

Varazdin Development and Entrepreneurship Agency and University North
in cooperation with:
University of Aveiro
Faculty of Management University of Warsaw
Faculty of Law, Economics and Social Sciences Sale - Mohammed V University in Rabat
Polytechnic of Medimurje in Cakovec



Economic and Social Development

56th International Scientific Conference on Economic and Social Development

Book of Abstracts

Editors:

Humberto Nuno Rito Ribeiro, Marco Andre da Silva Costa, Ivan Cehok



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Humberto Nuno Rito Ribeiro, University of Aveiro, Portugal
Marco Andre da Silva Costa, University of Aveiro, Portugal
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TO IT-PROVIDER BUSINESS PROCESSES NETWORK MODEL

Marina Purgina

*Novosibirsk State University of
Economics and Management (NSUEM),
Novosibirsk region, Novosibirsk
Kamenskaya str.56, 630099, Russian Federation
pur-11@yandex.ru*

Aleksey Dobrinin

*Novosibirsk State University of
Economics and Management (NSUEM),
Novosibirsk region, Novosibirsk
Kamenskaya str.56, 630099, Russian Federation
serpentfly@mail.ru*

Roman Koynov

*Novosibirsk State University of
Economics and Management (NSUEM),
Novosibirsk region, Novosibirsk
Kamenskaya str.56, 630099, Russian Federation
koynov_rs@mail.ru*

ABSTRACT

The ideas of the project-process approach are widely reflected in information technologies and methods of business management in recent years. At the same time, the work of companies and enterprises is necessarily associated with the continuous optimization of business processes, with pressing issues of increasing the efficiency of enterprises and organizations. A numerical assessment of the effectiveness of business processes can be obtained on the basis of control metrics. The model considered by the authors cannot completely eliminate all the risks, however, it can significantly reduce them due to an

improved mechanism for controlling situations at each stage of the process. The proposed normative model of IT-service, which describes the order of work and the necessary resources, can be used to build complex planning systems for the provision of services and synthesis of schedules in various fields of activity. Its main difference from those considered earlier is the inclusion of polymorphism elements through inheritance, which are associated with network components. The proposed technical solutions are suitable for implementation in terms of any modern high-level programming language.

Keywords: *Business process, network model, MSF, ITIL, MOF, Service Transition, polymorphism, guideline exposure, modeling-algorithmic complex, network schedule*

FUNCTIONAL STRUCTURING OF AN ADAPTIVE IT-PROCESS MANAGEMENT SYSTEM

Marina Purgina

*Novosibirsk State University of
Economics and Management (NSUEM),
Novosibirsk region, Novosibirsk
Kanemskaja str.56, 630099, Russian Federation
pur-11@yandex.ru*

ABSTRACT

One of the key stages of life cycle, according ITIL-3, is the stage of IT-services continuous improvement, which goal is to adapt IT-processes to changing conditions for their implementation. The IT-provider processes are the most dynamic asset, which modification can help an IT-service provider quickly adapt to changing external and internal conditions. The IT-provider maintains and /or improves its competitiveness in the market for the production and delivery of IT-services by increasing the

efficiency of IT-processes. In order to develop and concretize the representations of ITIL-3, the author proposed a functional structure of the adaptive three-level IT-process management system, recommended for use in relatively stable external and internal operating conditions. Where the first-level management system solves the problems of implementing the stages of IT-services life cycle with a given efficiency, the second-level system performs situational optimization (improvement) of IT-processes (ensures the competitiveness of supplier processes services), and the third-level system is the coordinator of subordinate systems.

Keywords: *parametric model, multi-agent active element, theory of organizational systems, multiple behavior strategies, objective function, set of specific competencies, economic behavior, agent*

RESEARCH OF THE PHENOMENON OF IMPLICIT KNOWLEDGE, ITS STRUCTURING AND MANAGEMENT IN THE DIGITAL ECONOMY BASED ON TRUST

Petr Pashkov

*Novosibirsk State University of Economics and Management,
Russia
ppm@cn.ru*

Vasily Soloviev

*Novosibirsk State University of Economics and Management,
Russia
Solti2@bk.ru*

ABSTRACT

It is the value of explicit and implicit knowledge, its structuring and management in the modern economy in the process of its digital transformation that determines the relevance and importance of the subject area of research described in the

article. Detection, preservation, transformation, exchange and management of implicit knowledge with an adequate level of trust in the digital enterprise, which is a key subject of the digital economy, all this has defined and shall define the development of society, including the economic one. One of the key problems in the digitalization of the implicit knowledge and the widespread use of modern management systems for them in the digital enterprise are the limitations associated with the trust in the generated and circulating knowledge and the use of adequate models and tools to transform implicit (non-formalized) knowledge, which stays in a hidden form, into explicit (formalized) knowledge desired by users and corporate information systems. What is important here is the trust in such knowledge obtained as a result of a transformation. The purpose of this study is to update the models and tools for the transformation of implicit knowledge into the format of an explicit and trustworthy one, and aimed at solving the problem of assimilating and communicating such knowledge in the context of a digital enterprise, and this allows to distinguish the approach proposed by the authors in conceptualizing the trust in knowledge among the knowledge known and used in modern practice. This will allow to configure and to implement a new approach in solving the problem of converting knowledge into a trust-based format enabling users and an entire organization to acquire new competencies that are in demand at a digital enterprise and the digital economy as a whole. An expediency of the proposed approach to converting the implicit knowledge into a format of an explicit, credible knowledge through the proposed conceptual framework for identifying implicit knowledge has been shown.

Keywords: approach, digital enterprise, implicit knowledge, transformation, trust

INTELLECTUAL CAPITAL AND ITS COMPONENTS AS AN OBJECT OF ACCOUNTING

Yana Ustinova

*Novosibirsk State University of Economics and Management,
Russia*

ustinova_pr@mail.ru

ABSTRACT

The concepts of “intellectual capital”, “intellectual assets”, “human, structural, client capital”, “intellectual property”, “intangible assets” are revealed. At the same time, specific features of the elements of intellectual capital as objects of accounting and the associated difficulties in their accounting are investigated. The author analyzes the limitations of the current concept of accounting for intangible assets, the factors that determined them, the methods used to overcome them, and the reasons for their insufficient effectiveness. The study shows the need to develop the theory and methodology of accounting in order to expand the informational restrictions on the reflection of intellectual capital in financial statements (including through the management report recommended by the IASB).

Keywords: *Information restrictions, Intangible assets, Intellectual assets, Intellectual capital, Intellectual property, The concept of accounting for intangible assets*

INTEGRAL ASSESSMENT OF RETAIL DIGITALIZATION

Zhanna Shnorr

*Novosibirsk State University Of Economics And Management,
Novosibirsk, Russia
Shnorr75@mail.ru*

ABSTRACT

The purpose of the article is to develop a methodology for the integral assessment of the deployment of digital technologies in the industry aspect from the case study of retail. The article describes the relevance of the integral assessment of the retail digitalization. The existing analytical methodologies studying the level of economy and business digitalization are reviewed and systematized. The article specifies that each of the existing methodologies is an analytical way of a comparative study and rating of the level of digitalization, mainly in the spatial and temporal aspects. It is emphasized that the scope of the methods is determined by the objectives and the taxonomy of the study. The necessity to improve and supplement the methodological tools of the quantitative study of the level of business digitalization in retail from the standpoint of temporary, spatial and industry components is justified. The methodology of the integral assessment of retail digitalization is based on the conceptual principles of potential theory, uses analytical methods of system analysis, an algorithm for structuring problems of industry development in the transition to a digital economy, and the corresponding mathematical tools, and contains a tiered approach to the integral assessment. The methodology for the integral assessment of retail digitalization has been adapted to the retail industry of the Russian Federation. The results of an integral assessment of retail digitalization in the Russian Federation are presented, the ranking of digital technologies is performed, which allows to use the methodology to manage the

industry development process under the conditions of a scientific and technological initiative and the irreversibility of digital transformation.

Keywords: *Digitalization, Integral assessment, Retail*

A PROACTIVE APPROACH TO THE IDENTIFICATION OF DELIBERATE BANKRUPTCY OF ECONOMIC ENTITIES: ADVANTAGES AND LIMITATIONS

Mikhail Alekseev

*Novosibirsk state University of Economics and management,
(NINH), Russian Federation
m.a.alekseev@nsuem.ru*

Nina Vasiljeva

*Novosibirsk state University of Economics and management,
(NINH), Russian Federation
vasilekns@mail.ru*

ABSTRACT

A feature of the modern Russian economy is the high proportion of economic entities that adapt to economic changes using non-traditional methods, in particular deliberate bankruptcy. The purpose of the study is to establish the advantages and limitations of a proactive approach to identifying deliberate bankruptcy of economic entities. The objectives of the study are a comparative description of the types of behavior of economic entities (bilateral / unilateral resolution of conflicts of interest through bankruptcy procedures, real, deliberate and fictitious bankruptcy, illegal actions in bankruptcy), disclosure of a proactive approach to identifying deliberate bankruptcy of economic entities and stages of its implementation, discussion of the results of identifying deliberate bankruptcy of economic entities in accordance with the

proactive approach. In the process of establishing the advantages and limitations of a proactive approach to identifying deliberate bankruptcy of economic entities, such General scientific methods as analysis and synthesis, induction and deduction, modeling, as well as special methods of financial management (structural and dynamic analysis; analysis of financial coefficients; integrated financial analysis), statistical methods (qualitative statistical methods for studying homogeneous aggregates; correlation and regression analysis; time series analysis; construction of a probabilistic model) were used. The results establish the advantages and limitations of proactive approach to the identification of deliberate bankruptcy of economic entities formulated a number of hypotheses for further research in the aspect of identification of the strategies of behavior of economic subjects, based on the quality of signs of deliberate bankruptcy and the formation of a set of indicators for the study of objects.

Keywords: *advantages and limitations of the proactive approach, bankruptcy, dishonesty, reactive and proactive detection of intentional bankruptcy, strategies of behavior of economic entities, willfulness*

ECONOMIC, SOCIAL, AND INSTITUTIONAL DETERMINANTS OF DOMESTIC CONFLICT IN FRAGILE STATES

Syed Muhammad All-e-Raza Rizvi

*Université Clermont Auvergne (UCA), Ecole d'Economie,
Clermont-Ferrand, France
allazarizvi@gmail.com*

Marie-Ange Véganzones-Varoudakis

*Université Clermont Auvergne (UCA), CNRS, CERDI,
Clermont-Ferrand, France
veganzones@aol.com*

ABSTRACT

In this article, we use Fixed Effect Poisson Regression (FEPR) with robust standard errors to study the economic, social, and institutional determinants of domestic conflict in 58 fragile states over the period 2004 to 2017. We show that effective institutions (measured by judicial effectiveness) and higher incomes would help reduce conflict in these countries. By contrast, democracy would not mitigate violence, democratic experiences generally showing an increase in conflicts in fragile countries. It would also seem that the development of human capacity does not contribute to the reduction of conflict. This would imply that fragile states first improve the social, economic and institutional conditions of their populations before they benefit from political reforms and of education. The same would be true for economic reforms in the context of globalization, which would not help reduce violence in fragile countries either.

