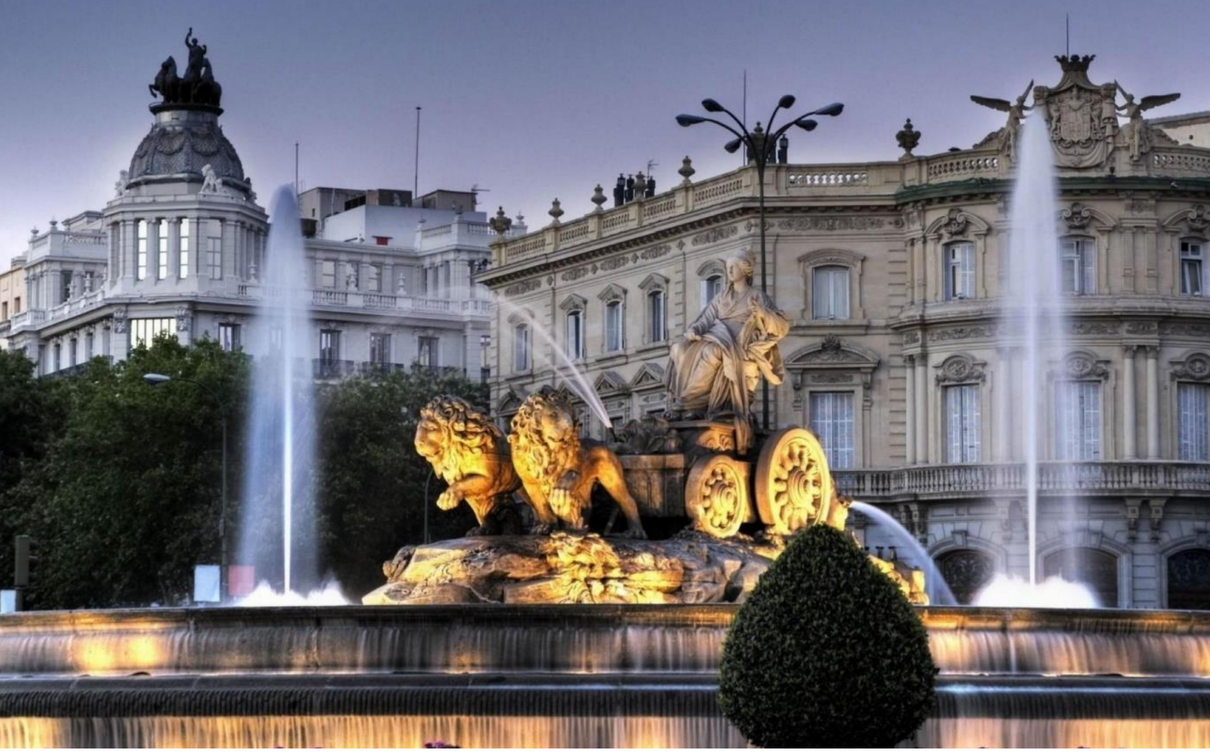

Varazdin Development and Entrepreneurship Agency
in cooperation with
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Economic and Social Development

23rd International Scientific Conference on Economic and Social Development

Editors:
Marijan Cingula, Miroslaw Przygoda, Kristina Detelj

Book of Abstracts

ISSN 1849-7543

Madrid, 15-16 September 2017

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Editors ■ Marijan Cingula, Miroslaw Przygoda, Kristina Detelj

Publishing Editor ■ Domagoj Cingula

Publisher ■ **Design** ■ **Print** ■ Varazdin Development and Entrepreneurship Agency, Varazdin, Croatia
University North, Koprivnica, Croatia
Faculty of Management University of Warsaw, Warsaw, Poland

Printing ■ Online Edition

ISSN 1849-7543
The Book is open access and double-blind peer reviewed.
Our past Books are indexed and abstracted by ProQuest, EconBIZ, CPCI (WoS) and EconLit databases and available for download in a PDF format from the Economic and Social Development Conference website: http://www.esd-conference.com

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TAX STRUCTURE AND ECONOMIC GROWTH RECOMMENDATIONS AND REFORMS IN CEE COUNTRIES

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ABSTRACT

Tax policy, as a component of fiscal policy, takes key place in realisation of different goals of economic growth and development of any country. Impacts of level and structure of taxes on economic agent's activities reflect on whole aspects of standard of living. Having that in mind, many countries, particularly those more developed, proceeded with the structural reforms of their tax systems. These reforms very in great part motivated by the recent global economic crisis and the basis for the realisation of reforms were different recommendations of the European Commission, International Monetary Fund and different empirical studies based mostly on the sample of developed OECD economies. Besides developed economies (OECD or EU-15) many other less developed countries realised or still undergo reforms of their tax systems. However, basic problem in conducting the tax reforms in these countries is lack of empirical findings in the field of impact of tax policy changes on overall economic activity. Thus, based on the main components and characteristics of modern tax systems on the effects of tax structure on economic growth, authors research in what extent the results of the existing literature which basis on developed countries can be applicable to these issues in less developed countries.

Based on these findings, in the paper, authors present main guidelines and specific recommendations, which should be considered during the tax reform implementation in less developed economies.
Keywords: *CEE countries, growth-oriented tax recommendations, tax reform, tax structure*

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GENDER STEREOTYPES VERSUS THE CHARACTERISTICS OF MANAGEMENT STYLE OF MEN AND WOMEN – THE PERSPECTIVE OF BUSINESS FIELDS

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ABSTRACT

The article is based on an assumption supported by research in psychology that people's attitudes towards others often result from more or less conscious tendencies to a stereotypical perception of people through the features and behaviours that are assigned to them on the basis of their gender. Therefore, the following research problem has been formulated: What features and behaviours, according to the students of business fields, are characteristic for men and women in management positions. The problem has been found to be cognitively interesting and significant in the perspective of the practice of management since the attitudes of managers in business relations with other managers as well as human resources policy they lead (especially the policy of promotion) are often conditioned by their beliefs *about management predispositions of the representatives of a given gender. For this reason, it is worth studying the behaviours, features and inclinations attributed to men and women as "typical" for the representatives of their gender since they can become the foundations of mental barriers that significantly hinder effective relations with business partners and co-workers. The article presents the results of a questionnaire research carried out among 420 students of business fields: from Poland (Bialystok University of Technology) and from Ukraine (Poltava National Technical Yuri Kondratyuk University), who, due to the education they are getting, can be treated as future managers in business and public entities. The studies are also important from the perspective of economic co-operation between both countries. The tool used for the research was the author's questionnaire developed with Delphi method.*

Keywords: *masculine management style, feminine management style, stereotypes of masculinity and femininity*

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THE REGULATIONS ON METROPOLITAN AREAS IN POLAND

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ABSTRACT

The Constitution of the Republic of Poland of 2 April 1997 stipulates that the territorial system of the Republic of Poland shall ensure the decentralisation of public power. The principle of decentralisation guarantees the effective performance of public tasks, which means that various legal entities which are independent of government administration authorities become involved in the exercise of administration activitie. The constitutional regulations do not specify the level of decentralisation, leaving a significant degree of flexibility to the ordinary legislator. Within the Polish system, a significant role among entities exercising decentralised administration is played by local government units which, pursuant to Article 16(2) of the Constitution, participate in the exercise of public power by performing 'a substantial part of public tasks'. The legislator has equipped local government with a general competence clause by stating in Article 163 of the Constitution that local government shall perform public tasks that are not reserved under the Constitution or statutory laws to the bodies of other public authorities. Therefore, local government units should be recognised as the most important entities of decentralised administration, but they are not the only ones. After almost 20 years for which the Constitution has been in force, the legislator has satisfied the subsidiarity principle by providing legal grounds

for establishing entities that carry out public tasks within specific metropolitan areas. The subject of this paper is a detailed analysis of legal regulations concerning metropolitan areas in Poland, which takes into account the legal construct and scope of functioning of metropolitan unions.
Keywords: *decentralisation of public power, metropolitan area, metropolitan union, public tasks of metropolitan nature, subsidiarity principle*

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DOES SYSTEMIC FINANCIAL STRESS IN THE EURO AREA HAVE A NEGATIVE IMPACT ON BILATERAL EXPORTS?

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ABSTRACT

This paper analyses the impact of systemic financial stress in the euro area on bilateral exports of goods on a sample of 1,560 country pairs between 2000 and 2014.

The analysis uses gravity models of international trade whose parameters are estimated using the Poisson pseudo-maximum likelihood. The results of the analysis show that systemic financial stress in the euro area has a negative impact on bilateral exports of goods. This finding is important for the successful conduct of economic policy in euro area countries and their trading partners.

Keywords: *bilateral exports, euro area, gravity model of international trade, Poisson pseudo-maximum likelihood, systemic financial stress*

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ACADEMIC GOVERNANCE AS A DETERMINANT OF EFFICIENT MANAGEMENT OF A UNIVERSITY IN POLAND – LEGAL AND COMPARATIVE PERSPECTIVE

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ABSTRACT

Academic governance is a factor determining efficiency of university managment to a significant extent. Already from the very beginning of existence of universities in Europe they differed with their methods of management.

Gradually, along with the development of universities, various new organs of universities appeared which were equipped with suitable managerial competences. One must stress that currently the system of university managment is still evolving, which is to lead to its effective management. One may also see that certain organs of the university which even recently had held competences, currently are representative organs, which aimed at maintenance of university traditions of previous centuries, however, the real power is transferred to other or new bodies of the university. Along with development of enterprises, and therefore – of various forms of commercial companies, one can currently perceive a tendency among employers to model themselves at the level of generally applicable law and the internal law generally applicable and the internal law of the university just pursuant to corporate governance principles. These tendencies lead to formation of new organs of university modelled after organs of commercial companies. In Poland, in the draft amendment of the act of 27 July 2005 – Higher Education Act – one may perceive an idea of a change of a university management system modelled after corporate governance, what is to lead to effective university mangement.
This paper aims at presentation of the currently existing model of academic governance in Poland, as well as draft amendments directed towards corporate governance as a base of academic governance, taking into account the analysis of adavantages and disadvantages of particular models of academic governance from the point of view of university management effectiveness.
Keywords: *Academic governance, Efficiency, Law, Management*

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ENTRY EFFECTS UNDER STRATEGIC TRADE POLICY WITH NETWORK GOODS

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ABSTRACT

This paper investigates the effect of the presence of strategic trade policies on the entry of a firm in a standard third-market model with network goods and Cournot duopolistic competition. It is shown that the trade policies play a crucial role in the shape of the competitive structure in the export market. In fact, within a network industry, under free trade, the intensity of the consumption externalities works to deter entry for medium network effects; however, for sufficiently intense network effects, the entry of a firm is always favoured. On the other hand, under strategic trade policy, a single exporter monopoly may be more often the rule, and for sizable network effects, the persistence of a monopolistic market is always preserved. In line with the early intuitions of the strategic trade policy theorists, this means that such an activism is strongly effective in protecting one's own monopoly firm when network industries are considered. However, those policies show a rather interesting and somewhat paradoxical result for exporter countries jointly considered. In fact, by trying to sustain the profitability of their exporters, countries induce not only a reduction of their social welfare at equilibrium (the well-known prisoner's dilemma situation) in the short run, but also in the long run.

Through the effects on the design of the market structure, such countries may obtain a sizable further reduction (resp. further increase) of their social welfares, depending on whether the product variant of the entrant is slightly or highly differentiated.
Keywords: *Export subsidy, Network goods, Cournot duopoly*

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HOW EFFICIENT WAS THE ROMANIAN LABOUR MARKET AFTER 2008?

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ABSTRACT

The efficient operation of the labour market is a matter of high stake for every state, considering that it reflects the balance between supply and demand. The extent to which such balance is achieved is highlighted by the Beveridge curve. This paper examines the efficient operation of the Romanian labour market, as measured by the relevant indicators of labour demand and supply. In order to capture the evolution of these indicators across the three target sub-periods (the crisis, the rebound and the resumption of an upward trend), the timeline subject to survey was 2008Q2-2016Q3. The survey conducted to this purpose revealed fluctuations in the number and rate of job vacancies, respectively in the unemployment rate. However, in the last part of the surveyed period, the trend of such indicators was downward for the unemployment rate and upward for the number and rate of job vacancies. Even so, these indicators failed to match the levels recorded before the outbreak of the economic crisis. Due to such evolutions, the Beveridge curve presented shifts of direction specific to the three sub-periods.

