivot for economic development as they unfold the contributions such promoting economic growth, creating innovation as well as enhancing prosperity. This paper examines the relationship between the small and medium-sized enterprises (SMEs) and economic growth of Czech regions. The *paper is based on primary research data collected within the Community Innovation Survey in Czech Republic. This survey provides a unique source of data on various aspects of innovation development in SMEs, such as their objectives, cooperation, funding, etc. We show that the share of innovative SMEs has a strong positive impact on the economic accounts of NUTS 4 regions. We also show that this effect has origins in the structure of intellectual capital (both human and structural) of SMEs. We use the data from the Community Innovation Survey to develop the proxy variables of the components of regional SMEs' intellectual capital. We use structural equation models to demonstrate the statistical significancy of these effects and various direct and indirect effects of the share of innovative SMEs on the indicators of regional economic performance. The results show that new-to-firm innovative SMEs are critical for regional economies based on innovation adoption strategy. Human and structural capital represent important prerequisites for this strategy. This has important policy implications, supporting the role of regional embededness to sustain the role of SMEs. This can also provide some generalizations on the contribution of SMEs for national economies.*

Keywords: *small and medium-sized enterprises, innovation, regional economic growth*

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BUSINESS NEGOTIATION AS A CRUCIAL COMPONENT OF SALES

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ABSTRACT

Negotiation is something that cannot be learned just like that. Negotiation is a controlled communication process that resolves the conflict of interest of two or more reasonable negotiating parties (when each party can block the achievement of the objective of the other side). Business negotiation should be mastered. The key is to know how much to offer in which moment and know where and how to draw the line of what we're prepared to accept. The main hypothesis is that many companies today leave negotiation function outside of standardization in the business processes. Negotiation theory in some segments differs from the negotiation in sales. The purpose of the paper was to point out the specific potentials, problems, dynamics and importance of negotiation as a crucial component of sales. It will be clarified what are the contents of negotiating function, how it affects development and how best to acquire negotiating skills in the sales process. The aim was to draw attention to dimensions that preparation process has when leading the course of negotiations to accomplish desired sales goals. Primary research has been conducted at the end of the year 2015. The sample of fifty (N=50) respondents from different Croatian companies took part in an online survey. The findings indicated that Croatian employees are not prepared quite adequately for the process of negotiation and that they are not improving their negotiation skills.

Keywords*: business negotiation, sales process*

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