Keywords: *Conflict, Fragile Countries, Economic Reforms, Education, Institutions, Democracy*

AN APPLICATION OF GENERATING FUNCTION AS A PROCESS ANALYSIS TOOL

Adela Poliaková

*University of Žilina, Faculty of Operation and Economics of
Transport and Communications, Department of Economics,
Univerzitná 8215/1, 010 26 Žilina, Slovakia
adela.poliakova@fpedas.uniza.sk*

ABSTRACT

Markov chains are considered to be the simplest type of Markov processes. By examining the processes, we find out what states the process can get into. Sometimes it is a large number of states, if we consider a system that can achieve evaluations, such as marking students at school, or it can be a process that will have only two values: yes - no, functional - non-functional, on - off, etc. The article presents some basic findings that can be used in the analysis of Markov chains. If we realize that a system can have several states, where there are a number of transitions with individual probabilities, it is obvious that monitoring similar systems is possible only with a suitable mathematical application. It is therefore advantageous to use the form of a matrix to express all probabilities. The article deals with the possibility of using a matrix in the form of a generating function. Their use is advantageous especially in the management of the company. If the reliability of the systems is known, the application of the generating function allows the prediction of the process for a sufficiently long period. The paper simulates an example where, based on the observed probabilities of state changes, we create a matrix of conditional transition probabilities. The simulation is based on both hypothetical situations: the vehicle is operational and the vehicle is not operational. The application of the generating function based on Markov chains is carried out on a simple example of determining the operability of an older car after the x -th period.

Keywords: *generating function, Markov chain, Markov process*

KAIZEN COSTING: SYSTEMATIC LITERATURE REVIEW (2015-2020)

Pedro Miranda

*ISCAP, Polytechnic of Porto
Matosinhos, Portugal
2110426@iscap.ipp.pt*

Rui Silva

*CETRAD,
University of Trás-os-Monte and d Alto Douro (UTAD)
Vila Real, Portugal
rui.silva@utad.pt*

Amélia Ferreira da Silva

*CEOS.PP, ISCAP, Polytechnic of Porto
Matosinhos, Portugal
acfs@iscap.ipp.pt*

Carina Ferreira

*ISCAP, Polytechnic of Porto
Matosinhos, Portugal
2190038@iscap.ipp.pt*

ABSTRACT

This paper aims to identify and describe trends in scientific research, published in the last 5 years, on kaizen costing topics. Given the diversity of scientific approaches and theoretical perspectives under which the theme is studied we carried out a systematic literature review for the last five years. We used a web of Science as a data source. The content analyzes allow us to identify the most concept related to kaizen: Kaikaku, MUDA, PDCA, Six Sigma, Lean Manufacturing, Lean Thinking, Just in Time, Cycle Time, Lead Time, Quality Management and Benchmarking. Moreover, the recent research on the topic is mostly empirical oriented and is applied in developed countries, the industry sector maintaining a huge representation. Despite

the limitations and bias inherent in the methodology followed, this study is of great interest to academics who are or intend to investigate the topic and for managers dealing with cost management challenges.

Keywords: *management accounting; cost accounting; hospitals; literature review*

US PRESIDENTS AS FOREIGN POLICY ACTORS: GEORGE W. BUSH AND BARACK OBAMA

Tesa Klopota

Master of Political Science

University of Zagreb, Faculty of Political Science

tklopota15@gmail.com

ABSTRACT

In this paper, the author compares President George W. Bush's foreign policy with President Barack Obama's foreign policy. The comparison of their foreign policies is based on three key points: unilateralism vs. multilateralism in their foreign policies towards the UN and towards NATO, and their tendency towards using force. Having in mind that the president's role in American foreign policy-making process is claimed to be bigger and more important than the role of other actors, one may refer to the American foreign policy as a certain president's foreign policy. Based on the comparison of Bush's and Obama's foreign policies, it can be concluded that President Obama made a turn when compared to President Bush because he embraced multilateralism. However, it cannot be said that President Obama was less prone to using force because of his intervention in Libya and use of drones against the ISIS. The main difference between them is the way in which they were using force. While Bush was acting unilaterally, Obama embraced multilateral action.

Keywords: *foreign policy, George W. Bush, Barack Obama, UN, NATO, use of force*

FARMING ECONOMY IN FUNCTION OF THE LAND AREA: THE CASE OF DOURO WINEGROWING SYSTEMS

Ana Marta-Costa

*University of Trás-os-Montes e Alto Douro, Centre for
Transdisciplinary Development Studies, Pólo II - ECHS, Quinta
de Prados; 5000-801 Vila Real, Portugal
amarta@utad.pt*

ABSTRACT

Companies use a set of production factors that they combine and transform into a final product. This process gives rise to a set of costs and revenues, respectively, which are at the root of the farms' profitability. Several factors influence and conditionate the quantities and types of the used production factors. The area of the land cultivated is an important factor that has been highlighted in the literature. This work aims to analyse the productive systems that characterise grape production in the Portuguese Douro region, at the level of their inputs and outputs and associated economic values, as well as to identify whether the dimensions of production units influence the obtained values. To achieve this purpose, a face-to-face survey was used to collect specific input-output information from a sample of 110 wine-growing farms. The findings show that the quantities of production factors and corresponding costs as well as its yields change according to the size of the farm. In general, farms with an average size of 10 to 20 hectares of vineyard area stand out as those which present a better balance between the yields and costs, and better compensate the remuneration of the entrepreneurial factor and the capital involved in the company.

Keywords: *Inputs, production system, profitability, outputs, winegrowing system*

A DEEPER INSIGHT INTO POLITICAL BRAND TRUST – HOW TRUST IN PARTY'S LEADER AND PARTY'S PROGRAM INFLUENCES VOTING STABILITY?

Ana Pap

*Faculty of Economics in Osijek,
Trg Ljudevita Gaja 7, 31 000 Osijek, Croatia
anapap@efos.hr*

ABSTRACT

In recent times, political behavior has become unstable, which led to the fact that analyzing voter choice and behavior has become inevitable for a better understanding of voters. Many researchers have accepted political parties and politicians as brands and political branding has been described as a new area of research. Many studies in the field of political marketing proved that political brand trust positively influences voters' loyalty and their voting stability. This study is trying to get deeper insights into political brand trust by analyzing political brand trust from two aspects: trust in the political party's leader and trust in the political party's program. The purpose of this research is to determine the differences in the influence of trust in the political party's leader and trust in the political party's program on voting stability. In other words, this research is trying to answer the question: What drives voting stability more – trust in the political party's leader or trust in the political party's program? The primary research was conducted in five counties from Eastern Croatia using a highly structured questionnaire. For the purposes of obtaining survey results, regression analysis was performed with the Statistical Package for Social Sciences (SPSS) 21.0. The study results confirmed the positive influence of both trust in the political party's leader and the political party's program on voting stability. Results have shown that trust in political party's leader(s) had a much stronger influence on voting stability than trust in the political party's program.

The study has resulted in practical implications for political party marketing managers.

Keywords: *political brand trust, voting stability, political party leader, political party program*

APPROACHES IN MANAGEMENT IN A SELECTED SERVICE SECTOR FOCUSED ON CUSTOMER SATISFACTION

Simona Jaculjakova

University of Zilina, Slovakia

simona.jaculjakova@fpedas.uniza.sk

Dominik Laitkep

University of Zilina, Slovakia

dominik.laitkep@fpedas.uniza.sk

Peter Jucha

University of Zilina, Slovakia

peter.jucha@fpedas.uniza.sk

ABSTRACT

Slovak Post is a company with a long tradition, which is also a national postal operator. This organization is a stable company in the postal sector in the Slovak Republic and in order to maintain its monopolistic position, it is necessary to constantly maintain stability in the postal market. The Office for the Regulation of Electronic Communications and Postal Services oversees the maintenance of the stability and quality of the provided postal services, which annually monitors the state of provision of the universal service provided by Slovak Post. In the article, we relied on the results of the primary research, which monitored customer satisfaction with the services of Slovak Post. This primary research was carried out by the University of Žilina

for the benefit of the regulatory authority throughout Slovakia in selected towns and villages where it was necessary to focus mainly on small, medium and large branches of the Slovak Post. The aim of the article was to evaluate customer satisfaction with the services of Slovak Post. In the theoretical part of the scientific article we define the postal sector, Slovak Post, universal service in the postal sector as well as the definition of the tasks of the regulatory authority. In the practical part of the scientific article, we focused on the evaluation of primary research and specifically on the extent to which customers are satisfied or dissatisfied with specific services of Slovak Post. The conclusion contains an evaluation of the quality of individual services based on respondents' answers and suggestions for improvement in services with which customers are least satisfied in quality.

Keywords: Customer, Satisfaction, Service, Slovak Post

HOW TO IDENTIFY GROSS R&D POTENTIAL IN INDUSTRY 4.0

Miroslav Balog

*Centre of Social and Psychological Sciences,
Slovak Academy of Sciences, Slovak Republic
progmiba@savba.sk*

Lubica Kotorova Slusna

*Strategos, s.r.o., Slovak Republic
lubica.slusna@gmail.com*

ABSTRACT

The Fourth Industrial Revolution brings numerous technological concepts and innovations that catalyse the industry transformation and increase productivity level. High development dynamics is determined by the undertaken intensive

research and development in various technological domains. Important stakeholders in the development of Industry 4.0 are public R&D organisations. They are considered traditional knowledge providers, and their ability to participate in the development of Industry 4.0 depends on a variety of factors, such as human resources, technologies, knowledge networks, etc. In the case of human resources, it is possible to identify the gross potential representing the theoretical capacities of public R&D organisations. The aim of this paper is to present a pilot mapping of the national gross R&D potential, specifically Industry 4.0 in the Slovak Republic. Gross potential is identified via comprehensive mapping of human resources as well as international activities of the public R&D organisations. Defined gross potential represents the base for the identification of public R&D networks related to Industry 4.0.