Throughout the last part of the surveyed period, the curve seemed to recover slightly towards the top-left direction at national level. However, regionally, the evolutions of labour supply and demand varied, and the Beveridge curves varied accordingly. Surprisingly, it was not Bucharest-Ilfov, considered the best economically developed area in Romania, which reported the best correlation between labour supply and demand, but the Central region.
Keywords: *labour market, job vacancies, unemployment, correlation between labour supply and demand, efficiency*

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INITIATIVE OF CHINA: "ONE BELT - ONE ROAD" AND PERSPECTIVES OF GEORGIA

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ABSTRACT

In modern world, international transport corridors are widely spread. This is complicated technological system, in which all sorts of transport and communications are assembled and material, financial and information flows are streaming and synchronized. Initiative of China - "One belt - one road", is oriented towards creating of new multimodal transport corridor, which is directed through Eurasian continent in two flows – land and sea. The project will definitely change configuration and cargo flow of international corridors. In experts' opinion, it is turning-point for globalization and a geopolitical gain for China. Georgia, through its unique transport-geographical location, is involved in Transport Corridor Europe-Caucasus-Asia – "TRACECA", which provides transit cargo flows for Georgia and is a guarantee for regional cooperation, security and sustainable development for Georgia.

New multimodal corridor will change old directions of cargo and corridors, the changes will also concern "TRACECA", and Georgia, in order to involve in initiative of China - "One belt - one road", will definitely need modernized sea, railway and automobile infrastructure, increase in carrying capacity of existing roads and creation of safe and stable environment on the roads. In this work, I discuss geopolitical and geoeconomical situation of Georgia, threats and perspectives which are expected as a result of implementing initiative of China - "One belt - one road".
***Keywords**: "One belt - one road", China, Georgia, international transport corridors, "TRACECA".*

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THE DETERMINANTS OF THE EVOLUTION OF FAMILY SAVINGS IN THE CONTEXT OF A HIGH LEVERAGED SOCIETY

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ABSTRACT

A comprehensive understanding of the factors which determine the evolution of household savings is still missing. Despite diverse contributions of several areas of knowledge, particularly in the economic area, there is no definitive answer available to this issue. This gap is partly related to the fact that the micro and macroeconomic evidence available is not directly compatible, neither easily integrated.

On the other hand, the factors that contribute to explain the evolution of savings over time and differences in savings rates across countries have a markedly multidisciplinary nature - including cultural, demographic and psychological factors. The integration of these areas of learning is important for any research outline, however is not simple. Being a vast and complex topic, the importance of continuing to research this topic in the future appears obvious, since not only savings provide a safeguard for families and society, but they are the main basis for private investment as well. This research aims studying the determinants of savings for the Portuguese families, in the long and very long term, having been built a set of various models of analysis, using multiple linear regression methodology, in order to contribute to this strand of literature and knowledge. We conclude that the change in gross savings of Portuguese families is influenced by economic and financial parameters of both the country and families. As for the variables studied which are related with the banking area, our results suggest that savings are sensitive to conditions offered by each bank at a given time.
Keywords: *Savings, income, consumption, debt, banking system, credit, leverage, households, economic and social conditions.*

****

THE IMPACT OF SOCIAL BANKS ON THE AVOIDANCE OF FINANCIAL CRISES

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ABSTRACT
Banks are at heart of society and economy. They play an important role in financing made by enterprises. Because of this intermediary role and their role in the process of money creation, banks can significantly influence important developments, including those that concern social, economic and environmental problems. After the Global Financial Crisis (GFC) of 2007, these are the ethical banks, apart from a lot of banks of a general kind, which are increasingly coming into existence throughout the world though the experience of the recent years indicates that they are not as popular as they should. The objective of the study is to identify and assess the impact of social banking on the stability of financial markets. My research was limited to the last Global Financial Crisis (GFC) of 2007. I investigate both direct and indirect causes of the 2007 GFC and the possibility of limiting it, in some aspects, through the development of social banking and social economy. In order to achieve the research objective, the cognitive approach was applied based mainly on observations. The content analysis was also conducted, which was based mainly on the desk research of digital and documentary sources. The results indicate that the influence of social banking was weakened before the GFC. These findings are consistent with the assessment of numerous research, however, in my research I suggest how to avoid such an enormous negative impact through developing of social banking (through quantitative as well as qualitative development). In my research I also emphasize the role of a regulator in selected areas.
Keywords: *Ethical Banks, Global Financial Crisis of 2007, Social banking, Social Banks, Social Economy*

FINANCIAL SECTOR DEVELOPMENT AND ECONOMIC GROWTH

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ABSTRACT

The subject of the analysis in this paper is the connection between the development of the financial sector and economic growth. First, the directions of possible impacts are investigated. Then, key indicators of the level of financial market and banking sector development are presented and calculated for Serbia and their potential influence on economic growth is being considered. Finally, attention is devoted to the fact that the observed financial market is still in the initial stages of development and that in the recent period the banking sector faces a significant level of non-performing loans.

Keywords: *banking sector, economic growth, financial market, non-performing loans*

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SOCIAL SERVICES OF SELF-GOVERNMENT UNITS AND FINANCING OF THE LOCAL AND REGIONAL DEVELOPMENT

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ABSTRACT

The goal of the study is to undertake research regarding the new opportunities and existing restrictions on the financing of development of social services at regional and local level in a market economy in Poland. The research focuses also on the management and efficiency issues which can be implemented in public sector entities in the process of supporting social and economic development. In the study there were applied analytical methods relating to the gathered empirical data and research methods related to determining the real impact of the self-government units on the processes of socio-economic development. An important part of the text is analysis of the empirical source data regarding financial potential and directions of expenditures of self-government. Preliminary results showed that the development of social services in a market economy in Poland was mainly the result of activities the entities and agencies of the public sector, whose role was to support and stimulate the development. A challenge for the future still remains strengthening the cooperation with entities of the private sector and developing their responsibility not only for the economic processes but for social problems as well.

Keywords: *local and regional development, public finance, social services*

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DIRECTION AND CRITERIA OF KOREA'S GOVERNMENT R&D INVESTMENT FOR RESPONDING TO CLIMATE CHANGE IN FY 2018

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ABSTRACT

Climate change due to global warming is one of the hottest global issues and has become more important since the Paris Agreement, a global agreement on the reduction of climate change. The Paris Agreement requires all Parties to put forward their best efforts through "nationally determined contributions" (NDCs) and to strengthen these efforts. This includes requirements that all Parties report regularly on their emissions and on their implementation efforts. Moon Jae-in government, which was launched in May, declared an environment-friendly energy policy with a focus on expanding renewable energy. Also, in order to respond proactively to the global issue of climate change, the government of the Republic of Korea is constantly striving to strengthen its national science and technology *capacity. In this paper, we introduce the change of environment and energy technology policy which is the core of responding to climate change, and the investment direction of national R&D in Korea. The total amount of government R&D investment in the environment and energy sector in FY 2015 was $2.07 billion (1.9% increase from the previous year) which the investment in the power generation sector was high, 25.7% of renewable energy, 19.3% of nuclear power and 10.3% of electric power respectively. According to the energy policy paradigm of the new government, the share of renewable energy and gas power generation is increasing but the share of nuclear and coal-fired thermal power generation is decreasing in the energy mix. The government is focusing on core technologies for climate change response that are in line with R&D on GHG(greenhouse gas) reduction and utilization. And, Currently, R&D on environment and energy sector is continuously increasing. Especially, to improve investment efficiency and effectiveness with limited resources, strategic selection and concentration are needed to develop greenhouse gas reduction technologies and foster related industries and markets.*

Keywords: *environment, energy, climate change, government R&D*

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ECONOMIC DEVELOPMENT IN ASIAN LEAST DEVELOPED COUNTRIES

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ABSTRACT

The paper presents trends in economic growth and development in nine Asian least developed countries (Afghanistan, Bangladesh, Bhutan, Cambodia, Lao PDR, Myanmar, Nepal, Timor-Leste, and Yemen) over the period from 2001 to 2015.The study is mainly based on the data retrieved from the World Bank Open Data. During analysed 15 years, Asia's LDCs, except Yemen, experienced high economic growth. Average annual GDP per capita growth rate in five countries was more than 4%. GDP has been largely generated through the service and industry sectors. The biggest decline in the contribution of agriculture sector to GDP was observed in the fastest growing economies. Afghanistan, Timor-Leste, and Bhutan sustained strong growth mainly because of foreign assistance. In Nepal, Yemen, and Bangladesh remittances were a significant source of development finance. In the years 2001-2015, Myanmar, Cambodia, Lao PDR, and Bhutan increased their GDP per capita more than twice. Asia's LDCs substantially improved their development indicators. Cambodia, Afghanistan, and Timor-Leste recorded the highest rise in the value of HDI. Moreover, Cambodia, Timor-Leste, and Yemen significantly reduced infant mortality and under-five mortality. Afghanistan, Timor-Leste, and Lao PDR made big progress in reduction of maternal mortality. Life expectancy at birth increased the most in Cambodia, Bhutan, and Timor-Leste. A lot of people in Asia's LDCs have gained access to electricity and improved water and sanitation. However, Asian least developed countries are slowly implementing economic reforms. What's more, Asia's LDCs, except Bhutan, have big problems with corruption and poor governance.

Keywords: *development finance, economic development, economic growth, LDCs*

DIVERSIFICATION OF THE LEVEL OF ECONOMIC DEVELOPMENT OF THE THREE SEAS INITIATIVE' MEMBERS

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ABSTRACT

The purpose of the study, the results of which were presented in this paper, was assessment of socio-economic development of the countries belonging to the Three Seas Initiative. This is the initiative of 12 European Union's members from Central and Eastern Europe. On the one hand, it is an attempt to strengthen this part of the EU which, due to its recent history, is an area of insufficient (quantitatively and qualitatively) transport, energy and communication infrastructure. On the other hand, creation of an alliance within the EU by the least developed countries (Austria is an exception) is a source of doubts raised by economists and politicians about legitimacy of creating new, special relations between the listed EU's members. The paper analyzes the material obtained during literature studies. Based on desk research, the most important premises and objectives of the Three Seas Initiative are presented. For the purpose of analyzing socio-economic development, the socio-economic development indicator (SEDI), presented in the literature, was adapted. This indicator was used to assess changes in the economies in three chosen years. The variables selected for SEDI estimation for different countries concern those areas of the state, which are particularly important for implementation of the Europe 2020 strategy. The level of socio-economic development of the Central and Eastern Europe's countries (EU's members since 2004, 2009 or 2013) is significantly different from the level

of development of Austria and the average level of the entire EU economy. The lack of a stable basis of the economy in these countries was manifested by the rapid and definitively negative reaction of SEDI (in 2009) and the improvement of the economic situation did not bring about spectacular changes in the SEDI value (in 2013). The design of the SEDI indicator and the analysis of its value allowed initial assessment of the socio-economic development potential of the "new" EU states forming the Three Seas Initiative. On the basis of changes in this indicator, it can be concluded that there is no sigma convergence or absolute beta convergence between these countries. Yet, some symptoms of conditional beta convergence can be observed.
Keywords: *Europe 2020, socio-economic development indicator SEDI, Three Seas Initiative*

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SECURITY AS THE KEY FACTOR IN CONTEMPORARY TOURISM: SPECIFICITIES IDENTIFIED THROUGH THE ANALYSIS OF RESPONDERS' ATTITUDES

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ABSTRACT

The paper represents a product of mentor-graduate student cooperation, developed at the graduate study of Business Economics, major Tourism. Following the latest threatening events and having in mind those yet to come, we can conclude *that no country can benefit from the tourism industry if at the same time does not develop its security system as an integral part of the standard tourist offer. Analyzing the trends in contemporary tourism, the safety and security issues became the decisive factors for the choice of a certain destination. Consequently, countries must not perceive security systems and measures as an unnecessary expense but as an essential element in organizing their tourist services. All hotels and respectable tourist agencies should have a crisis management, with detailed, thoroughly elaborated procedures for emergency situations. Tourists should be timely informed about the potential dangers and risks and the measures taken to prevent them, as well as on procedures for emergency situations. Additionally, it would be good to have mobile applications that would enable tourists to make direct emergency calls with instructions on behavior in crisis situations. It is also essential to implement and put into effect sophisticated security measures such as using surveillance cameras, controlling access to buildings, information exchange with colleagues and neighbors, reporting the suspicious occurrences to the security services, and training staff for crisis management. Having in mind everything stated above, the security issue is definitely one of the crucial factors in the development of tourism in a certain country.*

Keywords: *tourism, tourist destinations, security as the key factor of tourism development and sustainability, security measures in tourism*

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EFFECTS OF THE GLOBAL CRISIS ON TAX POLICY OF NEW EU MEMBER STATES FROM CENTRAL AND EASTERN EUROPE

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ABSTRACT

The global economic and financial crisis, which began in 2008, affected the public finances of large part of EU Member States. Most of them were placed under an excessive deficit procedure because of the deterioration of their fiscal positions; thus, they faced the necessity to conciliate the conflicting goals of financial consolidation and economic recovery. The bulk of new member states from Central and Eastern Europe have been no exception. In general, the latter are characterized by lower tax burden in comparison to EU-15, as well as with some differences in the tax techniques applied, especially in the field of personal income tax. This is result of the socio-economic circumstances during the transition to market economy and the need to improve international competitiveness. However, the global crisis added new challenges, such as fall in GDP, increased unemployment and deflation. The serious economic downfall required further lowering of tax burden with the aim to recuperate growth. On the other hand, the increasing public indebtedness required tax hikes in combination with reduction and streamlining of public expenditure. Against this background the purpose of the present paper is to investigate the effects of the financial and economic crisis on tax policy of new EU Member States from Central and Eastern Europe and to summarize all important changes that took place in 2008-2016. The first part examines the dynamics of tax revenues in nominal terms and as percentage of GDP. The second part outlines the main measures undertaken in the same period. The third part concludes.