Keywords: *Gross potential, Research & Development*

STUDYING THE FACTORS INFLUENCING THE AUDITOR'S OPINION ON THE BUSINESS CONTINUITY OF THE AUDITED ENTITY

Bibigul Amanzholova

*Novosibirsk State Technical University;
Novosibirsk State University of Economics and Management,
Russia
amanzholova@corp.nstu.ru*

Lidiya Nagovitsina

*Siberian University of Consumer Cooperation;
Novosibirsk State University of Economics and Management,
Russia
vestnik@sibupk.nsk.su*

Galina Maksimova

*Baikal State University;
Novosibirsk State University of Economics and Management,
Russia
buh_ut@bgu.ru*

Natalia Fadeykina

*Siberian Academy of Finance and Banking;
Novosibirsk State University of Economics and Management,
Russia
rektor@nnet.ru*

ABSTRACT

The article presents the results of the analysis of factors influencing the auditor's opinion on the business continuity. The authors reviewed publications studying factors that determine the inclusion of a disclaimer into the auditor's report. Publications were chosen for the review provided that they contained conclusions drawn from the results of the audit opinions' sample study of companies reports in various countries and industries. Resulting from the review, the following factors were identified

as significant: changes in macroeconomic conditions, national models of audit regulation, as well as their transformation. The influence of the evolution of audit standards on the probability of Russian auditors expressing an unsubstantiated opinion on business continuity is investigated.

Keywords: *Audit, Professional conduct, Reporting, The assumption of business continuity*

LEGAL IMPACT OF ROBOTS IN CIVIL LIABILITY AND TAXATION: WHAT WE KNOW, TRENDS AND CHALLENGES

Catia Marques Cebola

*IJP-IPLeiria – Polytechnic of Leiria, Portugal
catia.cebola@ipleiria.pt*

Cristina Sa

*CARME – Polytechnic of Leiria, Portugal
cristina.sa@ipleiria.pt*

Jose Luis Martins

*ESTG – Polytechnic of Leiria, Portugal
jose.martins@ipleiria.pt*

Tiago Azevedo Ramalho

*CIJE – FDUP / Polytechnic of Leiria, Portugal
tiago.ramalho@ipleiria.pt*

ABSTRACT

Robotics is an unavoidable reality in today's global society. Nevertheless, issues relating to the civil liability and taxation of robots still represent an important field of scientific research. According to the International Robotics Federation, 420,870 units of industrial robots were sold in 2019 and in Europe the

average density of robots in industry was 14% per 10,000 employees in 2018. This study aims to analyse the legal concerns of robotization (introduction of robots in organizations) at civil and tax liability level. To this end, will be made a compilation of legal prescriptions which may undergo changes due to the progressive robotization in Portugal. Based on this legal compilation, will be studied which legal changes have to be introduced or if they are necessary, in order to produce a positive balance between the inevitable changes operated by robotization (e.g. reduction of current jobs, tax revenues decrease or responsibility disclaimer for possible damage caused by robots) versus the insurmountable need for tax revenue so that the State can continue to provide quality public services and implement public policies that are fundamental to the country's sustainable development. Legal regulation is the path outlined in the European Commission's White Paper on Artificial Intelligence presented on 19/02/2020, which supports a regulatory approach with a dual objective of promoting robotization and address the risks associated with certain uses of this new technology. Analysing how legislation at civil and tax liability level should serve to compensate and rebalance the impact of robotization in Portugal is the basis of this paper.

Keywords: *Civil liability, Legal Impact, Robots, Taxation*

COMPOSITION AND DISTRIBUTION OF INNECA LARVAE (ODONATA LARVAE) IN LAKES AND WATERFALLS

Sanubar Guliyeva

Azerbaijan State Economic University, UNEC, Azerbaijan
sama2013@bk.ru

ABSTRACT

The article provides information on the species composition and reproduction of odonata larvae in the lakes and ponds of vicinity Kura, the results of the 2012-2017 studies. Odonata larvae form the basis of fish food that is essential for wild, especially predatory fish. The main purpose of the research is to study the species composition and number of odonata larvae in lakes and ponds of vicinity Kura. Ponds more often found in downstream of the Kura river. We are going to talk here about the ponds of vicinity of Kura river. It is known that rivers, especially large rivers, can be affected by various natural factors - strong flood waters, soil crashes or landslides, earthquakes, volcanic eruptions, etc. From time to time under the influence of these type of natural factors, it changes its home bed and the process is still ongoing. People are playing a great role in these processes such as construction of hydroelectric power stations, change of riverbed, etc. In the process of changing river basins, independent water reservoirs or streams are often formed in or around the river's old bed. Water leaks formed in this way or other are either linked to the river or completely cut off from the main source. Thus, the ponds are an aquatic ecosystem been formed in the riverbed or in adjacent areas. There were several dozen of such ponds on the banks of the Kura and Araz rivers, especially in Yevlakh, Imishli, Kurdamir, Sabirabad and other districts. Since, the 50s of the 20th century, as a result of the regulation of the Kura and Araz rivers, most of the streams have dried up, while the water regime has changed dramatically.

Keywords: *Biomass, cypress, groundwater, larva, material, odonata, predator, spleen*

CAPITAL STRUCTURE OPTIMIZATION IN CONDITIONS OF THE SMALL AND MEDIUM- SIZED ENTERPRISES

Juraj Cug

*University of Zilina, Faculty of Operation and Economics of
Transport and Communication Department of Economics,
Univerzitna 8215/1, 010 26 Zilina, Slovakia
juraj.cug@fpedas.uniza.sk*

ABSTRACT

Capital structure optimization is a key aspect to ensure the success of infrastructure financing. Demand in capital structure optimization in infrastructure projects has been growing rapidly. What is the appropriate capital structure an enterprise should adopt? What financing strategies can minimize its cost of capital? Which factors influence the growth of the company's financial risk? These are key issues in the financing decision-making of an enterprise. This paper reviews such capital composition theories as M-M theorem. The paper is elaborated on a theoretical level and accentuates the approach of Modigliani and Miller, which is described in detail.

Keywords: *capital, capital structure, optimization, tax shield, equity, loan*

INFLUENCE OF TIME MANAGEMENT ON PERFORMANCE OF MANAGERS

Darina Chlebkova

University of Zilina, Slovakia
darina.chlebkova@fpedas.uniza.sk

ABSTRACT

We live in a time when we encounter a sense of lack of time in private and professional life. In fact, the problem is not the lack of time, we all have the same time, but problem is in its incorrect planning and use this time. This often leads to the fact that we have to stay longer at work or take work at home, at the expense of time for family or our hobbies. The use of time management will help managers achieve better organization of their work and the results of its use will be reflected in the improvement of the quality and efficiency of their work. For managers, time management is an essential prerequisite for the systematic and effective coordination of management activities. Management is the process of managing and directing all or part of a business through the deployment and manipulation of resources. The manager who carries out the activities of this process is in the role of informant and head of the subordinates as well as the general public, therefore it is reasonable to organize time him in a number of activities to be carried out. Time management is a certain time-assessment behavior aimed at self-awareness of time-use, which assists in assuming tasks and responsibilities that fall within the manager's abilities and roles. Their use in practice increases not only the quality and efficiency of managers' work, but also reduces stress and improves work and personal life. The aim of the paper is to point out the possibilities of using time management tools and methods on the performance of managers. Their use in practice increases not only the quality and efficiency of managers' work, but also reduces stress and improves work and personal life

Keywords: *stress, time management, performance, quality of work, work efficiency*

ECONOMIC FREEDOM AND BUSINESS PROFITABILITY

Rita de Cassia de Lima Diniz

*University Presbiteriana Mackenzie, Brazil
Consolação str. 930, São Paulo
limadinizr@outlook.com*

Henrique Formigoni

*University Presbiteriana Mackenzie, Brazil
Consolação str. 930, São Paulo
hformigoni@mackenzie.br*

Liliane Cristina Segura

*University Presbiteriana Mackenzie, Brazil
Consolação str. 930, São Paulo
lilianecristina.segura@mackenzie.br*

ABSTRACT

This research investigated the relationship between corporate profitability and economic freedom index. The population studied were companies from several countries that are part of the Capital IQ database. Four years were analyzed (from 2014 to 2018) and the final sample consisted of 10,000 companies, out of a total of 50,000 observations. From the sample, there was a regression with the index: ROE, ROA, EBITDA and net margin, which showed the positive relationship between the profitability index and economic freedom. Therefore, organizations influence society, and seek the one that provides added value and sustainable profit. Thus, profitability is an intrinsic variable to economic freedom, since the ability to generate profit is associated with the regulation of the country to which the entity is subjected. Freedom is the principal means and end in itself for economic progress through the free condition of people, services, and goods. The exchange of commerce and services is increasingly present in everyday life. This State-regulated exchange influences the expenditure of citizens.

Despite government regulation, which is necessary to maintain society, economic freedom is also of main importance to expenditure and development of the local economies, that is, the liberal State is an agreement of wills between its agents in order to reach mutual interests with development for both.

Keywords: *Economic freedom, Profitability, Regulation*

ENABLING OPEN DATA PARADIGM FOR BUSINESS IMPROVEMENT

Larisa Hrustek

*University of Zagreb, Faculty of Organization and Informatics,
Pavlinska 2, Varaždin, Croatia
lhrustek@foi.unizg.hr*

Martina Tomicic Furjan

*University of Zagreb
Faculty of Organization and Informatics,
Pavlinska 2, Varaždin, Croatia
mtomicic@foi.unizg.hr*

Igor Pihir

*University of Zagreb, Faculty of Organization and Informatics,
Pavlinska 2, Varaždin, Croatia
ipihir@foi.unizg.hr*

ABSTRACT

Technological and business changes as a result of digital transformation are introduced in new business models. Available data has become the core of interactions in digital business due to its unlimited amount. The digital world has shaped a culture of interaction based on data, and digital transformation leaders are expected to create innovative products and services, as well as increase data readiness to create and share information and

deliver seamless services. Open data, as a subset of all data considered, is still a relatively unexploited area, as shown by the analysis of relevant research. The role of governments and organizations is crucial in creating open data as well as using and implementing it and gaining benefits. This paper will define open data and analyse its characteristics. Based on that insights, a process model of enabling open data paradigm will be presented and some recommendations for its use in business improvement initiatives will be given.

Keywords: *Open Data, digital transformation, digital society, open government*

SIGNIFICANT FACTORS IN THE PROCESS OF ADAPTATION OF A FIRST GRADER TO THE SCHOOL ENVIRONMENT

Venelin Terziev

National Military University, Veliko Tarnovo, Bulgaria

University of Rousse, Rousse, Bulgaria

terziev@skmat.com

ABSTRACT

The new social role of a child at school is preceded by a series of attractive external stimuli (clothing, knapsack, textbooks, exercise books, school building), which through their family and kindergarten orient them in the forthcoming comprehensive change of their lives. These external stimuli are not enough for a child to adapt quickly to the rights and obligations at school, as well as to the changed evaluation criteria of their activity, mainly learning.