Keywords**:** *Global crisis, New EU Member States, Tax policy*

INCREASING VOLUNTARY COMPLIANCE THROUGH TAX MORALITY: A CASE OF ROMANIA

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ABSTRACT

Over time, it has been found that the option of earning a higher income seems to be the key motivation for any citizen involved in illicit activities. Interestingly, this motivational force seems without any commitment, as long as the citizens does not have to declare the income to tax authorities due to taxes or social security contributions too high. The size and impact of these choices or motivations vary from one country to another, depending on the degree of education, the complexity of tax laws, the standard of living and the state's development capacity. That is precisely why the tax morality represents the first step in achieving a coherent and effective image of the taxpayer's tax behaviour. Without a detailed analysis of the factors that influence the degree of tax morality, we can't talk about voluntary compliance. In fact, tax compliance means the taxpayer's ability to understand fiscal policy mechanisms, to adapt to the State needs, and to voluntarily pay for its obligations.

The appropriate behavior of the taxpayer must represent a desideratum of voluntary compliance, without which the State can no longer sustain a long term sustainable growth and ensuring the well-being of the population. The modernization of tax authorities must "start" and put the relationship with its taxpayers first, as the current society is becoming more digitized, leaving behind the traditional concepts of "taxman" and the long-held mentality that the tax authorities holds monopoly. Their control over citizens no longer takes place in the present, when most societies are geared towards providing quality services, based on experience gained over time and the opportunity to maintain the high standards.
Keywords: *shadow economy, tax authority, taxpayer, tax morality, voluntary compliance*

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THE PROSPECTS OF RURAL TOURISM DEVELOPMENT IN THE CONTINENTAL TOURISTIC REGION OF CROATIA: A SURVEY CONDUCTED AMONG YOUNGER AND MORE EDUCATED RESPONDERS

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ABSTRACT

The paper represents a product of mentor-graduate student cooperation, developed at the graduate study of Business Economics, major Tourism. Theoretical part of the paper addresses rural tourism and its most interesting sub-categories. It also discusses which part of Continental Croatia has the most potential for development of rural tourism. The destinations and types of tourism are listed that exist in this area but also have room for improvement and further development. The goal is to prolongue the season and not only focus on the coastal part of Croatia, following the examples of neighboring countries. The final goal of the research is to examine the behavior and opinion that participants have about Croatian tourism, what are their preferences when it comes to the choice of destination, on what grounds, how much are they familiar with rural tourism offer, and whether they think that further development would be crucial for rural tourism improvement. The research was conducted through a questionnaire on 203 responders residing in the Republic of Croatia.

Keywords: *rural tourism, offer expanding, decisive factors in the choice of destination, seasonality, tourism in Croatia*

COMPATIBILITY OF PROJECT MANAGEMENT EDUCATION'S PROGRAMS AND PRACTICE DEMANDS: CROATIAN CASE

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ABSTRACT

Practicality has always been one of the main drawbacks of educational and training programs in general, especially in those educational systems and markets more recently embracing market economy. Project management (PM) knowledge and skills are, on the other hand, highly practice oriented and can be treated as a profession, when considering professional associations, certification programs, professional training seminars, PMBOK, etc. The Republic of Croatia's educational system and market definitely fits into much mentioned transitional economies, with all inherited flaws when faced with contemporary business challenges of competing in developed markets. Bearing this in mind, the purpose of this paper is to investigate the discrepancy between what the PM educational system has to offer and what practice does, i.e. PM related positions demand from freshly graduated students. In order to achieve the above-stated purpose, empirical research has been conducted on a sample of 52 PM programs involving graduating students from leading Croatian state and privately owned universities and 30 project managers from Croatian companies.

The collected data were processed via SPSS 23.0 and Microsoft Excel. Obtained results, based on descriptive statistics, indicate on quite a gap between what the Croatian PM educational system has to offer and what practice demands and expects from freshly graduated students. In addition, research confirmed that, when compared to state owned universities, privately owned universities/schools and especially professional associations offer higher level of quality of education and training related to PM knowledge and skills.
Keywords: *Project manager, Project management education, Knowledge and skills, Practice demands, Students*

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INDIVIDUAL DIFFERENCES AND DECISION MAKING STYLES AMONG UNIVERSITY STUDENTS

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ABSTRACT

Decision making is a process which characterizes every human being. The daily life of every individual contains many moments when easier or harder decisions need to be make. Without making decisions, we cannot live, develop ourselves or make achievements. Many researchers have acknowledged that individuals have habitual tendencies to approach various problems in consistently similar ways, meaning that every individual has a unique approach to decision making. These approaches or decision making tendencies are defined as decision making styles and they represent individual differences among people (decision makers). The purpose of this paper is to explore individual differences and decision making styles among young adults – university students. The paper primarily examines the relationship between demographic and psychological characteristics of university students and individual decision making styles. The sample is comprised of 77 Croatian university final year students at the Faculty of Economics at the University of Split. Due to the wide application and confirmed validation of the General Decision - Making Style (GDMS) test, developed by Scott & Bruce (1995), this test is used as the focus of this survey.

The results revealed that; females are more intuitive and spontaneous in decision making than males; older students were less prone to use avoidant style in decision making; degree graduate students were more rational in decision making than profesional graduates; students with work experience were more prone to a rational, intuitive and avoidant decision making style; student with external locus of control showed great propensity to avoidant and dependent decision making style; risk prone students showe tendeny toward rational decision making style and those students with higher achievement desire prefered spontaneous decision making style. Considering decision making styles and outcomes of their own decisions, students with a rational style were the most satisfied ones. Following them were students who prefered intuitive and avoidant decision making style, while students characterized by spontaneous style were the least satisfied with the outcomes of their own decisions. Finally, discussion of reserach results and limitations of study with reference to future reserach directions are provided.
Keywords: *Individual differences, Decision maker, Decision-making style, General decision-making style test*

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THE IMPACT OF SANCTIONS ON CZECH ECONOMIC RELATIONS WITH RUSSIA

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ABSTRACT

Our contribution deals with the impact of economic sanctions imposed on the Russian Federation by the European Union, the USA and other developed countries from the beginning of 2014. As a member of the European Union, the Czech Republic was one of the countries that introduced sanctions. These were supposed to affect the economic relations between both economies. We generally recognize three channels by which the sanctions can affect the Czech economy – a decline in exports and outflow of FDI to Russia, a drop in the inflow of investment from Russia and a decrease in number of Russian tourists in the country. It was often argued that the Czech economy depends on exports to Russia, especially exports of mechanical engineering products, which at least partially balanced huge imports of Russian oil and gas. At the same time, there has been supposedly strong inflow of Russian foreign direct investment into the Czech economy, even though the Russian official FDI inflows are declared as negligible. In addition, the Czech Republic has also benefited on a long-term basis from the influx of Russian tourists. Recent political events as well as the decline of the Russian economy may have led to disruption of such economic relations between both countries. For this reason, we aim to provide a complex analysis of the dependence of the Czech economy on the Russian one and the impact of sanctions on mutual relationship. Our analysis will be primarily descriptive, due to nearly total absence of credible data about real Russian investment in the Czech Republic.

We found that there was a possible small direct impact of the sanctions on specific Czech exports. Otherwise the impact is highly questionable.
Keywords: *Economic sanctions, exports, FDI, Russian Federation, tourism*

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FINANCIAL TRANSACTION TAX IN EU: ESTIMATION OF ECONOMIC IMPLICATIONS

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ABSTRACT

The need to reexamine the European tax system in relation to undertaxed and privileged financial system has been rising along with the development of financial crises and the rise of public financing of financial instituions in the EU. Since 2011, there are ongoing negotiations on the proposal for a Directive on the unified European financial transaction tax (FTT). The initial EU–wide proposal came into question, mostly because of the Member's disagreement about the issues of how the tax will apply to derivative trades, and to transactions executed by pension funds. It is intended that FTT will be applied in just ten member states under the enhanced cooperation legislative mechanism. Altough the scope and objectives of the original FTT proposal have been limited in the latest modified proposal, it is expected that general impacts on EU financial system and economy are still significant. The aim of this paper is to present all the potential effects, implications and restrictions of the FTT introduction. These effects concern trading volume and speculation, liquidity, asset price volatiliy, asset prices and the cost of capital, cascading and intersectoral distortions, financial stability and budget revenues.

One of the most pronounces economy impact is probably increasing the transaction costs and decreasing the profits of financial institutions. This study summarizes recent literature on the possible positive and negative effects of European financial transaction tax.
Keywords: *financial institutions, financial transaction tax, government revenues, Europan union*

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USING MARKOV CHAINS IN PREDICTION OF STOCK PRICE MOVEMENTS: A STUDY ON AUTOMOTIVE INDUSTRY

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ABSTRACT

Stock price prediction is on the agenda of most researchers based on the uncertainty of its nature. In past two decades, the literature on the development of prediction models for stock prices has extended dramatically. These studies mostly focused on specific industries such as banking and finance, petroleum, manufacturing, and automotive. In line with prior studies, the aim of this study is also to provide a means for investors helping them predict price movements of stocks from automotive industry by using Markov Chains as it is one of the most commonly applied

models. Automotive industry is not only a major and industrial force worldwide, but also is a locomotive power that serves to many other industries. Daily closing stock price data of all 13 automotive companies listed in Borsa İstanbul (BIST) are collected for the calendar year of 2015. By defining three possible states (decrease, increase, and no change), individual state transition probability matrixes are formed for each company. Then, using the probabilities provided with these matrixes, different investment strategies are evaluated in the first five working days of 2016. According to the results of analysis, it is concluded that applying Markov Chains generates a positive income or at least minimizes the loss.
Keywords: *Automotive Industry, Markov Chains, Stock Price Prediction*

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EXPORT IN FRAGMENTED INDUSTRIES IN POLAND – ANALYSIS OF THE TOP EXPORTERS IN SELECTED FRAGMENTED INDUSTRIES

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ABSTRACT

Fragmented industries are a crucial element of the economy of the developed countries. In Poland they can be identified in such areas as trade, services or manufacturing. The natural development direction for companies in fragmented industries is international expansion, and the main method of entering foreign markets is

export. The aim of this paper is to present the role of export in the growth of Polish companies from fragmented industries. Based on the literature on management, the article presents the issues related to exports as a form of enterprise internationalization. A review of studies on enterprise internationalization and the role of exports in the enterprise growth process taking place on foreign markets is performed as well. On the basis of the literature on the subject, the article outlines the results of the most significant studies dealing with the issue of fragmented industries. What follows is the presentation of the author's own research on the function of exports in the development of Polish companies from fragmented industries. Central Statistical Office data was used to provide examples of such industries. This is followed by an analysis of the largest exporters in the fragmented industries conducted on the basis of the ranking of the largest companies in Poland (The List of 2,000 Polish Enterprises). The observations made it possible to identify export leaders as well as to present the role of exports in the growth of companies in fragmented industries. The results of the studies serve as a basis for the formulation of general conclusions.
Keywords: *export, internationalization, fragmented industries, development strategies*

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GROWTH PROSPECTS AND CLAIMS RATIO AS TRIGGERS OF MERGERS&ACQUISITIONS IN POLISH INSURANCE MARKET

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ABSTRACT

This study attempts to assess differences in the (non)financial characteristics of target and non-target insurance companies in the Polish insurance industry as well as to find the motives for becoming a takeover target. The analysis is conducted on the period 2000-2015 using logit regression analysis employing seven variables that capture the unique features of insurance companies' operations. These are size based on gross written premium, market share, gross written premium growth rate, loss growth rate, claims ratio, ownership and age. The empirical results indicate that target insurance companies are characterized by low premium growth prospects and high claims ratio.

Keywords: *Polish insurance market, triggers of M&A, logistic regression*

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BUDGETARY ECONOMY OF PUBLIC SECTOR UNITS IN TRANSITION IN POLAND AND THE CONCEPT OF DEVELOPMENT ECONOMICS

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ABSTRACT

The main purpose of the text is to present selected problems of the budgetary economy of organizational units of the public sector. In particular, the main focus is to explore the relations between the principles of the budgetary economy of the public sector units against assumptions of new concepts of economic development. The paper also refers to the assumptions of development economics because the transition in Poland required reconstruction and the creation of new political, economical, organizational and social structures. In the study there were applied analytical methods relating to the gathered empirical data and also analytical methods related to the finances of the public sector. Research methods referred to the theoretical analysis of literature and empirical analysis of the relations between phenomena occurring in the real economy and in the public sector. Preliminary studies showed that it was not possible to conduct economic policies and maximize tax revenue, particularly by escalating tax burden. Budgetary economy should therefore be conducted according to the principles of rationality and efficiency of resource use. The maximizing of the budgetary revenues of these units in the public sector must lead to negative phenomena, and in particular to increasing of the range of the shadow economy.

Keywords: *budgetary economy, local and regional development, public finance, taxation*

THE VISEGRAD GROUP AS AN INSTRUMENT OF REGIONAL AND EUROPEAN POLICY OF CENTRAL EUROPEAN STATES

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ABSTRACT

The Visegrad Group, also called the Visegrad Four, or V4, is a cultural and political alliance of four Central European states, i.e. the Czech Republic, Hungary, Poland, and Slovakia. The reasons for establishing close cooperation as part of a regional union included: geographical proximity, similar historical backgrounds and compatible foreign policy goals. In the early 1990s, joining the European Union and NATO were considered top priorities. Initially, the political and economic initiative was launched by three countries: Czechoslovakia, Poland, and Hungary. Since the 1993 division of Czechoslovakia into the Czech Republic and Slovakia, the group has consisted of four countries. The name of the organisation refers to the place of meeting of presidents of Poland and Czechoslovakia and the prime minister of Hungary – a castle in Visegrad, located north of Budapest. The event took place on 15th February 1991. In October of the same year, at a summit of prime ministers in Krakow, it was agreed that the cooperation would cover areas such as foreign policy, economy, transport, environmental protection and science. After the success of the Visegrad Four's members in integrating with the European Union and NATO, the group set new directions for itself. Cooperation with the closest neighbours, i.e. Ukraine, Croatia, Slovenia, Lithuania, and Austria, was extended. Contacts were also established with institutions of Western European states, including the Benelux and the Nordic Council states. However, it seems that the most important goal of Visegrad Group today is to have a more significant and consistent influence on the policy of the European

Union. In particular, this includes opposing authoritarian inclinations of the German and French politicians to force their points of view on others. Successes in this respect have made V4 a permanent and important driver of European policy and an effective instrument of regional policy of Central European states.

***Keywords**: economy, european policy, region, Visegrad Group*

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RESEARCH IN THE FIELD OF TAX REFORM IN SLOVAKIA

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ABSTRACT

The tax reform is a complex of changes in the existing tax system or a creation of completely new tax system with precisely defined objectives, which are implemented on the basis of a compromise between economic and political decisions with an effect from a precisely defined date. Tax reforms play a key role not only in the development of a tax system but also in the overall economy of the state. Recently, a tax reform has been implemented in Slovakia. It aimed to increase revenues to the state budget, to make the business environment more attractive and to reduce the administrative burden on entrepreneurs. The reform of the tax and customs administration and the unification of the tax

collection system, duties and insurance levies were also projected to achieve these goals. The aim of the paper is to describe various reform steps in Slovakia and to examine and evaluate the tax reform in the selected period. The theoretical basis for the paper are relevant regulations, book publications, scientific papers and secondary data available from statistical sources. As for the analysis of secondary data appropriate mathematical and statistical methods were selected. Based on the evaluation of the results of research, conclusions were drawn and suggestions were presented as well.
Keywords: *tax, tax reform, tax administration*

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THE RELATIONSHIP BETWEEN POTENTIAL ECONOMIC GROWTH AND LEGAL PROCEDURE ENACTMENTS IN CROATIA

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ABSTRACT

Economic utility and political efficiency are closely related fields within macroeconomic management for domestic/international and political/economic institutions and their policy-making strongly varies in their actions towards encouraging growth, remedying structural imbalances, ensuring equitable distribution of income and wealth, and etc. This paper analyzes the relationship between economic expectations and procedure of the *adoption of new laws in the Croatian Parliament. The main objective of this study is to show whether there exists a relationship between expected, i.e. potential economic growth and the way in which the new laws are passed. In that manner, we will explain the dynamics of procedure enactments and evaluate whether that procedure has an impact on the potential GDP. Empirical assessment is based on a simple regression model and spectral analysis. Results suggest that there indeed exists a strong bond between the observed variables, so that the adoption of new legislation has a major impact on future economic expectations.*

***Keywords**: potential GDP, economic growth, legislative procedures, distributed lag regression, spectral analysis, Croatia*

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HOME BIAS AND DIVERSIFICATION IN EQUITY HOLDINGS OF EMU-BASED INVESTORS

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ABSTRACT

Our paper highlights the benefits derived from holding internationally diversified portfolios from the perspective of EMU investors' preferences for home against foreign asset holdings.

We determine minimum variance portfolios for EMU investors, constructed with EMU, EU non-EMU and outside EU equities, over a period of fifteen years (2001-2016). The empirical results are contrasted with the effective allocations of foreign equity holdings of EMU investors, reported in the Coordinated Portfolio Investment Survey conducted by the International Monetary Fund. The analysis indicates that EMU-based investors have a significant weight of foreign holdings invested in other EMU equities and to a lower extent in equities outside EU countries, while the lowest allocation belongs to equities from EU non-EMU countries. Consequently, the home bias phenomenon is persistent at EMU group level, with significant intensification during the global financial crisis and the subsequent periods.
Keywords: *European and Monetary Union, Financial crisis, Home bias, Portfolio choice*

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TOWARDS A TRANSVERSAL APPROACH TO DEPRIVATION IN EMERGING COUNTRIES: FROM LOW INCOME TO LOW CAPABILITIES

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ABSTRACT

Inventors of quantitative estimation of national income, which received much attention, attempted to explain that their ultimate and main interest was the wealth of human existence, although what impressed were their indices, rather than their motivations. Yet, such deep and underlying motivation has often been ignored in economic analysis where means of existence are the centre and fruit of research. It is, however, important not to confuse the means and ends. Therefore, one should not focus on the intrinsic importance of income, but rather assess it depending on what it builds, particularly lives that are worthy of living. Having a decent income helps avoid early death. Such an enterprise depends also on other characteristics, especially the organization of society, including public health, medical care, the nature of education and educational system and the scope of social cohesion and harmony, etc. The aim of the present paper is twofold: first it tries to highlight the imperfection of traditional monetary indicators as well as the difficulties to measure the different dimensions of poverty, particularly in emerging countries like Morocco. It shows that poverty is not merely an idea of inadequacy of an individual's economic means, but rather a fundamental shortage that deprivation entails: minimum adequate capability.

Second, it relies on capabilities approach to explain the extent to which this approach, rather than that based on resources and focusing on income and wealth, could serve as a basis for the assessment of the level of deprivation.
***Keywords**: capabilities, deprivation, ends, inadequacy, means, poverty*

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THE EFFECTS OF CUSTOMER SATISFACTION, SERVICE QUALITY AND PERCEIVED VALUE ON BEHAVIOURAL INTENTIONS IN RETAIL INDUSTRY

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ABSTRACT

The retail industry has in the last decades assumed a preponderant role in the Portuguese economy, similar to that of other European countries, and is definitely one of the biggest and more vibrant industries nowadays.

The significance of the retail industry for the Portuguese economy, a central sector for its growth and dynamic, and the relationship between service quality and efficiency of business are the motivations for this study. In a highly competitive industry, as is the retailing sector, it is crucial that organizations have a good knowledge of the business aspects that are important to their customers. The purpose of this study is to identify the dimensions of service quality and to evaluate the interrelationships among customer satisfaction, perceived value and behavioural intentions and service quality in the modern retail industry. A multi-level and hierarchical model is used as an instrument to synthesize the effects of customer satisfaction, service quality and perceived value on behavioural intentions of customers at retail stores. The results shown that, service perceived quality significantly influences customer satisfaction. Also perceived value and quality service are the main determinants of customer satisfaction. Additionally, customer satisfaction, retail service quality and perceived value significantly affect behavioural intentions towards the act of buying.

Keywords: *Customer Satisfaction, Perceived Value, Retail Service Quality, Behavioural intentions, Portugal*

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ENERGY MARKET LIBERALIZATION IN ELECTRICITY REGULATORY FRAMEWORKS: A COMPARATIVE ASSESSMENT

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Following the implementation of privatization policies that is currently in place, Iran's electricity market is undergoing dramatic changes to limit the role of government and increase participation of private investors. Legislative requirements are met and extensive planning and arrangements are being made in order to engage the private sector in Iran's electricity market. As a result, an efficient and effective regulatory body for close monitoring and regulating of the market through the industry's transition is now needed more than ever. Thus the role of a well-organized and effective regulatory framework to attract and sustain private investment as well as promoting competition is inevitably central to successful implementation of privatization policies. This necessitates a comprehensive scrutiny of the existing regulatory framework of Iran's electricity market and assessing its governance in order to evaluate the performance of the regulatory body and identifying its competence or incompetence in maintaining a vibrant environment for private investment along with a healthy competitive atmosphere for participation of various firms in the industry. The electricity industry is in constant transition. From the former wave of market deregulation and liberalization to the current transition towards de-carbonization of the industry, regulatory bodies have been at the core of the efforts for organizing the energy markets and devising policies for achieving the targeted goals.

The capability of electricity sector regulators in dealing with challenges of transition largely depends on the underlying regulatory governance mechanisms and this study aims to assess this crucial aspect of electricity sector regulators. Using a regulatory framework index, the governance mechanism of 20 regulatory bodies across the world is evaluated against the determined criteria. These criteria include the legal scope the regulatory body, separation of operational activities from regulatory activities and four distinct characteristics including autonomy and independence, accountability, clarity of role and objectives, and transparency and participation. The results can help governments and agencies in selection of regulatory frameworks for benchmarking.
Keywords: *Electricity regulation, regulatory framework, governance, energy market liberalization*

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THE IMPACT OF VOTER TURNOUT AND EDUCATION OF COUNCILLORS ON PUBLIC SECTOR EFFICIENCY: EVIDENCE FROM POLISH MUNICIPALITIES

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ABSTRACT

The principal-agent relationship is one of the oldest and most common socio-economic interactions. Information asymmetry occurring between actors makes that agent's actions are not fully observed by the principal. This leaves room for inefficient or undesirable behaviour from the agent. Voter turnout and education of councillors can be considered as variables improving agency relationship.

Greater voter turnout is often argued to indicate citizens' awareness of public problems and greater interest in politics. That may create a pressure on the effective behaviour of the rulers. While the career concern model indicates that voters attempt to choose the most competent politicians who can provide them with more public goods. The aim of the study is to investigate the influence of these variables on the efficiency of public goods delivery within polish municipalities. Efficiency is measured by the PSE (Public Sector Efficiency) index. On the basis of statistical data published by GUS and PKW, two elections, in 2010 and 2014, are analyzed. Using a linear regression model for cross-sectional data we can estimate the significance of selected explanatory variables. Our results suggest that voter involvement has negative or no impact on efficiency and the education of councillors has positive or no impact on efficiency. This indicates that people's engagement in politics does not foster efficiency of the public sector, however, people may care about the education of candidates.
Keywords: *agency theory, public sector efficiency, voter turnout*

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THE RELATION AMONG EXPERIENTIAL MARKETING, CUSTOMER SATISFACTION, AND BEHAVIORAL INTENTION: A STUDY ON FOOD AND BEVERAGE BUSINESSES

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ABSTRACT

The purpose of this study is to analyze the relationships among the basic dimensions which constitute the experiential marketing, customer satisfaction and behavioral intention. In the context of this field research, a one-on-one questionnaire has been applied on 1st class restaurant customers in Izmir province based on the judgement sampling method. The data obtained from the customers have been analyzed by structural equation modeling. When the results are evaluated in general sense on the relevant sample, it has been determined that within the dimensions constituting the experiential marketing; feel experience and relate experience are the dimensions affecting customer satisfaction. It has been revealed that the customer satisfaction is influential on repurchase intention, word of mouth intention and willingness to pay more; however it has also been revealed that the effect on the complaint intention is of no significance. Moreover, customer satisfaction acts as mediating variable between some experiential marketing and behavioral intention dimensions.