Keywords: *Children, School environment, Factors, Education, Adaptation*

FAMILY'S ROLE IN THE ADAPTATION OF CHILDREN IN SCHOOL

Venelin Terziev

National Military University, Veliko Tarnovo, Bulgaria

University of Rousse, Rousse, Bulgaria

terziev@skmat.com

ABSTRACT

The problem of human adaptation to the rapidly changing conditions of modern life is particularly important for modern children who from early age are raised under conditions of frequent adaptation and re-adaptation to new environment. Each period of transition to a new environment is associated with stress and number of difficulties for the child.

Keywords: *Children, School, Family, Education, Adaptation*

EUROPEAN CONVERGENCE IN ECONOMIC GROWTH: THE ROLE OF INNOVATION AND PUBLIC POLICY

Joana Costa

*GOVCOPP, DEGEIT Universidade de Aveiro, Portugal
joanacosta@ua.pt*

Eva Pereira

DEGEIT Universidade de Aveiro, Portugal

Carlos Rodrigues

GOVCOPP, DCSPT Universidade de Aveiro, Portugal

ABSTRACT

The debate on the critical factors to promote growth and convergence grasps the attention of both Academics and Policy Makers given its importance in the promotion of a sustainable and inclusive future. More than ever, this debate is central among the European regions, given the perceived differences in member-states. Innovation is widely acknowledged as a prosperity booster raising efficiency levels and promoting welfare. Despite the significant efforts performed in the field of European Innovation Policies, the presently there is evidence of heterogeneity in terms of both innovative performance and income generation, fragmenting inter-regional cohesion. The purpose of the article is to appraise the role of Innovation in the promotion of growth and income convergence among European regions, highlighting the changes brought up by the introduction of the Regional Innovation for Smart Specialisation (RIS3). The results evidence the poor achievements in terms of the acceleration of innovation practices and their scant effect in the promotion of convergence. Expectably, this will shed some light in the need for digging deeper in the appraisal of regional advantages and the allocation of more resources in the promotion of innovation ecosystems. The contribution is twofold: first towards the literature on

convergence and second towards the empirical debate on the accuracy of present European Innovation Policies.

Keywords: *Convergence, Growth, RIS3, Innovation, Regional Innovation Scoreboard*

QUALITY OF LIFE AND SOCIO- DEMOGRAPHIC FEATURES OF WOMEN WITH BREAST CANCER PATIENTS

Diana Tsiring

*Tomsk State University, Tomsk, Russia
Chelyabinsk State University, Chelyabinsk, Russia
l-di@yandex.ru;*

Irina Ponomareva

*Tomsk State University, Tomsk, Russia
Chelyabinsk State University, Chelyabinsk, Russia
Ivp-csu@yandex.ru*

Evgeniya Evstafeeva

*Tomsk State University, Tomsk, Russia
Chelyabinsk State University, Chelyabinsk, Russia
evgeniy-eg@mail.ru*

Marina Mironchenko

*Tomsk State University, Tomsk, Russia
South Ural State Medical University, Chelyabinsk, Russia
thoraxhir@mail.ru*

ABSTRACT

In Oncology the assessment of a patient's quality of life is important for conducting and determining the effect of maintenance therapy. The quality of life study makes it possible to evaluate the effectiveness of treatment for a specific patient and

use the data obtained to correct the treatment program. The study involved 186 women aged 26 to 80 years (Ad = 57, Min = 26, Max = 80) living in Russia. To study the quality of life of women with breast cancer, we used the SF-36 questionnaire recommended by the international Protocol (36-ItemShort-FormHealthSurvey). Reduced values of quality of life indicators were found in women with breast cancer compared to other women in the population. The reduced quality of life is a consequence of women's illness, the corresponding lifestyle associated with the disease. The overall quality of life indicator is predictive and allows you to predict the General trends of changes in the condition of patients during treatment. The features of quality of life indicators (PF, GH) in women with breast cancer with different socio-demographic indicators were revealed: employment and residence characteristics.

Keywords: oncology, oncopsychology, breast cancer, quality of life, socio-demographic characteristics

EU TRADE RELATIONS WITHIN THE CONTEXT OF BREXIT (FOCUSING ON EU27 – UNITED KINGDOM RELATIONS)

Zuzana Kittova

*University of Economics, Faculty of Commerce,
International Trade Department
Dolnozemska cesta 1, Bratislava, Slovakia
zuzana.kittova@euba.sk*

Simona Krivosudska

*University of Economics, Faculty of Commerce,
International Trade Department
Dolnozemska cesta 1, Bratislava, Slovakia
simona.krivosudska@euba.sk*

ABSTRACT

In connection with the UK's withdrawal from the EU, year 2019 brought about numerous discussions on the future set of the EU27 – UK relations and pending consequences. The aim of this paper is to assess changes in the EU trade relations within the context of Brexit (focusing on the EU27 – United Kingdom relations). We analyzed the development of the EU27 – UK trade in goods since 2012. By applying mathematical-statistical methods we quantified changes in the intra- and extra-EU trade. We demonstrated by calculating the complementarity index and trade intensity indexes that the EU27 countries and the United Kingdom are natural and closely interrelated trading partners. Introducing trade barriers would therefore adversely interfere with trade flows and lead to losses on both sides.

Keywords: Trade, Brexit, European Union

COMPARISON OF CHOSEN FINANCIAL DISTRESS PREDICTION MODELS FOR NON- PROFIT ORGANIZATIONS

Filip Rebetak

*University of Žilina, Univerzitná 8215/1, Žilina, Slovakia
filip.rebetak@fpedas.uniza.sk*

ABSTRACT

Non-profit organizations are an important part of society and economy by providing solutions and services where needs are not met by private sector or government. Its importance is only growing. It is important to know how to assess their financial wellbeing, their financial health. In non-profit organizations, the term financial vulnerability is used to name an organization's susceptibility to financial problems. In this article, we focus on presenting some of the models for prediction of financial vulnerability in non-profit organizations that were developed in later years and have been used extensively since in scientific literature. Aim is to provide overview of models to enable further research in this area to deal with possible limitations such as country and sector specificity of financial distress modelling.

Keywords: *non-profit organization, financial vulnerability, prediction of financial vulnerability*

THE DIGITAL TRANSFORMATION OF TRADITIONAL FASHION RETAIL FOR SUSTAINABLE GROWTH

Sandra Raquel Alves

CIC.DIGITAL; ESTG,

Polytechnic Institute of Leiria, Portugal

raquel.alves@ipleiria.pt

Humberto Ribeiro

GOVCOPP; ESTGA,

University of Aveiro, Portugal

hnr@ua.pt

Raja Saravanan

University of Aveiro, Portugal

vijaysk01995@gmail.com

ABSTRACT

This paper examines how traditional fashion retailers in India are adapting to the new digital environment. During the current COVID-19 pandemic time, traditional companies struggle to operate and survive. This main objective of this research is to suggest a strategic solution for the future of businesses. India's growing international competitiveness within the fashion industry sector is due to its full supply chain. The fashion industry retailer should adopt an Omni-channel approach. The reason is that consumers are increasingly purchasing goods using multiple retail channels, increasing the number of average customer sales and the Omni-channel customer value of the number of channels accepted. Despite the Indian nation difficulties to overcome the difficulties during this crisis, this COVID-19 condition suggests that every traditional business model should take this opportunity to move into the digital arena. We found some prevailing drawback in India from our survey. We used null hypothesis to test our data independence through cross-tabulation analysis by using Chi-squared. We suggest that retailer should utilize this big

opportunity to thrive in the fashion Industry and to ease the customer shopping experience.

Keywords: *Fashion Retail, Traditional Retail, Digital transformation, Omni-channel, Image Interactivity Technology, 3D-Body scanning, Magic mirror technology*

FOOD MARKET TRENDS: THE CASES OF SPIRULINA AND BEE POLLEN

Jose Joao Oliveira

*ESTGA, University of Aveiro, Portugal
jjoliveira@ua.pt*

Humberto Ribeiro

*GOVCOPP; ESTGA, University of Aveiro, Portugal
hnr@ua.pt*

ABSTRACT

The food market can be regarded as increasingly dynamic since wealthier and more educated consumers are willing to pay more for quality and for healthy food. The case of spirulina and bee pollen are two fine examples of functional foods, with recognized nutritional and functional benefits. Functional food represents not only a dynamic, but a fast-rising market as well. Nevertheless, this strand of food is challenging for many of the enterprises that operate in this business, as most of consumers keep being unaware of the particularities of the functional food market. Furthermore, albeit its own challenges that must be overcome, it is important to take adequate measures, since the functional food market should not be neglected. For such to become a reality in the near future, a good strategy on marketing is needed, together with market segmentation and an improvement on the companies' technical and scientific capacity.

This paper tries to summarize some of the main characteristics of the functional food market, with a particular focus on spirulina and bee pollen, highlighting their constraints and opportunities. While addressing these two products, the ways they are marketed and the current market and future trends, this paper intends to shed more light on the functional foods, which is less and less considered as a niche market, being such proved by data and by the fact the some of the largest worldwide food players are entering very seriously in the functional food business.

Keywords: Functional Food, Consumer's Behaviour, Spirulina, Bee Pollen, Food Retail Trends

DETERMINING THE AMOUNT OF LOST PROFIT IN EXPERT EVIDENCE

Iveta Sedlakova

University of Zilina, Slovakia
Iveta.sedlakova@fpedas.uniza.sk

ABSTRACT

Lost profits, damage and various forms of damage are problems that a company may encounter during its existence for various reasons. For many topics, it is necessary to clearly identify the methods of their calculation. It is possible to look at the topic of lost profit from various points of view. From the point of view of the injured party, from the point of view of the expert who is to calculate the amount of lost profit and from the point of view of the judge who is to decide on the correctness of the calculation and on the result. The quantification of lost profits is a problem in terms of the assignment itself, but it becomes extremely interesting in the process of expert evidence. The result of this process and the work of an expert is an expert act, which can take various forms, the most important being the form of an expert testimony and opinion. The expert testimony and opinion have to

be in all respects provable and usable also for proceedings before a court or other public authority. The author aims to name the boundary conditions, which are the basis for the selection of the optimal method of calculation and which are applicable to different cases. The topic of lost profit in the process of expert evidence has an interdisciplinary character, which represents an intertwining of economic, technical and legal problems. The methods of calculating the determination of the amount of lost profit are based on methodological principles of company valuation with emphasis on the principle of income, property and comparison.

Keywords: *company, damage, expert opinion, financial lost, lost profit*

MARKETING RESEARCH AS AN ESSENTIAL PREREQUISITE FOR THE SUCCESS OF A MODERN SOCIETY

Juraj Kolencik

*University of Zilina, Faculty of Operation and Economics of
Transport and Communications, Department of Economics,
Slovak Republic
juraj.kolencik@fpedas.uniza.sk*

ABSTRACT

Marketing research is the mainstay of effective marketing management. Current and high-quality information creates a valuable competitive advantage for the company, capable of participating in the company's growth in the long term. In practice, however, there is often an interpretative confusion of marketing research with market research. This subsequently results in interpretive malformations. These negatively affect the qualification of marketing managers' decisions and create the misconception that marketing research is not important for the

company, as its implementation does not see the desired results. The aim of the paper is to identify the main differences between marketing research and market research in the context of the needs of a successful modern society. From a methodological point of view, in addition to the basic methods of formal logic, such as analysis, synthesis, induction and deduction, there are mainly scientific excerpts. This is precisely the main pillar of the realized literary research devoted to the researched issue. Based on it, the output of the article is a basic definition of marketing research and market research as well as a comparison of their basic characteristics in the context of the current needs of a successful modern society.

Keywords: *Marketing research, Marketing management, Market research*

FAMILY FIRMS, CORPORATE GOVERNANCE AND QUALITY OF ACCOUNTING INFORMATION: EVIDENCES FROM LITERATURE

Fernando Nascimento Zatta

*Universidade Presbiteriana Mackenzie, Brazil
zatta@hmzconsulting.com.br*

Liliane Cristina Segura

*Universidade Presbiteriana Mackenzie, Brazil
liliane.segura@mackenzie.br*

Henrique Formigoni

*Universidade Presbiteriana Mackenzie, Brazil
henrique.formigoni@mackenzie.br*

Samuel Mamede

*Universidade Presbiteriana Mackenzie, Brazil
samuel.mamede@mackenzie.br*

ABSTRACT

This study presents the influence of corporate governance on the quality of accounting information in family businesses and the main governance mechanisms that influence the properties of the quality of accounting information. The bibliometric method was used in order to map the literature and also to disseminate scientific knowledge. The results obtained, supported by the literature, indicates that corporate governance mechanisms positively influence the quality of accounting information in family businesses. The relevant literature presented in this paper provide sources of information to discuss the importance of family businesses and the role of corporate governance on quality of accounting information.

Keywords: *Corporate governance, Family business, Quality of accounting information.*

GAMIFICATION IN MARKETING – A FAD OF CURRENT TIMES?

Lubica Gajanova

University of Zilina,

Faculty of Operation and Economics of Transport and

Communication Department of Economics,

Univerzitna 8215/1, 010 26 Zilina, Slovak Republic

lubica.gajanova@fpedas.uniza.sk

ABSTRACT

Games can use effective methods to motivate players to achieve the best possible results. It is no surprise, then, that this philosophy began to be used in other areas as well. And this is exactly the main purpose of gamification, which seeks to use this specific way of motivation, e.g. to increase work performance, improve learning outcomes or, in the case of marketing, increase sales or brand awareness. Gamification aims to target customers through playful ways in the company's external environment. However, the goal is not to force customers to participate in these games. Rather, it seeks to adjust well-established processes to make them more fun and playful for customers. Gaming mechanisms are then a way to increase customer loyalty to products or brands. Gamification thus essentially adds gameplay elements to the existing activity in order to produce the desired motivational or behavioral effects. The aim of the paper is to focus on the concept of gamification only in the marketing context, to summarize the pros and cons and future of this attribute as a whole as well as by concentrating on the usability of aspect of this kind in terms of psychographic lifestyle generational segmentation of end users (customers). The paper presents a summary and analysis of various secondary data of scientific as well as practical nature. The results of the analysis clearly show, despite the existence of negative opinions on the analyzed issues and a significant number of unsuccessful implementation attempts, that a well-designed gamification

achieves the goals set naturally and so we cannot consider the use of gamification in marketing as a fad of current times.

Keywords: *Gamification, Marketing communication, Psychographic segmentation*

SOME CRITICAL REMARKS TO THE CONCEPT OF LOVE BRANDS IN CONTEMPORARY CRISIS OF INTERPERSONAL RELATIONS

Jana Majerova

*University of Zilina, Faculty of Operation and Economics of
Transport and Communications, Department of Economics,
Slovak Republic
jana.majerova@fpedas.uniza.sk*

Margareta Nadanyiova

*University of Zilina, Faculty of Operation and Economics of
Transport and Communications, Department of Economics,
Slovak Republic
margareta.nadanyiova@fpedas.uniza.sk*

Lubica Gajanova

*University of Zilina, Faculty of Operation and Economics of
Transport and Communications, Department of Economics,
Slovak Republic
lubica.gajanova@fpedas.uniza.sk*

ABSTRACT

The phenomenon of love brands faces to one of the biggest contemporary social challenges, which lies in the schism of interpersonal relations. While concept of love brands forms platform for creating loyal basis of consumers who unconditionally prefer chosen brand, the pattern of interpersonal

dynamics connected to the partnership and its aspects is quite different. Actual statistics about divorces and number of life partners have growing tendencies. Thus, we cannot state that love is the core emotion for brand value building and management on the long-term perspective. At least we cannot state it generally. As in society, also in case of brands – this emotion seems to be effective in some cases. This is the reason why the elementary research presented in this paper has been realized. In scope of above mentioned, the aim of this paper is to detect and describe on the interdisciplinary approach the dynamics of brands management and mechanisms which function inside between these brands and consumers. To acquire this, there have been set hypotheses connected with different perception of love in two basic dimension – consumer vs. brand and consumer vs. consumer. Based on the provided literature review, it has been supposed, that selected demographic criteria would be relevant to predict the character and depth of these relationships. On the other hand, it has been also supposed that love brands have shorter duration of interaction with consumer than previously. Primary data used in the presented study were obtained by our own survey carried out on the sample of 2000 respondents (citizens of the Slovak Republic older than 15 years). Set hypotheses were tested using binomial test. By providing this statistical evaluation of obtained data, it has been subsequently possible to identify suitable methodological apparatus for optimization of so far formulated postulates of the concept of love brands and its effective implementation in contemporary practice of brand value building and management.

Keywords: Brand, Branding, Love Brands, Interpersonal Relations

SOCIALLY RESPONSIBLE COMMUNICATION STRATEGY IN THE BANKING SECTOR

Margareta Nadanyiova

*University of Zilina, Faculty of Operation and Economics of
Transport and Communications, Slovak Republic
margareta.nadanyiova@fpedas.uniza.sk*

ABSTRACT

Corporate social responsibility together with sustainable development, has been one of the most discussed topics in recent years. Its essence lies in the fact that companies focus not only on profit but above all on sustainable growth and development. In addition to their economic activities, they also pay attention to the social and environmental aspects and emphasize that these interests do not have to be contradictory, but conversely, they can work together and thus increase their efficiency. And it is the communication that is crucial in corporate social responsibility and influences the attitudes of stakeholders towards the company. The aim of this article includes providing a literature review on the issue from the perspective of several foreign and domestic authors. By using methods of description, comparison, deduction, induction, it discusses the essence of corporate social responsibility as well as socially responsible communication and also analyses its practical use in the banking sector. The secondary data for the analysis were obtained from annual companies reports, statistical tables and published professional publications. General scientific methods were applied for the processing of the data. Based on this, the benefits of using socially responsible communication strategy in the banking sector are highlighted, that includes, in particular, strengthening the company's image, increasing the brand value, building customer relationships and gaining their loyalty.

Keywords: *Corporate Social Responsibility (CSR), Socially Responsible Communication, Banking Sector, Stakeholders, Company*

HOW MOBILE BANKING IN THE DIGITAL ERA CAN RESHAPE THE BANKING LANDSCAPE: A LITERATURE REVIEW

Maria Cristina Quirici

University of Pisa, Italy

Department of Economics and Management

Pisa, C. Ridolfi str. 10, 56124, Italy

maria.cristina.quirici@unipi.it

ABSTRACT

The impacts of FinTechs (Financial Technology) and digitalization on the financial sector, and on the banking industry in particular, are more and more consistent, almost disruptive. Progress in mobile device development, with the actual diffusion of smartphones, with a cheaper and widely-spread Internet have led to a growing number of Mobile Banking users all over the world. The present research wants to analyze the role of Mobile Banking in the present financial digital framework according to the banking perspective. To reach this aim the paper starts with a literature review regarding the significance of Mobile Banking, being difficult to find a relative univocal definition in literature, with no consensus for example in its definition and role in developed and developing countries. Then the paper investigates and explores the various channels through which Mobile Money Services affect bank performances. The analysis, based on a review of the relative existing literature, is able to point out that the actual disruptive changes in mobile financial services and payments can represent also a great opportunity for banks to reduce their marginal costs and to increase their productivity, giving them the possibility to leverage innovative and less costly business models too. The paper in its final part indicates also some topics for further researches.

Keywords: *Banking Performance, Digitalization, FinTechs, Mobile Banking, Mobile Payments*

DIFFERENCES AND PARTICULARITIES CONNECTED TO RETAIL MARKET CONCENTRATION: THE EVIDENCE FROM CROATIA

Ivan Kovac

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

ABSTRACT

The focus of this paper is to explore to what extent differences in the market share of the retailers in different statistical NUTS II regions (the Continental and the Adriatic) in Croatia, are related to the differences in their productivity, especially the differences related to their business result. The findings support the thesis that the differences in the retailers' market share in each statistical NUTS II region have statistically significant influence on the differences related to the very business result of these retailers. The results of the research in the Continental and the Adriatic statistical regions of Croatia prove that there are statistically significant differences relating to the gross profit per employee between the five strata of the retailers grouped according to the different market shares. Furthermore, the paper supports the assumption that there are specificities in the Continental and the Adriatic statistical regions of Croatia concerning these differences. The paper also presents the basic limitations of the research as well as recommendations for the future research.

Keywords: *Croatia, market concentration, retail, statistical NUTS II regions*

NEGATIVE CONSEQUENCES OF CREATIVE ACCOUNTING UNDER THE CONDITIONS OF SELECTED EASTERN EUROPEAN ECONOMIES

Monika Poradova

*University of Zilina, Faculty of Operation and Economics of Transport and Communications, department of economics,
Univerzitna 1, 010 26 Zilina, Slovakia
monika.poradova@fpedas.uniza.sk*

ABSTRACT

Concepts associated with Creative Accounting became popular only two decades ago, but there has always been a desire to manipulate the financial statements of companies. The aim of the presented paper is to clarify the negative consequences of creative accounting under the conditions of selected eastern European economies. The paper presented consists of 4 parts. In the first part, the paper deals with the concept of creative accounting, were introduced definitions that indicate how it is perceived by different occupational groups and how it is assessed as a phenomenon regularly occurring in the normal economic cycle, which of course affects. The following are the causes of its increasing usability, which features of accounting help bias in accounting information and in which spheres of the economic environment we can find it. The following chapter covers the individual practices of creative accounting where it tried to name at least the most important of them. Their knowledge should be user to help identify them because, based on the information provided by the company, it does their economic decisions. However, the content of this section also suggests that a number of techniques that can be used to misrepresent financial statements is really many, and their creators gives really a lot of space to adapt the presented data to your image. Comparison of creative accounting in the Slovak Republic and the Czech Republic was carried out based on data set from ministries of

internal affairs in the third chapter of this paper. The fourth part is devoted to the conclusions of the paper presented. A descriptive method, analysis, mathematical-statistical methods, graphic methods, comparison and synthesis was used in the processing of the paper submitted. The result of this paper is a comprehensive overview of the negative consequences of creative accounting.