Keywords: *Experiential marketing, behavioral intention, customer satisfaction, food and beverage businesses, structural equation modeling*

MEASURING PRODUCTIVITY OF LIFE QUALITY IN SELECTED POLISH CITIES - APPLICATION OF DEA METHOD

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ABSTRACT

The aim of this paper is to analyze and to assess life quality in selected Polish cities. The author received a ranking of cities and identified ways to improve the efficiency. The test procedure used a non-parametric method of Data Envelopment Analysis (DEA). Data for analysis were drawn from the Local Data Bank of the Central Statistical Office. For the input it assumed total budgetary expenditure per capita, and the outputs are illustrated using four indicators that affect the life quality of residents in the areas of health care, housing, entrepreneurship and technical infrastructure. The calculations were made using Frontier Analyst Application software dedicated to the DEA method. The performance results were determined using the BCC model. Based on the test results inefficient units were indicated and proposed directions for changes to achieve full effectiveness.

Keywords: *Data Envelopment Analysis, effectiveness, ISO 37120, life quality, Polish cities*

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RURAL ASPECTS OF REGIONAL DEVELOPMENT POLICY IN POLAND

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ABSTRACT

Rural areas cover 93% of Poland. Although a decreasing share of population lives in rural areas their viability is crucial for the development of Poland. Moreover, the rural areas lag behind urban areas in their socio-economic development so it is vital to reduce inequalities. The paper aims at analysing the approach applied to rural development in Poland and it answers the question whether the applied approach to rural development catalyses the catching-up processes. The study is based on the analysis of the visibility of rural areas in the Polish regional operational programmes and the instruments dedicated for them as well as on the assessment of rural development programmes (RDPs) in the programming periods 2007-2013 and 2014-2020.
The results show that rural areas are hardly present in the regions' development policies. Moreover, there are no substantial differences among regions in the scale and character of including rural areas in the regional development programmes despite the diversity in the level of rural areas development and the extend of disparities between rural and urban areas. Due to insignificant presence of rural areas in ROPs, the key role in tackling the needs of rural areas is played by RDPs. Yet, as the RDPs are agriculture orientated and it only tackles part of the rural areas' developmental needs. Therefore, there is a need to change the approach towards rural areas in regional development policy by creating policy instruments that support the creating of links between rural and urban areas.

Keywords: *EU funds, regional development, rural areas*

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THE LINK BETWEEN CONSUMERS' ONLINE SHOPPING BEHAVIOURS AND E-SERVICESCAPE IN C2C E-COMMERCE: EVIDENCES FROM TURKEY

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ABSTRACT

Consumers' purchase intentions and shopping behaviours are changing and growing day by day. However, not all consumers have the same behaviors in online shopping expecially in C2C e-commerce. This study focuses on the impact of consumers' online shopping behaviors factors such as average monthly spend on online shopping, website visit frequency, monthly average amount of online shoping on e-servicescape dimensions. By using a sample of 916 consumers, this study provide a widen and different viewpoint on e-servicescape dimensions. We hightlight the effects of online shopping behaviors on customization, entertainment, ease of payment, visual appeal, interactivity, usability, consumer reviews, and originality of website which were defined as e-servicescape dimensions in the relevant literature. Results revealed consumers' online shopping behaviors are assosciated with some e-servicescape dimensions. In closing, theoretical and managerial implications for marketing theory and managers were discussed while important limitations are recognized.

Keywords: *C2C, digital consumers, e-servicescape, online shopping*

PRIVATE ENFORCEMENT OF COMPETITION LAW: BEFORE WHICH EU MEMBER STATE COURTS?

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ABSTRACT

In 2004, when Regulation (EC) No 1/2003 on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty entered into force, it replaced the centralised system of competition enforcement and allowed litigation on competition law before courts of the EU Member States in its entirety. An incentive for an even greater private enforcement of competition law has been provided by a more recent piece of legislation - Directive 2014/104/EU on certain rules governing actions for damages under national law for infringements of the competition law provisions of the Member States and of the European Union, the aim of which is removing obstacles for compensation of the harm sustained as a result of the infringement of competition laws. In a legal environment in which the private enforcement of competition law is encouraged and an increasing number of competition disputes have a cross-border element, establishing which EU Member State courts are competent to discuss the case becomes a crucial matter. Therefore, this paper deals with the issue of establishing international jurisdiction for private competition claims in the EU. Rules on international jurisdiction for civil and commercial cases are contained in Regulation (EU) No 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the Brussels I bis Regulation), one of the most important sources of the EU private international law. This paper identifies which Brussels I bis provisions are applicable for establishing international jurisdiction in private competition claims characterised as non-contractual liability.

Keywords: *Brussels I bis Regulation, competition law, European law, international jurisdiction*

DIGITAL PRESENCE OF MUNICIPALITIES: EVIDENCES FROM CITY OF IZMIR

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ABSTRACT

Local municipalities websites and their social network sites are important mediators for residents and visitors desiring to relate with municipalities' local announcement, building and entities, services, sportive and cultural activities, touristic facilities, etc. It has been already known that rapidly emerging digital platforms such as websites, social network sites represent powerful engagement tools. The main question is; could municipalities use these powerful tools to serve much better or not? The purpose of this study is to investigate how municipalities present themselves on digital platforms. In this context, websites and social network sites accounts of 30 local municipalities of İzmir and İzmir metropolitan municipality are examined. Our findings show that most of local municipalities have efficient and effective websites in some aspects. However most of them have some significant deficiencies such as different language support, broken links, etc. Municipalities use social network sites especially Twitter to enhance transparency and transmission but, they need to extend to other sites too.

Keywords: *Website, Social Media, İzmir Metropolitan Municipality, Local Municipalities*

EUROPE AT THE CROSSROADS – THE EAST–WEST AND NORTH–SOUTH BRIDGE FOR CHINA

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ABSTRACT

Since 2013 when the Chinese President Xi Jinping initiated the One Belt One Road (OBOR) initiative that includes 'Silk Road Economic Belt' and the '21st Century Maritime Silk Road', a comprehensive network of railways, roads, air and sea links, pipelines and transmission grids between China, Euroasia and Africa, Europe is in a position to forge new patterns of cooperation with China. Chinese willingness to participate in post-recession development in the EU is shown also by its contribution to Juncker's investment plan, as well as establishing the Silk Road Fund and joining the European Investment Bank (EIB). Croatia participates in all joint EU programmes of cooperation with China, as well as in 16+1 initiative that has very peculiar, flexible institutional infrastructure. With Poland, Croatia is the leader in the development of alternative way of cooperation within the framework of Adriatic-Baltic-Black Sea Initiative. This development of north to south corridor in Europe, based on the ports of Adriatic, Baltic and Black Sea have been already recognized by the EU, the USA and Chinese partners as a complementary to their strategic projects as a way to interconnect through a longitudinal and intermodal corridor in the heart of Europe, since it is a sort of diversification of transport corridors between the East, West and South that is reasonable to foster and encourage, rather than depending on one or two main existing arteries, be it overland (especially in the Russian sphere of influence) or by sea.

***Keywords**: 16+1 initiative, Adriatic-Baltic-Black Sea, Intermarium, One Belt One Road (OBOR), Sino-EU relations*

AN ANALYSIS ON LOCAL ADMINISTRATIONS PROGRAMS IN TURKEY

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ABSTRACT

Nowadays, presenting local public services and the importance of local governments providing public services within public administration organization is gradually increasing. Diversification and increasing number of urban services provided by local administrations have also increased the need for qualified workforce. As it is known, educating qualified workforce for specific professions is one of the missions of vocational schools in Turkey. Since the beginning of 2000s, the number of local administrations programs has raised either by increasing number of universities in Turkey and increasing "importance" attached to local administrations. In this sense, the Local Administrations Programs providing education in the state and foundation universities and vocational schools of Turkey which provide vocational and technical training and education in local administrations have been analyzed in this study. The purpose of this study is to determine the current situation of vocational education implemented in local administrations field of Turkey and present the quality of education provided to individuals who will be working in this field becoming increasingly important today with its advantages and problems. In this study, the program profile of local administrations programs, structure of academic members, number of students and curriculums has been established by scanning web pages of all universities providing this education. In the analysis, it is seen that the number of Local Administrations Programs has been

increasing parallel to new regulations for local administrations in Turkey, while this rise is not proportionally high as the rising number of vocational schools. Furthermore, competences of these programs theoretically vary based on the conditions provided by universities and cause students to be educated at different levels. In addition to this, another finding of this study is the deficiency of practical training which is an important requirement of vocational training.
Keywords: *Local Administrations Program, Vocational Education, Vocational School*

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FUNDING STUDIES ABROAD AND IN ROMANIA

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ABSTRACT

A recent goal of the government is to encourage citizens to take advantage of the globalization of the world economy. This objective aims at improving education policies, at ensuring the quality of the services provided, a more regular and equitable distribution of learning opportunities and stronger incentives to implement effective schooling systems. Most countries monitor student learning and school efficiency, but in a global economy, the benchmark of success is not the improvement of national standards, but the way the education system performs at

international standards. Even if better educational outcomes are a strong indicator of economic growth, only rising spending on education does not guarantee the achievement of favorable educational outcomes. Through this article, we want to analyze the budget a student needs to study at a university in the United States of America, at a university in Europe and in parallel the budget of a student at two universities in Romania, from two different university centers.
Keywords: *Education, Budget, Monthly basket, Expenditures /Expenses*

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THE ALTERNATIVE MEASURES OF INTELLECTUAL PROPERTY RIGHTS PROTECTION

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ABSTRACT

Nowadays there is no doubt that the intellectual property has to be protected. Its crucial role in fostering innovations and therefore in strengthening and accelerating economic growth and development is described in economic literature. In recent years many tools have been implemented to strengthen the protection of intellectual property, both legal and economic. But traditional measures of the intellectual property rights protection seem to be insufficient to show the results of this protection. They are focus mainly on industrial property protection, especially on the role of patents in economy. The paper tries to show and describe some alternative measures of the intellectual property protection which focus on the magnitude of global counterfeiting and piracy.
Keywords: *intellectual property protection, measurement of intellectual property protection, border measures*

IS THERE INTERCONTINENTAL DIFFERENCE IN THE INDICATORS OF URBAN SUSTAINABILITY? THE CASE OF SUSTAINABLE CITIES INDEX

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ABSTRACT

As a large percentage of the world's population lives in urban settlements, the issue of city sustainability starts to draw the attention of government representatives worldwide. One of the means by which sustainability is measured and discussed is using composite indexes. Up to lately, the focus of experts was towards ranking countries by their level of achieved sustainability. However, the new direction of studies is towards ranking on the micro-level; on the level of cities. One of such composite indexes which stands out for its coverage, precise definition, sound methodology, and regular publication is the Sustainable Cities Index devised by Arcadis, a management consulting company. In this paper, we employed the Factor analysis and the one-way ANOVA to explore whether there is difference in the *sustainability of European, North American, Asian, and Australian cities. We aimed to explore the differences between them and the patterns of differences for indicators of the People, Planet, and Profit pillars. The obtained results can provide additional information for policy-makers on the complex issue of city sustainability with regard to the regional differences. We believe our approach can act as a foundation for further academic research on composite indexes, urban sustainability, and challenges of the modern world.*

Keywords: *Composite Index, Multivariate analysis, Ranking of cities, Regional differences, Sustainable Cities Index*

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PROBLEMS EXPERIENCED IN TAXING OF ELECTRONIC COMMERCE

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ABSTRACT

Developments experienced in communication technologies have brought along huge problems as well as innovations in several fields. e-commerce has begin becoming a part of our daily lives by expanding use of internet. Countries and international organizations which cannot follow these dazzling developments in information and communication technologies experience problems in taxing that commerce. In this study, the internationally problems experienced in taxing e-commerce will be dealt through various tax types.