Keywords: *Creative accounting, Economic impact, Prevention, Economic crime, Earnings manahement*

DEVELOPMENT OF EXPORT POTENTIAL OF NON-OIL SECTOR OF AZERBAIJAN'S ECONOMY IN THE POST DEVALUATION PERIOD

Movlud Farzaliyev

*Lecturer, Department of Economics and Business
Administration at UNEC Business School, Azerbaijan State
University of Economics (UNEC), The Republic of Azerbaijan
movlud.farzaliyev@unec.edu.az*

ABSTRACT

The main objective of the article is to identify problems and perspectives related to the development of export potential of non-oil sector of Azerbaijan economy during the period following the devaluation. Economic reformations in the country made significant changes in terms of quality and ensured dynamic movement in export. The article contains the analysis of the foreign trade dynamics of Azerbaijan, the current export status of the country's non-oil sector and the changes observed in this direction, export capacity of the non-oil sector, as well as a correlation between production volume and exporting. The article identifies differences between export volumes in non-oil sector before and after the devaluation, and the challenges faced during the management of this process. Sources used by the

author includes published scientific research works of well-known national and foreign economists, various scientific concepts, orders of the President the Republic of Azerbaijan, decrees and resolutions issued by the Cabinet of Ministers of the Republic of Azerbaijan, normative-legal acts, and documents of related state programs. Identification of factors influencing export development, explication of specifics and main directions of the state of exporting in Azerbaijan's non-oil sector, analysis of state regulation in modern conditions and studying the applied regulatory framework have been set to achieve in this research paper. The article uses comparative analysis, logical generalization, analogy, synthesis methods. The author puts forward proposals for the purpose of raising the efficiency of state regulation in order to increase exports of the non-oil sector.
Keywords: *Export, Non-Oil Sector, Incentives, Reformations, Export Potential*

ACCELERATING ECONOMIC DIVERSIFICATION IN AZERBAIJAN: CHALLENGES, SHAPING PROSPECTS

Mushfig Guliyev

*Azerbaijan State University of Economics (UNEC)
Baku, Istiqlaliyyat str.6, AZ1001, Azerbaijan
guliyev.my@gmail.com*

ABSTRACT

This paper, presents an analysis of the sectors that show the largest potential for supporting the country's quest for economic diversification. It draws upon latest information about the diversification of economy and development strategy of oil producers countries from various sources, including research publications and reports provided by international economic organizations (OECD, WB, IMF, ADB, CAREC, EU4 Business

programmes and OPEC+). The study assesses the challenges and key constraints of economy, and analyzes key areas in which specific sector reforms can best contribute to economic diversification. The paper also discusses evidence-based policy suggestions that will be useful for the government's future strategies and plans diversifying the industrial base. This paper highlights the importance of foreign investment in supporting SME integration in global value chains (GVCs). Disruptions to global supply chains are one of the clearest effects of the Coronavirus in the world economy. A growing number of researchers expect to change the breadth of their supply chains as a result of the COVID-19 pandemic. Therefore, it is important to act swiftly and in meaningful ways to minimize the fallout from this crisis. As the crisis evolves, complexities and vulnerabilities in global supply chains, which extend beyond CIS countries in manufacturing and goods trade. Diversification is helping unlock the Azerbaijan's vast resources and human potential. Accelerating economic diversification in Azerbaijan will require strong political will to improve the country's business climate, enhance competitiveness, and increase private sector participation—as laid out, along with the state program of reforms, in Azerbaijan.

Keywords: *Economic Diversification, Integration, Global Value Chains (GVC), Coronavirus, Industrial Zones*

ADVANCEMENT IN GEOECONOMICS THROUGH TOURISM PROMOTION - INTERNATIONAL BEST PRACTICES OF INFLUENCER MARKETING FOR CORPORATE BRAND MANAGERS AND POLICY MAKERS

Arpad Papp-Vary

*Dean, Faculty of Business, Communication and Tourism,
Head of the Marketing MSc programme,
Budapest Metropolitan University, Hungary
+36 20 581 2978, apappvary@metropolitan.hu*

Szabolcs Szolnoki

*PhD Student, University of Pécs, Hungary
Attaché for Science and Technology,
Embassy of Hungary in Tel Aviv
szabolcs.szolnoki@pm.me*

Endre Beres

*Communication and Strategic Marketing Expert, Hungary
endre.beres@gmail.com*

ABSTRACT

Geoeconomics represents synergies and an ecosystemic approach where tourism marketing serves the goals of spatial, economic and social development. Influencer marketing has become a hot topic globally in recent years, and the novel corporate practice was also adopted by national and local governments. Since one of its major advantages is multi-platform applicability, it is far more than just another new tool. Given the 'advertising noise', public relations and marketing professionals struggle to find the most effective direct and indirect ways for attracting the attention of the target group. Presenting brand messages in unique narratives involving the power of the opinion leaders' personal voice has proved to be effective in advertising. 87% of surveyed consumers were inspired to make a purchase

based on what they saw from an influencer according to Rakuten's cited report. The figures highlight that identifying with influencers increases the audience's openness towards sales-oriented messages. The present study presents international best practices of involving influencers by policy makers responsible for city branding from Eindhoven, Helsinki, The Hague and Miami. Furthermore, it examines the theoretical background and discusses exciting questions. What is the definition of an influencer? How should brands and cities cooperate with them? Why is Instagram an extremely important platform? How can influencers visiting a city (or living there) facilitate city marketing? The authors attempt to provide ideas and inspiration for corporate brand managers and public policy makers already working with influencers or planning to do so.

Keywords: *influencer, city marketing, branding, consumer behaviour*

ENTREPRENEURIAL ECOSYSTEMS QUALITY: A MULTI-COUNTRY ANALYSIS BASED ON GEM

Mariana Pita

*University of Aveiro, Campus Universitário de Santiago,
Aveiro, Portugal
mariana.pita@ua.pt*

Joana Costa

*University of Aveiro, Campus Universitário de Santiago,
Aveiro, Portugal
joanacosta@ua.pt*

ABSTRACT

The interest on entrepreneurial ecosystems has been growing since its recognition as a relevant igniter of entrepreneurial activity. Both scholars and practitioners are aware of the

importance of developing favorable environments to promote entrepreneurship, nevertheless, it seems that the 'perfect recipe' was not yet discovered. Since countries worldwide are more than ever committed with entrepreneurship-driven policies and practices, it's of paramount importance to appraise what elements of entrepreneurship ecosystem contribute the most to foster entrepreneurial spirit. Taking the shortage contributions on entrepreneurial ecosystems quality through the lens of time and space, the present study aims to investigate the relation between entrepreneurial ecosystem quality and entrepreneurial activity during a period of 7 years. The study relies on Global Entrepreneurship Monitor Adult Population Survey and National Expert Survey using a multi-country analysis. Findings indicate that entrepreneurial ecosystems tend to be heterogeneous even among countries usually compared as similar evidencing the inexistence of parity among different geographies. Also, the results point that entrepreneurial ecosystems quality is not directly related to a better performance in entrepreneurial activity. At last, the study reveals the importance to build a last long positive perception about the environmental conditions to support entrepreneurship.

Keywords: Entrepreneurial Ecosystems, Entrepreneurial Activity, GEM, multi-country

EDUCATION AS ONE OF THE PHENOMENA OF CONTINUOUS DEVELOPMENT

Rashad Huseynov

*Associate prof., Scientific-Research Institute of Economic
Studies under Azerbaijan State University of Economics
(UNEC), Azerbaijan
rashadhuseynov2013@gmail.com*

Farhad Mikayilov

*Associate prof., Senior researcher, Scientific-Research Institute
of Economic Studies under Azerbaijan State University
of Economics (UNEC), Azerbaijan
farhad.mikayilov@unec.edu.az*

Shafiga Mammadova

*Associate prof., Sumgait State University
shafiga_mammadova@mail.ru*

Elman Ibishov

*Associate prof., Senior researcher, Scientific-Research Institute
of Economic Studies under Azerbaijan State University of
Economics (UNEC), Azerbaijan
elman.ibishli@gmail.com*

Rafail Rzayev

*Scientific-Research Institute of Economic Studies under
Azerbaijan State University of Economics (UNEC), Azerbaijan
rrzabeyli@rambler.ru*

ABSTRACT

In the civilized world, education has become one of the most important tools for the modernization of society, as well as for the development of the economy and the state. At the same time, it is increasingly important to acquire new knowledge and apply it in practice. Therefore, ensuring the mutual integration of science and education and extensive use of the opportunities of this

process to achieve sustainable development is one of the most pressing problems of modern development. The fourth of the 17 goals of sustainable development is related to education, providing inclusive and equal quality education for all and supporting lifelong learning opportunities. The main purpose of education for sustainable development is to bring up educated people with comprehensive knowledge in society, socially active, able to understand the processes and events in public life, modern worldview, moral, cultural and ethical values, socially responsible, behavioral norms. This research examines the role of education in ensuring sustainable development, the relationship between education and environmental, economic development and labor market development. Education has the ability to solve and eliminate environmental problems, to ensure the formation of an environmentally responsible society to prevent them. Education also increases people's ability to withstand the risks associated with environmental change. Education enables people to learn, increase their knowledge and improve their economic situation, lift them out of poverty, and achieve inclusive development by providing them with new knowledge, skills and habits. The solution of these issues is increasing the relevance and importance of lifelong learning in society. Higher and modern levels of education also expand people's opportunities to find work by making them more competitive in the labor market. In general, education provides a solid foundation for improving the living standards of members of society and ensuring a healthy, value-based lifestyle, gender equality in society, and the understanding and promotion of rights and freedoms.

Keywords: *Education, sustainable development, level of education, standard of living, environmental development, lifelong learning*

TECHNOLOGICAL RISE HEAVILY IMPACTS E-COMMERCE INDUSTRY

Daniel Panduric

*University North, Croatia
dapanduric@unin.hr*

Igor Klopota

*Polytechnic of Međimurje in Čakovec, Croatia
igor.klopota@mev.hr*

Tesa Klopota

*University of Zagreb, Faculty of Political Science, Croatia
tklopota15@gmail.com*

ABSTRACT

The way people and businesses mutually trade goods and services is a never-ending cycle of change. The change is due to advances in various fields of science, but due to the invention of computers and microprocessors that change is more evident in the last fifty years. The main force driving that change are the consumers. A few companies adopted the use of new technologies, especially bigger companies with bigger market shares. So it is usually down to the consumers to “vote” with their money and virtually “force” companies to adapt or to go bust. And with widespread usage of the internet and other technological advances (like social networks and smartphones) that change is even more accelerated. So the retail industry is facing an unforeseeable future.

Keywords: *retail, digitalization, trade, digital commerce, social networks, consumers*

GLOBALIZATION OF THE ECONOMY AND ITS IMPLICATIONS

Khankishi Khankishiyev

Azerbaijan State University of Economics (UNEC)

Baku, Istiqlaliyyat str.6, AZ1001, Azerbaijan

khanbiznes@rambler.ru

ABSTRACT

The article discusses the globalization of the world economy in the process of changing the world space, transforming it into a single zone, opening for the unhindered movement of goods, services, information, capital. It is also easy to spread ideas and carriers in this space, contributing to the development of relevant institutional formations and setting up systems of interaction between them. The consequence of globalization of world systems in this way is the emergence at the international level of a single space: cultural, informational, legal and economic. In other words, the phenomenon of globalization is not limited to the sphere of the economy, but to a large extent affects all key areas of society - ideology, culture and politics. Without a doubt, this phenomenon has been given a central role in the global economy of the new century, which consists in catalyzing the formation of an updated world system of relations in politics and economics adapted to globalization. One of the problems of globalization is potential global instability due to the interdependence of national economies at the global level. As a result, local economic fluctuations or crises in one country can have regional or even global consequences. The negative aspects of globalization are associated with the potential conflicts it is fraught with, although they can be mitigated by developing global cooperation based on political agreements or creating new international institutions. The globalization of the global economy has an impact on all states, in particular, determining the development and diffusion of technologies between countries, the use of labor, the manufacture of goods and the offer of services and investments.

As a result, such parameters as competitiveness, labor productivity and production efficiency as a whole change.

Keywords: *globalization, internationalization, global instability, integration, national production*

UPM BIO VERNO: BIODIESEL PRODUCED FROM THE BY-PRODUCT OF THE PULP INDUSTRY AND ITS IMPORTANCE IN GREEN MARKETING AND STRATEGY

David Vrtana

*University of Zilina, Faculty of Operation and Economics of
Transport and Communication Department of Economics,
Univerzitná 8215/1, 010 26 Zilina, Slovak Republic
david.vrtana@fpedas.uniza.sk*

Anna Krizanova

*University of Zilina, Faculty of Operation and Economics of
Transport and Communication Department of Economics,
Univerzitná 8215/1, 010 26 Zilina, Slovak Republic
anna.krizanova@fpedas.uniza.sk*

ABSTRACT

Nowadays, green marketing is irreplaceable and its correct application can significantly help to fulfill the marketing strategy. Green solutions for business and industry can also have a significant impact on some form of corporate social responsibility by which a business can increase its competitiveness in a market environment. The subject of the article is a Finnish company operating in the forestry industry. The article contains three basic areas, which will be described with respect to effective implementation of marketing strategy. It will be a general description of biofuel production, including aspects relevant to distribution planning and economic governance. It will also

describe the basic customer aspects, including identifying the challenges of biofuel producers in local, European and global markets in the context of UPM. We also identify the positive and negative aspects of biofuels for private and truck users. The conclusion of the analytical part of the article will describe the basic marketing and distribution plans that UPM BioVerno should make in case of entering the domestic market. On the basis of all the information from the analytical part, we proceed to the discussion part in which we will describe the relationship between the use of palm oil and other vegetable oils for the production of biofuels and thus the use of rare fertile land for biomass cultivation. We also describe why wood waste is used in Finland and on the basis of the analyzed data we will try to show whether a similar business would work on the domestic market. In the final part we will summarize the importance of green marketing and its relation to marketing strategy to the company and in general.

Keywords: UPM BioVerno, marketing strategy, green marketing, customer, biofuels

DOES THE INSTITUTIONAL ENVIRONMENT AFFECT PERFORMANCE? EVIDENCES FROM DIFERENT COUNTRIES

Liliane Cristina Segura

*Universidade Presbiteriana Mackenzie, Brazil
liliane.segura@mackenzie.br*

Vladimir Fernandes Maciel

*Universidade Presbiteriana Mackenzie, Brazil
vladimir.maciel@mackenzie.br*

Henrique Formigoni

*Universidade Presbiteriana Mackenzie, Brazil
henrique.formigoni@mackenzie.br*

Julian Alexienco Portillo

*Universidade Presbiteriana Mackenzie, Brazil
julian.portillo@mackenzista.com.br*

Daniella Guimaraes Bergamini de Sa

*Universidade Presbiteriana Mackenzie, Brazil
daniella.sa@mackenzie.br*

ABSTRACT

In the global scenario, companies from different countries need to understand the influence of the economic environment in order to make their strategic planning. Sometimes is difficult to be compliant with all the regulations and this could be the highest risk these companies will face when they are stablished globally. In the empirical researches, we have found some evidences that economic freedom is related to economic growth and it affects the productive effort and the efficient use of resources (for example, property rights affects the economic growth and economic freedom promotes the financial development). Considering these evidences, our purpose is to investigate if the level of regulation

affects companies' performance in 12 different countries. Data were collected from the Capital IQ and Fraser Institute databases. A panel of data of 10 years of observations were used with the Stata software. The general results show that the less free environment, the company's performance worsens while its leverage increases and the higher the regulation, the worse the company's performance (considering its indebtedness level). Based on them, the paper intends to open the discussion about the level of government regulation pointing out the benefits to companies' decisions from a less regulated business environment.

Keywords: *Economic Growth, Institutional Environment*

PROBLEMS OF FINANCIAL RISK MANAGEMENT

Sarvar Alijan

Azerbaijan State University of Economics, Azerbaijan

ABSTRACT

The article reveals the essence, meaning and causes of financial risks. In relation to the concepts of "risk" and "uncertainty", various scientific and theoretical views of economists were investigated and appropriate generalizations were made. The similarities and differences between the concepts of "risk" and "uncertainty" were clarified, and it was emphasized that risk is a potential threat and an absolute reality, with the possibility of deviation from the established levels of actual results of economic activity and the possibility of an adverse event. The theoretical and methodological foundations of financial risk management are studied, the role of risk management in the sustainable development of the company is considered, management decisions based on risks are justified, and the classification of risks is specified. The ongoing work on the formation of an

information base for managing financial risks, identifying risks, assessing risks, identifying opportunities to reduce risks, strengthen or improve risk control, etc. processes are described in detail. The possible risk losses to which commercial banks are exposed are identified by applying stress testing, risk mapping and value at risk methods in assessing financial risk. In the management of financial risks, diversification of investments, financial restrictions and storage in reserves of some funds, risk insurance, hedging operations and special methods of saving financial resources are widely used. The hedging method is used to reduce the negative effects of possible fluctuations in the exchange rate in the banking sector, on stock exchanges and in commercial activities. There are reasonable proposals and recommendations for improving the financial risk management mechanism.

Keywords: *financial risk, diversification, limitation, risk insurance, risk avoidance, risk management*

PERSISTENCE IN INNOVATION AS AN ENHANCER OF SUSTAINABLE GROWTH

Joana Costa

*GOVCOPP, DEGEIT Universidade de Aveiro, Portugal
joanacosta@ua.pt*

Diana Braga

DEGEIT Universidade de Aveiro, Portugal

ABSTRACT

The impact of innovation in economic growth is widely explored, thus, in the last decades it has been understood that along with innovation per se, one must address the continuity of these behaviours over time. Analysing the details of innovation persistence helps understanding firm dynamics, effectiveness of

policy actions, raising productivity thus sustainability. Persistence of innovation is empirically explored using technological innovation, and continuity of innovative behaviours in the same innovation type; non-technological innovation types are somehow neglected and, the existing literature may not apply to the innovation types in a generalised manner and iterative persistence of innovation has not been detailed so far. Understanding the specific characteristics of each innovation type will grant the design of fine tuning policy actions accommodating the array of particularities. Moreover, the effect of the absorptive capacity and the open innovation strategy has not been connected to the innovation types by the existing literature. The present article analyses persistence of innovation using a dynamic panel encompassing 2147 firms operating in all economic sectors in Portugal, observed from 2008 to 2014, covering three editions of the Portuguese Community Innovation Survey (CIS). Using the random effects probit model, interactive processes of innovation are evidenced, reinforcing the singularities of each innovation type. As a consequence policy programs financing the same innovation type will fail to feed innovation cycles. Open innovation strategies seem to reinforce intermittence and public funds are helpful only for technological innovation. Empirical findings encourage differentiated public policies targeting the different innovation types avoiding the one size fits all approaches in use at present as a vehicle to promote sustainability

Keywords: *Persistence in Innovation, Sustainability, Random Effects Probit, CIS*

INTERDEPENDENCE OF CREDIT LENDING TO THE PRIVATE SECTOR AND THE GDP GROWTH RATE IN THE REPUBLIC OF CROATIA

Marko Akmacic

*Libertas International University, Trg J.F.Kennedya 6b, Croatia
marko.akmacic@icloud.com; makmacic@libertas.hr*

Andreja Rudancic

*Libertas International University, Trg J.F.Kennedya 6b, Croatia
arudancic@hotmail.com; arudancic@libertas.hr*

Vesna Skare Ozbolt

*Attorney at Law, Zagreb, Croatia
vesna.skareozbolt@gmail.com*

ABSTRACT

This paper, in its main section, empirically investigates and determines the characteristics and factors of credit lending and GDP and the correlation between private-sector lending and economic growth in the Republic of Croatia. The aim of this paper is derived from the main section, which is to identify and prove connections and interdependence between credit lending and economic growth in the Republic of Croatia. Therefore, this paper aims to provide a better understanding of how private sector lending affects economic growth and GDP growth. Namely, if quality loans with low-interest rates are provided to the economy, they will stimulate economic growth. In contrast, if there are no available loans, lower rates of economic growth and a decline in employment rates will occur. Based on the above, the following hypothesis of this paper was established as the starting point of the research, which reads: "There is a close positive relationship between private-sector lending and GDP growth rate." The methodology used in the paper consists of the basic methods of descriptive and inferential statistics, which have been applied to prove or disprove correlations between individual

variables. The relevant statistical programs IBM SPSS Statistics 22 and MS Excel were used for analysis and presentation. It is therefore concluded that despite the existence of a tight positive link between private sector loans growth and GDP growth, there is a lack of linearity between them, which precludes any possibility of above confidence forecast of 79.3%, which is not sufficient for further research.