Keywords*: E-commerce, taxation, taxation authority, income tax, value-added tax*

RELATIONSHIP BETWEEN ENERGY AND GROWTH IN MINT COUNTRIES

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ABSTRACT

The purpose of this study is to analyze the relationship between the energy variables and growth in MINT countries (Malaysia, Indonesia, Nigeria, and Turkey) through the Panel VECM (Vector Error Correction Model) analysis. In this context, the study was divided into two main parts; the first part examines the relationship between energy consumption, electricity consumption, carbon dioxide emission, export, import and growth in MINT countries between 1971 and 2015, and second part investigates renewable energy consumption between 1990 and 2015. In the first part of the study, a significant long-term relationship between energy variables and growth was determined. In the short term, all other variables except carbon dioxide emission were found to have an effect on growth. In the second model, there was no significant long and short term relationship between renewable energy and growth in MINT countries. It's known that when the developed countries give an important role to renewable energy, dependence to other energy elements decreases. From this point of view, if MINT countries can exhibit this type of approach, they can reduce their dependence on traditional energy products.

Keywords: *Causality, Carbon dioxide, Electricity, Panel VECM, Renewable Energy*

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EXPATRIATE ADJUSTMENT: INTERACTION EFFECTS OF CULTURAL DISTANCE AND REGULATORY FOCUS

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ABSTRACT

Introduction: Expatriate adjustment has been traditionally studied within stress framework (e.g. Bhaskar-Shrinivas, Harrison, Shaffer and Luk, 2005). The seminal work by Black, Mendenhall and Oddou (1991), suggested that expatriate maladjustment is a manifestation of stress and is influenced by factors that either increase or decrease uncertainty. Among other variables, 'culture novelty' has been suggested as a variable that may increase uncertainty and hence lower adjustment. This reasoning is somewhat intuitive and several studies found support to this notion (e.g. Hechanova, Beehr and Christiansen, 2003, Bhaskar-Shrinivas et al., 2005). In most studies cultural novelty was operationalized as a subjective, self-reported measure, while significantly fewer used an objective measure (e.g. Jenkins and Mockaitis, 2010).

However, many other studies did not replicate the relationship between cultural distance (CD) and adjustment (Peltokorpi, 2008, Puck, Kittler and Wright, 2008) and sometimes findings were counter-intuitive. One study for example (Selmer, 2002) found that Western expatriates in China had better work adjustment than those with Chinese origin. Another study revealed that business managers from Hong Kong assigned to Mainland China reported significant difficulties in their adjustment, despite the cultural similarity (Selmer and Shiu, 1999). These conflicting results (see also Selmer, 2007) suggest that cultural distance per se is not acting alone in its influence on adjustment. The effect of CD may be more complex than it appears.

Objectives and contribution: Drawing on the pertinent literature from expatriate

management, and regulatory focus (RF) theory, this study suggests that RF as a personal trait interacts with CD in its influence on expatriate adjustment. It empirically and theoretically contributes to the HRM discipline by showing in what way RF impacts the relationship between CD and adjustment. As such, it contributes to complementing previous studies and uses an objective measure for CD.

Method: Using self-report data from 223 expatriates in 32 countries, the study examined how regulatory focus and CD affect adjustment and how they interact together in these relationships.

Results: The findings reveal that promotion-focused expatriates appear to manage interaction adjustment better than prevention-focused expatriates, and that the effect of cultural distance on general adjustment is lower for promotion-focused than for prevention-focused managers.

Implications: Several implications are extracted from the study for regulatory focus

theory and expatriation management practices as well as suggested avenues for future research.

***Keywords**: adjustment , cultural distance, expatriate, regulatory focus*

EMPLOYEE MOTIVATION IN VARAŽDIN COUNTY

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ABSTRACT

Until recently, the importance of employee motivation was neither appreciated enough, nor was it sufficiently recognized as a facilitator of good decision-making and performance. This paper provides an insight into how motivation affects employees and argues that employees do not require much to be motivated and satisfied at work. Performance monitoring and evaluation have become important elements of employee motivation. Performance appraisal, which is carried out several times a year, provides the management of the company with the information needed to improve employee motivation. Efforts to foster employee motivation should be carefully planned to avoid making any mistakes that could undermine existing motivation. This paper investigates employee motivation in the primary, secondary, tertiary and quaternary sectors of the economy in the Varaždin County area. It aims to identify the major employee motivation factors and determine the current level of employee motivation in the surveyed companies. Based on the research objective, several hypotheses have been formulated, which will be either confirmed or rejected, once the survey has been carried out and the necessary information obtained. After conducting primary research, descriptive statistics has been used to analyse the data.

***Keywords**: motivation, theories, employees, salary, performance*

ORGANIZATIONAL RESILIENCE AND RISK MANAGEMENT IMPROVEMENT – HOW TO REDUCE AND PREVENT FIRE HAZARD USING SIMULATION SCENARIOS

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ABSTRACT

Organizational resilience as an organizational system's ability to foresee, depreciate, and effectively recover from stress-related events or disruptions, is associated with risk management processes. Reflection from the perspective of an organization's resilience implies, alongside continued security attention and integration, also a departure from traditional approaches to designing an organization. Although the endeavor to create design resilient systems is a step away from the traditional principles of risk management - in this paper we explore the possibilities of using the Monte Carlo simulation technique to determine some of the characteristic design parameters of the organizational working units. We focused the problem of asset portfolio, inventories and equipment with different levels of importance for the performance of business processes. Particular attention is paid to vulnerabilities and protection of information systems and information communication technologies. Offices space model has been created, which contains the characteristic material resources, process supporting equipment, and it is assumed that there is a probability of a fire in one such space. A number of scenarios for which simulations were conducted, regarding the outbreak and spread of fires, were elaborated.

The results of these scenarios point to the different sizes of the expected time of direct threats to certain assets items by the fire and to the different levels of expected damage. Furthermore, predictions are not just about the expected damage of property, but also about the degradation of organizational capabilities of performing the processes. In accordance with these results, it is possible to formulate certain recommendations regarding the approach to system's design in terms of improving organizational elasticity as well as certain recommendations related to the development of the proactive components of organizational resilience.

Keywords: *asset portfolio, B-RISK, fire, Monte Carlo, organizational resilience, risk management, scenario, simulation*

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A CONCEPTUAL MODEL OF PRODUCT VARIETY

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ABSTRACT

More individual customer requirements and increasing competition due to the Internet technologies are just a few of the reasons that force manufacturers to react accordingly, e.g. by providing a higher product variety. Managing product variety is a great challenge that manufacturers have to address to be successful. The associated complexity makes product variety difficult to manage, although adequate management is essential *to guarantee revenue and profit. Before making the decision to broaden the product range, it is recommended to check whether the profit of product variety outweighs the effort. There is also the question regarding the optimal product variety that enables the maximum net benefit for the manufacturer. Moreover, decisions on product variety are far-reaching due to their interconnectivity to almost all other managerial decisions. If manufacturers were capable to understand and oversee all the drivers and enablers of product variety, they would be in a better position to weigh all the pros and cons before arranging changes in the product portfolio. How to support decision-makers in this process? The approach presented in this paper addresses challenges by creating a unified framework of the factors impacting product variety. This is achieved by systematically studying management literature and integrating the found mechanism in a conceptual cause-effect model created with Garp3 – a workbench which offers meaningful visualization and simulation opportunities. After selecting appropriate literature, the relevant concepts are represented in a knowledge graph using the Garp3 software. The consequent preparation of the concepts enables deliberate decisions on wordings (types), number of model fragments, and level of abstraction. The simulation tool works without any numerical information, but still enables users to start from different scenarios (e.g. manufacturer with a single product starts to increase its portfolio) and observe the behavior of the system and its underpinning explanation in terms of cause-effect relationships.*

Keywords: *complexity, conceptual model, causality, Internet technologies, product variety*

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VEHICLE (LV) FLEET MANAGEMENT OPTIMISATION - PROCESS TRANSFORMATION

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ABSTRACT

A key component of the initiative is Process transformation, which put a focus on optimisation of fleet of Global Organisation's (GO) including processes in specific functional areas through re-engineering, realignment and standardization.
In this paper we will try to determine the functional areas and processes that would benefit from this re-engineering. The spotlight will be given on process transformation in plant and property equipment (PPE) that will define the specific processes for improvement, with an in-depth analysis of performance, bottlenecks, and the root causes of any performance gaps. This will facilitate the development of potential improvement mechanisms and proposed recommendations, in addition to guiding the establishment of a comprehensive monitoring plan to track progress for functional area planning and strategy. While understanding that key processes which are mainly carried out in GO headquarters, we will try to expand the efforts beyond and seek possibilities for further improvements on efficiency and effectiveness in the country offices. This will ultimately remove much of the transactional burden from field offices globally and certainly will help increase the effectiveness and efficiency in reaching the beneficiaries which is the ultimate goal of this research.

Keywords: *cost excellence, re-engineering, realignment, internal standardization, Total Quality Management (TQM) philosophy*

THE CONCEPT OF A LEVERAGED BUYOUT AND ITS INFLUENCE ON POLISH COMPANIES' FINANCIAL SITUATION

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ABSTRACT

Leveraged buyouts are well-known in literature, with studies conducted over the years in various countries, including mostly well-developed countries, in which the usage of advanced financial instruments was recommended. However, there are rather few studies on leveraged buyouts in developing countries. The aim of this article is to analyze leveraged buyouts carried out in Polish companies and to determine which types of buyouts are used most frequently. Then was made comparative analysis of financial data changes in companies. With the use of available data, to the study was used the T-Statistic test to show how companies financial data changes in selected types of leverage transactions. In addition, was used the Pearson correlation method to indicate or eliminate interdependence of financial values important in companies statements. The last stage included the study showed how the cost of outside capital changes depending on its share in the equity capital structure. Presented hypotheses have been analyzed with the use of literature overview, statistical methods, and comparative analysis. The results of leveraged buyouts for the companies have been presented and the conclusions have been drawn.

Keywords: *LBO transaction, MBO transactions, mergers and acquisitions (M&A)*

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THE ACTIVITY REPORT AS A TOOL OF EMPLOYER BRANDING

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ABSTRACT

The modern socially responsible enterprise conducts economic activity focused on meeting needs of various groups of stakeholders comprising present and future employees. The lack of the integrated report standard causes that the financial and non-financial information is presented in various ways and it appears in different elements of the report. The information concerning employees influence greatly employer branding. The essence of employer branding is to create a distinguishable image of an organization as a preferred employer. Purpose – The aim is to diagnose the way and kind of reporting the financial and non-financial information regarding employees in terms of the creation of employer branding. Methodology – The analysis of activity reports of 20 companies listed on the Warsaw Stock Exchange – WIG-20. Results – The analysis of the contents of the reports shows that enterprises present the following non-financial information which creates a good image of employer: staff trainings (70% of the researched companies), remuneration systems and motivational systems (55%), projects enabling employees' development (55%), low rotation of employees (45%), communication and relations with co-workers (40%). The extent and kind of information vary depending on the sector in which a company operates. The importance of employees for the organization is confirmed by human capital related risks identified by the researched companies. Practical implications – On the basis of the proposed methodology of employer branding diagnosis based on the activity report, management staff may take action in order to increase the extent of reporting concerning employees with components creating employer branding.

Keywords: *Activity report, Employer branding, Financial and non - financial information*

MULTIDIMENSIONAL STATISTICAL ANALYSIS OF AN INFLUENCE OF A BUSINESS MODEL ON A FINANCIAL CONDITION IN TRANSPORTATION- FORWARDING – LOGISTICS (TFL) SECTOR ENTERPRISES

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ABSTRACT

TFL (Transportation- Forwarding – Logistics) sector enterprises, constitute a varied group of objects in terms of size, organizing structure as well as range of provided services. The enterprises belonging to this sector use different types of business models which influences their financial condition. The aim of the article is to distinguish the groups of enterprises from TFL sector which share similar level of financial condition. This division was based on selected financial indicators having various discrimination strengths. The next step of analysis was to identify the types of business models in particular groups of enterprises having similar financial condition. This way the hypothesis about the dependence of the business model and the financial condition of an enterprise has been verified. The source of information to assess financial condition was enterprises' financial results from EMIS database. Obtained information have been used to create own database of TFL sector enterprises and their financial indicators as well as to create a multidimensional statistical analysis which classified the enterprises. While realizing the research aim the following multidimensional statistical analysis were used cluster analysis and K-means method. In order to verify research hypothesis another multidimensional statistical analysis method was used – correspondence analysis. The results of the research were used to classify the enterprises into similar, in terms of financial condition, groups and to point out the most

important determinants of this classification. The finding of the research is showing the correlation between the type of business model and enterprise's financial condition. Moreover the article presented and proposed applying chosen multidimensional statistical analysis method for evaluating enterprises' financial condition and their business models.
Keywords: *business model, logistic sector, multidimensional statistical analysis, TFL sector*

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COURIER SERVICE QUALITY IN THE LIGHT OF SCIENTIFIC PUBLICATIONS

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ABSTRACT
The specific features of courier services caused that they have recently become a critical component of logistics systems and the supply chain of many manufacturing and service enterprises. The aim of study is a critical analysis of literature concerning the courier service quality and identification of theoretical but also methodological gaps which can become the subjects for potential further research. Although the express branch has developed rapidly worldwide and the service quality is one of the key priorities of courier operators, the overview of literature has shown that only a few authors focused their research interests on this aspect both in Poland and worldwide.
Keywords: *courier service quality, CEP market (courier, express, parcel)*

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RISK ASSESSMENT AS A FUNCTION OF INTEGRATED MANAGEMENT SYSTEMS – A CASE STUDY

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ABSTRACT

Risk management is considered to be an important aspect of good corporative management of a successful institution wherein the risk assessment itself represents a part of the process that provides identification of the threat and the evaluation of its impact on the performance of the organization. Risk assessment represents a systematic method of work activities monitoring, considering what could go wrong in the workplace, and deciding on apropriate control measures aimed at loss, damage or injury prevention. The goal of this method is to identify sensible measures to control wokplace risks. Through analysis and risk assessment methodology via the FMEA (Failure Mode and Effect Analysis) method, this paper discusses an integrated management system with the emphasis on risk ranking for operation processes in the company providing public services.