Keywords: *economic growth, lending, private sector, GDP, Republic of Croatia*

TOWARDS AN INCLUSIVE AND INNOVATIVE BIOENERGY DEVELOPMENT THROUGH BRAZILIAN AND NORDIC EXPERIENCE IN BIOFUELS

Carlo Alessandro Castellanelli

University of Aveiro - DCSPT/GOVCOPP, Portugal

Ku Leuven, Belgium

carlo.castellanelli@ua.pt

David Nunes Resende

University of Aveiro - ESTGA/GOVCOPP, Portugal

ABSTRACT

The expansion of the bioeconomy, with particular attention to biomass as a raw material for energy production, is inevitable due to the limits of nonrenewable resources. In this context, the development of bioenergy is often assumed to follow a uniform path. However, the design, organization, and policy tools that support the production of bioenergy in specific regional and local contexts may be the key to its full realization. Brazil is one of the pioneer countries in the production of biofuels and still maintains itself as one of the world's leaders, however, some recent issues in its production chain, more specifically regarding social

exclusion and the interplay between involved actors, have been identified. The Nordic countries, on the other hand, despite having a more recent experience in biofuels, are pioneering with their innovative and inclusive bioenergy-led value chains, through initiatives such as the Smart Specialization Strategy (RIS3) - under the vision of a smart and sustainable Europe. Based on this, two case studies of biofuels development with potential for transformation of regional economies were studied. Our main focus in this paper was to analyze ways in which the bioeconomy and, in particular, the development of biofuels in the studied regions can create opportunities and promote cooperation / coordination between value chains, identifying their enabling and constraining factors with the intention of filling the gaps in these two realities that have been studied separately until now.

Keywords: Bioenergy, Biofuels, Regional Development, Brazil, Sweden, Regional Innovation Systems

LINKING FIRM CHARACTERISTICS TO BARRIERS FOR COMPETENT EMPLOYEES

Gentjan Cera

*Department of Business Administration,
Faculty of Management and Economics,
Tomas Bata University, Zlin, Czech Republic,
Faculty of Economic and Agribusiness,
Agricultural University of Tirana, Albania
cera@utb.cz*

Edmond Cera

*Department of Business Administration,
Faculty of Management and Economics,
Tomas Bata University, Zlin, Czech Republic
ecera@utb.cz*

Humberto Ribeiro

*GOVCOPP; ESTGA, University of Aveiro, Portugal
hnr@ua.pt*

Sandra Raquel Alves

*Polytechnic Institute of Leiria, Portugal
raquel.alves@ipleiria.pt*

ABSTRACT

One important internal factor that affects business performance is related with the human resources dimension. The current study seeks to investigate whether barriers for training and maintaining competent employees differ across firm age, firm size, and sales volume. To measure barriers for competent employees a scale with five indicators was developed. To assess its consistency, firstly, an explanatory factor analysis was performed, and secondly, the Cronbach's alpha was applied. Firm characteristics, namely firm size, firm age and sales volume, were measured by employing ordinal variables with more than three levels. To explore the existence of the differences in barriers for

competent employees related to firm age, firm size and sales volume, nonparametric tests were employed such as the Kruskal-Wallis test. In addition to this, a Jonckheere-Terpstra test was performed to capture possible trends across the developed scale of firm age, firm size, and sales volume categories. To collect the data a questionnaire was designed and delivered to small and medium-sized enterprises. The owner, manager, or financial chief officer were considered as suitable individuals to fill the questionnaire as they may be considered firm representatives. The survey consists of 355 operating firms interviewed face-to-face within a transition economy country, Albania. The performed examination revealed that across firm age categories there were differences, and as firm age increases, the lower is the perception of barriers for competent employees. Concerning firm size, measured as the number of employees, no significant association was found in regard to the scale employed. However, regarding sales volume, a decreasing trend in barriers for competent employees was reported as sales increases. Comprehensively, the present research suggests the existence of significant linkages between barriers for competent employees and firm age and sales volume, and insignificant relationship between firm size and barriers for competent employees. The findings of this study provide useful insights and offer a better view of the nature of entrepreneurs' behaviour within the Western Balkans.

Keywords: *business constraints, business performance, human resources, non-parametric methods, transition economy, Western Balkans*

CORRUPTION INDEX IN BRAZIL: PERCEPTIONS AND IMPLICATIONS

Samuel Paiva Naves Mamede

Universidade Presbiteriana Mackenzie, Brazil
samuel.mamede@mackenzie.br

Liliane Cristina Segura

Universidade Presbiteriana Mackenzie, Brazil
liliane.segura@mackenzie.br

Henrique Formigoni

Universidade Presbiteriana Mackenzie, Brazil
henrique.formigoni@mackenzie.br

Fernando Nascimento Zatta

Universidade Presbiteriana Mackenzie, Brazil
zatta@hmzconsulting.com.br

ABSTRACT

Corruption can make it difficult to increase the confidence of entrepreneurs and investors in market institutions. Low governance and failure to adequately address corrupt practices has raised the level of corruption, signalling as a consequence a low level of foreign investment and a reduction in the competitiveness of domestic companies. In this context, Brazil exemplifies significant degrees of corruption, which reflect a long and ingrained institutional history. To get an idea, independent audit reports reported that political parties had been implicated in the colossal scandal involving Brazil's oil giant, investing some \$5 billion in corruption in the past decade. Thus, considering Brazil's reality in spreading and fighting corruption, it is opportune to know which states have the greatest inference from these acts, through the construction of the 1st Index of Perception on corruption in Brazil. determinants that influence the emergence and persistence of corruption. Thus, the general objective of this study is the creation of a Corruption Index by

Brazilian states, through an investigation of the main determinants that originate and support this practice in the economy. From the use of data and observations from each of the Brazilian states, during the period from 2010 to 2019, the empirical modeling was supported by regressions in panel data. The contributions of this work signal implications for researchers, executives and public policy makers. For researchers, in the argument that a new index will be available for advances in the study of corruption in the realities of emerging countries; for executives, in the understanding that they need to have a better understanding of the areas of greater corruption, aiming at a more effective decision-making process; and finally, for public policy makers, who signal the interest in developing actions to combat corruption, initially in regions with greater concentration and development of corruption.

Keywords: *Corruption, Dynamic panel analysis, Local government*

LINKING STRATEGY AND BUDGETING IN A DYNAMIC ENVIRONMENT: THE CASE OF VODAFONE PORTUGAL

Rui Vieira

*IE Business School, IE University, Madrid, Spain
Rui.vieira@ie.edu*

Nuno Pina

*Universidade Nova de Lisboa, Lisboa, Portugal
nunopina@iol.pt*

ABSTRACT

This paper seeks to provide an in-depth understanding of the processes of control that operate in organizations, especially those within parent-subsidiary relationships. It presents the

findings of one case study conducted at a Telecommunications company, using the framework of Ferreira and Otley (2009) extended by Broadbent and Laughlin (2009), to gain a comprehensive view of the management control package in place at the organization. Particularly, the key role of the budgeting process - complemented with financial and non-financial performance measures - to align strategy and adapt to market needs. Two key contributions emerge from the paper. First, by studying management control as a package, the narrative demonstrates the complexity of the budgeting process and how it links to broader strategic processes. Second, the study exposes the role that organizational culture and modes of rationality play in helping us better understand the link between all the components of PMS and therefore the relevance of integrating the Ferreira and Otley's framework with Broadbent and Laughlin's notion of relational and transactional Performance Management Systems (PMS).

Keywords: Budget, Strategy, Performance Management Systems, Budgeting, Key Performance Indicators

SPATIAL JUSTICE (INEQUALITY AND INEQUITY) IN THE PROVISION OF PRIMARY SCHOOLS

Joao Lourenco Marques

*Department of Department of Social, Political and Territorial
Sciences (DCSPT),
Research Unit on Governance, Competitiveness and Public
Policies – GOVCOPP,
University of Aveiro, 3800, Aveiro, Portugal
jjmarques@ua.pt*

Fillipe Feitosa

*Department of Department of Social, Political and Territorial
Sciences (DCSPT),
Research Unit on Governance, Competitiveness and Public
Policies – GOVCOPP,
University of Aveiro, 3800, Aveiro, Portugal
fillipefeitosa@ua.pt*

Jan Wolf

*Department of Department of Social, Political and Territorial
Sciences (DCSPT),
Research Unit on Governance, Competitiveness and Public
Policies – GOVCOPP,
University of Aveiro, 3800, Aveiro, Portugal
jwolf@ua.pt*

ABSTRACT

Spatial equity can be understood as the central principle of spatial planning which is, ultimately, concerned with guaranteeing that the attribution of property rights and the distribution of public funding counters spatial inequality (Kunzmann, 1998). But the way we judge spatial inequality is not self-evident and, necessarily, implies some overarching principle of justice. Probably the most frequently cited author when discussing matters of justice is John Rawls. Rawls' principles of

justice, being broadly defined and including aspects such as power and self-esteem, besides economic resources, is also focused on the actual conditions of exercising different types of freedom (Rawls, 1971, 1981). Thus, even if assuming that inequality will always exists at some level, it is the responsibility of democratic institutions to redistribute resources and promote social justice in order to provide the maximum degree of freedom to different social groups and, in particular, to the least well-off (Resosudarmo, Kuncoro, & Hewings, 2019). In other words, spatial planning and public policy must assume the responsibility to ensure social justice principles in their actions, trying to find the right balance between: i) maximizing effectiveness and efficiency; and ii) minimizing inequalities and inequities. The aim of this paper is to study and analyse territorial inequalities in the access to education. More specifically, it presents: i) an exploratory approach to assess spatial justice for different types of territories at different spatial scales, analysed by the relationship between the location of primary schools and the spatial distribution of different socioeconomic groups (using as a proxy the a qualification ndex – QI); and ii) a spatial econometric model to explain spatial equity, measured by an aggregated and single indicator of accessibility, regressed against a set of socioeconomic and territorial indicators. This study is developed in the context of Portugal, using the statistical subsections of the BGRI (geographically referenced database) as the smallest spatial units. Three types of data are used: school locations, provided by the Portugal Directorate-General for Science and Education Statistics; a street network, available from OpenStreetMaps; and socioeconomic data, available from the National Statistical Institute. A database with approximately 240,000 subsection allows to assess how close different socioeconomic groups are to schools. This data can then be aggregated at different scales (e.g. parishes or municipalities), for which it is possible to calculate different measures, such as the minimum, maximum or average distances or the ratio of school by inhabitants. The preliminary conclusions allow to identify two main dimensions of accessibility: i) factor 1 -

distances to primary school and ii) factor - coverage level of schools. A significant negative and non-linear relationship between the socioeconomic conditions of people and the level of accessibility (factor 1), which is independent of the type of territories (clustered by the different kind of accessibility). For the number of schools by inhabitant (factor 2), no relation was found with the IQ. This means that the inequalities in the provision of primary schools is restricted to distance and does not necessarily hold a relation to the per capita investment in territories.

Keywords: *Justice, Provision, Schools, Inequality, Inequity*