Keywords: *FMEA method, integrated management system, risk assessment, workplace risk*

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MARKETING ASPECTS OF AN INNOVATIVE INVESTMENT PROJECT - CASE STUDY ANALYSIS

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ABSTRACT

The main aim of the article is identification and description of the scope of marketing activity during innovative investment project. Today innovation is becoming an integral part of the functioning and development of every organization. Marketing stimulates the creativity of the enterprise and motivates research and development departments to develop new technologies and products. The presented conclusions have been supported by the results of the analysis carried out in 2014 and connected to the assessment of an innovative undertaking concerning the implementation of new technology, namely RFID. The realization of this task was accepted by a company which has been the subject of the analysis mentioned above and whose main area of activity includes the development and production of systems for the identification of farm animals as well as systems for the control of industrial processes.

Keywords: *research and development activity, marketing, innovations, investment process investment project*

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THE IMPACT OF THE PSYCHOLOGICAL PRICE ON CONSUMER'S BEHAVIOR

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ABSTRACT

Turbulent market environment imposes new conditions of market behaviour. Hypercompetition directs the focus of enterprises towards the analysis of each individual consumer. In the mentioned environment, customer relationship management is the key feature of competitiveness. Therefore, enterprises focus not only on the research of a target group of customers, but also on the detailed analysis of competition and market conditions with the aim of determining appropriate prices of their own products or services. The mentioned factors influence price setting. Moreover, each numerical mark in the price has symbolic and visual importance, which should be thoroughly considered while setting the price. In addition to the following statement, enterprises use additional marketing tools for price setting. They also use the aspects of psychological price setting in order to make the price of a product or service more attractive to the consumer. Therefore, it is necessary to analyse the way in which the psychological price influences consumer behaviour and product or service purchase decision-making. The key hypothesis of this paper is: 'Psychological price has a significant influence on consumer behaviour and on purchase decision-making. Research of the impact of the psychological price on consumer's

behaviour in practice was carried out with the aim of analysing the above mentioned issue on the market. The research was conducted via questionnaire on the sample of 100 participants. Through the offered questions, the participants showed how they perceive both the price and the importance of the price in product or service purchase decision-making process. The results of the carried out analysis show the importance of the impact of price on consumer's purchase decision-making, as well as strong impact of the psychological price on guiding consumer decisions.
Keywords: *consumer's behaviour, consumer's decision, price, psychological price*

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CROSS-BORDER CO-OPERATION BY POLISH AND BELARUSIAN COMPANIES IN THE ASPECT OF INCREASING THE COMPETITIVENESS

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ABSTRACT

Increasing globalization of economic processes forces companies to strengthen intensively their competitiveness. The company's ability to build partnerships with business partners is the mechanism to achieve competitive advantage. One of the sources of competitive advantages is the internationalization of company operations. The use of geographical location in cooperation may be an additional source of increasing the attractiveness and competitiveness for border regions and enterprises. North-east part of Poland (and of EU) is a region where the factor limiting the possibilities for firms development is the distance from the markets. More intensive development of polish companies is possible through creation cross-border cooperation especially *with companies from Belarus. The aim of the article is to present the results of studies which take into account factors affecting the level of cross-border cooperation of enterprises in north-eastern Poland and in neighbouring region of Belarus in the context of increasing their competitiveness. The article uses the method of critical analysis of the literature and statistical analysis of data from a study conducted on a group of companies in leading industries in Poland and in Belarus. The main statistical measures and correlation coefficients were used to interpret the results. The study found a low level of existing cooperation and the low possibility of its strengthening in the near future. Some recommendations and model solutions for potential areas of cooperation have been identified. They can improve the competitive position of the companies in Podlaskie region in Poland.*

Keywords: *companies, cross-border cooperation, competitiveness, border areas*

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REASONS FOR UNDERTAKING CROSS-BORDER COOPERATION BY POLISH AND BELARUSIAN ENTERPRISES

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ABSTRACT

For many years, border areas have been seen as problematic regions, economically belated and doomed to marginalization. Now the scale of political and socio-economic transformations indicates that they should be seen as core areas, of vital importance not only in the regional system, but also in the context of integrating Europe. Cross-border cooperation allows the *synergies effect to be achieved by cooperating regions and the elimination of disadvantages associated with the peripheral position in the country. Analysis conducted on the basis of statistical data only, which define the number of projects completed, the size of the invested funds or the number of completed communication or technical infrastructure facilities seems to be insufficient. They should be supplemented with research on the real relationships between the different actors in business, including primarily enterprises. On the other hand the conditions of cross-border cooperation show high variability and require continuous, thorough monitoring. In the literature of the subject there are reports on national cooperation of enterprises, but there are no analyzes on cross-border cooperation of enterprises, especially with Belarus. This text fills the gap. The main purpose of this text was to present the results of research on assessment of the reasons for undertaking cooperation by Polish and Belarusian companies so far and to identify prospects for its possible tightening in the near future. The research covered 381 Polish companies based in Podlaskie Province and 121 Belarusian companies. Statistical measures and central tendency standards were used for the interpretation of the research results. Spearman's rank correlation coefficient was used to indicate the correlation coefficient between the ratings, followed by the t-Student test to examine its significance. Statistical calculations were made using STATISTICA programme version 12.5.*

Keywords: *companies, cooperation, cross-border cooperation*

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SERVITIZATION OF MANUFACTURING COMPANIES – A PROPOSITION OF FACTORS FOR STEEPVL ANALYSIS

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ABSTRACT

The aim of the article is to propose a set of factors to ascertain whether conditions for the servitization of manufacturing company are favourable or adverse. The analysis of these factors may be conducted according to the STEEPVL methodology. This set includes both external and internal aspects, and can be used to assess the possibilities and opportunities in the local market, as well as risks and uncertainty of expanding product offerings by adding services or shifting into service dominance. Furthermore, the company resources can be analysed and assessed to determine the scope and scale of servitization of its activity. The factors have been gathered and proposed on the basis of a literature review, supported by the outcomes of interviews with the machinery manufacturers from Poland. This article is conceptual and is a preface to the further research.

Keywords: *products and services integration, servitization, STEEPVL analysis*

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INNOVATION OF TRADING COMPANIES IN RELATION TO THE CONTENT OF ANNUAL REPORTS – RESEARCH RESULTS

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ABSTRACT

The field of interest of the following article includes the innovations of trading companies, their characteristics and scope, as well as the way information about them is related to external stakeholders in annual reports. In the world of business for many years accounting has been a system which delivers financial information as well as information supplementing data presented in financial reports. The annual report of an enterprise is the main tool used for communicating this information to external stakeholders. The needs of stakeholders expand the scope of the information reported by a business adding new areas in which the company has become involved in. In accounting the term "innovation" has not been defined in relation to financial reporting. As a result our research issue has been formed as a following question: should annual reports contain information regarding innovations and the innovativeness of enterprises? Does this area of a company's activity find reflection in annual reports and does the management acknowledge this information to be important enough to present it to stakeholders? The industrial era put more emphasis on production and product innovation and accounting related literature reflects this point of view. However, nowadays it is activities other than production that require more and more attention. With the end of the 20th century and within the postindustrial age the role of trading in economy has become more pronounced. The analysis of the issue of innovation from the perspective of a trading company will allow reaching conclusions regarding the character of marketing innovation in the reporting process of these enterprises.

Keywords: *Accounting, Annual reports, Innovation, Marketing innovation, Trading companies*

WHAT INFLUENCES USAGE OF EXTERNAL FINANCIAL SOURCES AMONG LARGE AND MEDIUM SIZED HOTELS IN V4 COUNTRIES?

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ABSTRACT

The paper focuses on financial issues of a hotel industry. Liquidity should always affect an ability of companies to take a credit. Furthermore, it is necessary to put a collateral behind the credit to create it more secure for a bank. The aim of the paper is to estimate whether liquidity and share of fixed assets has affected usage of external financial sources among hotels. Comparison is made through two ways. Firstly, it is compared the situation between large and medium sized hotels. Secondly, estimated relations are compared among V4 countries (Czech Republic, Hungary, Poland and Slovakia). As the main estimation method it is used Generalized Method of Moments with panel data from financial reports of those hotels. In particular it is used debt ratio, return of equity, liquidity quick ratio, liquidity current ratio and share of fixed assets. International financial database Amadeus has been therefore used for the analysis and in total 1,223 hotels have been analyzed. Estimation period is from 2006 till 2015. So, it is really possible to see in which conditions hotels used external financial sources within the period affected by the global financial crisis. From the results it is obvious that there are big differences between usage of collateral as well as level of liquidity, especially among hotels from the Czech Republic and Poland.

Keywords: *Corporate Finance, Hotels, external financing, Generalized Method of Moments, V4 countries*

THE INFLUENCE OF FOREIGN OWNERSHIP ON CORPORATE SOCIAL RESPONSIBILITY IN SERBIAN COMPANIES

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ABSTRACT

In the last decade, not only the interest in corporate governance has increased, but the discussion has been significantly expanded and it includes some aspects of corporate social responsibility (CSR). The impact of the corporate governance mechanisms on social responsibility is a research area with increasing importance. Although there is evidence of a link between ownership structure, as a corporate governance mechanism, and CSR, there is not much knowledge about the impact of foreign ownership, as ownership type, on corporate social responsibility. The aim of this paper is to find out whether there are differences in the level of CSR in companies with a different share of foreign ownership, in the Republic of Serbia. For that purpose, we used the results of a survey conducted by the authors in 2016 on a sample of 24 corporations in Serbia. The analysis included five areas of social responsibility, namely: internal CSR, responsibility to customers, community responsibility, environmental protection and CSR disclosure. The empirical results confirm that there is higher level of CSR in companies with majority foreign ownership, which reaffirms the assumption of greater transparency of the operations of foreign corporations. However, we did not find statistically significant differences in other CSR areas. The findings improve understanding of the links

between corporate governance and social responsibility and point to the necessity for Serbian companies to adapt the process of reporting on corporate social responsibility in accordance with European and global frames.
***Keywords**: corporate social responsibility, foreign ownership, corporate governance mechanisms, ownership type, ownership structure*

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SUCCESS FACTORS OF A RESILIENT ENTERPRISE

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ABSTRACT

Current conditions observable on the present-day market are rather difficult from the perspective of enterprises and their operations. A great number of changes in the environment and their dynamics require continuous readiness for changes and swift reactions on the part of enterprises. Such a situation enforces changes inside enterprises that stem from their reaction to changes in the environment, not to mention some planned changes being a part of the development strategy and the necessity to react to continuous processes taking place inside an enterprise. Many enterprises cope with the abovementioned issues but some are unable to take advantage of the occurring opportunities and deal with limitations and managerial difficulties. Efficient management ensures stability and economic stability both for the enterprise as well as for the employees and the management team. The purpose of this paper is to indicate durability and stability factors of an enterprise in the period of intensive changes. Conclusions were drawn based on the analysis *of quantitative and qualitative research. The base method comprised of a survey questionnaire which for the purpose of the conclusion drawing process was supported with an in-depth interview. Research has been carried out in May and June 2017 in eight enterprises from podlaskie voivodship that are recognised leaders in their area in Poland. These are large enterprises from construction, engineering and pharmaceutical industries. Each and every one of those frequently awarded enterprises has great experience, operates using modern technologies, has creative R&D departments and sells its products and services abroad. Enterprises for the research were selected intentionally, based on their position on the market, growth and economic stability and the ability to manage change. The main conclusions resulting from the research are related to factors conditioning market success that make those enterprises durable and resilient. The main factors include: effectiveness of change management, agile managerial staff, proper selection of target markets, the ability to identify goals and interests of both internal as well as external stakeholders, negotiation capabilities and the ability to control emotions in an effective way.*

Keywords: *change management, durability, resilient enterprise, stability, success factors*

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SOCIAL ENTREPRENEURS' MOTIVES: SEARCHING FOR REGIONAL AND AGE DIFFERENCES

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ABSTRACT

The phenomenon of social entrepreneurship has been discussed widely, however, the similarities and differences in the motives of social entrepreneurs among regions and age groups are not studied deeply enough. The aim of our research is to explore the phenomenon of social entrepreneurial motives (reasons) to understand regional as well as age differences.

Our research is based on the qualitative research method particularly focused on a phenomenological approach. To conduct the survey, we used such methods of data collection as randomly face-to-face interviews with social entrepreneurs and an online Google questionnaire.

Our findings show that the motives of social entrepreneurs are not completely similar across regions, but more different between age groups. Young people are looking for enjoyment, networking and to get experience. Adults are led by their passion and need for professional fulfillment (to apply their experience). The regions matter a lot for motives' prioritization. The research results may provide a basis for further empirical studies on social entrepreneurs' motives in the context of generation, gender and training.

Keywords: *motives, social entrepreneurship, young and adult social entrepreneurs*

TESTING QUANTITATIVE MEASURES OF PROACTIVENESS IN CONTEXT OF ENTREPRENEURIAL ORIENTATION

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ABSTRACT
Entrepreneurial orientation is a conceptualisation of organisational entrepreneurship. It consists of proactiveness, risk-taking, innovativeness, and (in some operationalisations) competitive aggressiveness and autonomy. The main question behind the paper is related to the possibility of employing quantitative data to measure the entrepreneurial orientation. In the paper, that question is examined in relation to one dimension: proactiveness. It is hypothesised, that quantitative data may be used to measure proactiveness. The hypothesis is tested within the sample of 85 small and medium-sized enterprises operating in Malopolska Region in Poland. In the questionnaire, the proactiveness was surveyed with items proposed by Covin and Slevin (1989), in parallel with quantitative items (e.g., "number of business-plans, applications and projects implemented" and "number of employees who found new ideas"). The results support the hypothesis and suggest some improvements of the configuration of tested items. In particular, it was found that items related to opportunity identification and employees' participation are highly correlated to proactiveness (measured with items proposed by Covin and Slevin). The recommendations include testing other items related to proactiveness, as well as to other dimensions of entrepreneurial orientation. That can enable to propose a quantitative scale of EO, that would be useful for future research. The paper contributes to the theory of organisational entrepreneurship through proposing some quantitative measures of proactiveness, what develop the research methodology of the field.
Keywords: *entrepreneurial orientation, quantitative research proactiveness*

IMPACT OF SOCIAL CAPITAL ON THE GENERATION OF ECONOMIC CAPITAL IN CREATIVE INDUSTRIES

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ABSTRACT

The aim of this paper is to identify the forms of entrepreneurs' social capital in cultural and creative industries and to examine the impact of social capital on generating and increasing the entrepreneurs' economic capital. Due to the different approaches to the concept of social capital and the many definitions of social capital, there is a vague understanding of the concept. Thus, the theoretical framework of this work relies on Bourdieu's theory of practice and its definition of social capital. The research adopts a qualitative approach by using the method of phenomenological interviewing. In-depth semi-structured interviews were conducted on a sample of ten entrepreneurs in the Northwest Croatia. The research material was analysed by coding technique. In the first stage of the analysis of empirical material, open coding is performed. In the second stage, focused coding is performed. Research results show the diversity of strong and weak ties that represent a significant resource for entrepreneurs in creative and cultural industries.

Social connections of entrepreneurs with different actors allow them access to shared resources and open the possibility of transforming the social capital into the economic capital.
Keywords: *Bourdieu, creative industries, entrepreneur, qualitative approach, social capital*

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INTERFIRM COOPERATION TO CREATE COMPETITIVENESS: CASE OF BATIK BANJARNEGARA SMALL FIRM

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ABSTRACT

This paper propose Batik Banjarnegara Small Firms (BBSF) co-operation framework to support innovation. This framework created to analyse field of BBSF collaboration and to understand how BBSF cooperate. The constructs of this study are based on previous research on interfirm co-operation, which permits to cross validate results from different studies, combine their findings and to create the framework to obtain a global idea of

BBSF cooperation. The BBSF cooperation framework combines in a unique model the three main dimensions involved in BBSF cooperation (strategic, management and social) with the internal and external factors influencing business collaboration. Using the developed framework, the author summarizes why BBSF should cooperate, the problems BBSF face adopting collaborative approaches and the factors influencing interfirm collaboration effectiveness. The findings of this work provide some important implications for managers concerned with adopting collaborative approaches. From a managerial perspective, it shows that co-operation between BBSF is a valid approach for improving their performance as long as the success factors are considered, which in turn, reduces the risk of alliance failure.

***Keywords**: SMEs; collaboration; co-operation, competitiveness, Batik, Banjarnegara*

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COMPARISON OF HOMEWORKING IN THE CZECH REPUBLIC AND SPAIN

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ABSTRACT

Homeworking, teleworking or home office, is an interesting alternative for more and more companies to organize the way their employees work. Nowadays, it represents an interesting employee benefit also called the home office. At the same time, it can help to reduce company costs in certain situations, such as the costs relating to the creation of a new job and overhead costs. In the context of the increasing demand for labour and the gradual growth of the interest in part-time work, the active search for this possibility of work is mainly found among families with children under 15 years of age. The accessions of small and medium sized enterprises in the EU member states are not uniform, which is reflected in the frequency of the use of homeworking by individual employees on the one hand and the possibility of homeworking on the part of the employers. The aim of the paper is to compare the approaches of selected countries.

The authors focus on the comparison of the Czech Republic, Spain and average values within the EU. The comparison is carried out according to the frequency of use, gender and the age structure of employees according to the selected statistical methods. From the data obtained, the wider use of homeworking in Spain towards the Czech Republic and simultaneously, the lower introduction of homeworking in both selected stakes compared to the EU average arise. The results also failed to demonstrate statistically significant differences between men and women in the selected countries and the EU.
Keywords: *EU members, homeoffice, homeworking, teleworking*

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WAQF-BASED ENDOWMENT AND ENTREPRENUERIAL INTENTION AMONG STUDENTS IN INSTITUTES OF HIGHER LEARNING

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ABSTRACT

Waqf is an Islamic endowment that has contributed significantly to the development of many communities. Waqf assets were utilized for religious, social and economic purposes. Other than *for funding religious activities, one of the popular usage of waqf is to fund education. Historically, waqf had a vital role in providing assistance to all levels of education, particularly institutes of higher learning (IHL). Waqf funds were used for development of IHL's physical infrastructure, academic activities as well as providing allowance for needy students. Despite the important role of waqf in ensuring accessibility to education, one of the area that the potential of waqf is not fully explored is the usage of waqf to develop entrepreneurs among students in IHLs. Promoting entrepreneurship among students is one of the focus of many education providers especially in developing countries such as Malaysia. However, studies shown that only a minority of the students were interested to become entrepreneurs or only chose entrepreneurship as their last career choice. Among the reasons cited was the influence of behavioral factors and the lack of capital to undertake entrepreneurial activities in IHLs. As for the latter, the availability of waqf fund in assisting would be entrepreneurs among IHL's student is a promising alternative. Based on the extended Theory of Perceived Behavior (TPB), this study examines the influence of attitude, subjective norm and perceived behavior control on waqf-based entrepreneurial intentions among students. Waqf fund for entrepreneurs is faith-based and its existence is not widely aware especially among the younger part of the population, as such this study also introduced two variables namely religiosity and waqf awareness into the TPB model. A survey of 400 hundred students at various IHLs in Malaysia was conducted for this study. Partial Least Square structural equation modelling (PLS-SEM) was used for the analysis. This study provides support that attitude, subjective norm, perceived behavior control, religiosity and waqf awareness are significant predictors for waqf-based entrepreneurial intention.*

Keywords: *Extended Theory of Perceived Behavior, Entrepreneurships, Institute of Higher Learning, Religiosity, Waqf-Based Endowment*

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ROLE AND SIGNIFICANCE OF SMES IN POLISH ECONOMY – BARRIERS TO AND OPPORTUNITIES FOR DEVELOPMENT. EXAMPLE OF CENTRAL EUROPEAN COUNTRY

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ABSTRACT

Many authors indicate the relationship between a large, well-developed SME sector and the innovativeness and development of the whole economy. In Poland, despite the fact that micro, small and medium-sized enterprises are the dominant group of business entities, Polish economy is not ranked among the world's most innovative economies. That is why the aim of this article is to identify the main barriers to the innovativeness and development of Polish SMEs, as well as to indicate the main directions of the development of these enterprises, which in consequence can influence the improvement of Polish economy's innovativeness. Additional objective is to investigate how strong is the relationship between a large and innovative SME sector and the innovativeness of an economy. To achieve this goal the results of author's own research and statistical data from secondary sources have been used.

Keywords: *SMEs, barriers of development, innovative economy*

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SOURCE OF FINANCING AND DIGITAL TRANSFORMATION – CASE STUDY OF VARAZDIN AND MEDJIMURJE COUNTY

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ABSTRACT

Digitalization is becoming a part of everything today and enterprises are not an exception. Many enterprises in the world (especially in North America) are digitally educated and because of that, they have high ROE every year and its benefits are being shown in the country GDP and employment rate. That is not the case in Varazdin and Medjimurje counties, whose condition is being observed in this paper. These counties show very low investment rate in R&D and do not have full digital transformation because of the inertness of employees and financial hostility of the management because digital transformation is being considered as a very costly move and it does not show any instant benefit in the close future (speaking in the ROE). Many financing and R&D programs are shown in this paper like MOOCs, national programs and strategies (i.e. S3). Since Croatia is in the EU, European funds and national institutions (i.e. HAMAG BICRO) play a large role in financing investments in digital transformation and innovations.

Keywords: *Digital transformation, SMEs, R&D, financing program*

MEASURING THE DEGREE OF INNOVATION IN RETAIL AND SERVICES' MICRO AND SMALL ENTERPRISES

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ABSTRACT

Micro and Small Enterprises (MSE) are considered the most dynamic and flexible arrangement of activity. In the economy, the foundation and development of these features is important for the creation of the so-called "normal" economic environment. In the recent past it was enough for companies to meet their needs in a profitable way to stay in the market, but that scenario has changed dramatically. Currently, it is necessary to be one step ahead towards the future, because the strategies that have worked well in the past are not guarantees of forthcoming sustainable success. The key to longevity and business competitiveness lies in innovation. Accordingly, the main objective of this research is to present a research model of innovation in Micro and Small Enterprises to analyse: first, the degree of innovation of Micro and

Small Enterprises, and second, how the innovation is handled by existing Micro and Small Enterprises as a result of its business environment. The research made is based on a sample of 550 MSE distributed over 6 cities across the Brazilian State of Piauí. The data was collected using the Innovation Radar application, which is owned by the SEBRAE Local Innovation Agents program. Statistical techniques of descriptive, exploratory and inferential nature were used for corresponding data treatment and results validation. The results obtained suggest that MSE have innovation capacity between the "Little Innovative" and "Occasional Innovative" range, and also that the average and the distribution of innovation levels are similar amongst MSE analyzed.
Keywords: *Retail; Services; Micro and Small Enterprises; Innovation Management; Competitiveness; Brazil*

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BUSINESS PROCESS INCONSISTENCIES IN POLISH SMALL AND MEDIUM ENTERPRISES

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ABSTRACT

Effective implementation of the process approach in an enterprise requires identification and comprehension of the occurring problems and constraints. This should determine the scope and purpose of the undertaken improvements, as well as facilitate the selection of appropriate methods and techniques. While in Western-European companies, the process approach and process-based methodologies are firmly established, in transition economies, including Poland, they are not commonly known or implemented. Passive transfer and adaptation of Western ideas, failing to take account of the specific conditions of transition economies, such as Poland, may contribute to the emergence of certain inconsistencies of the re-organized processes.

In acknowledgement of the significance of these issues, the main purpose of the paper is to identify inconsistencies of business processes in Polish small- and medium sized enterprises (SMEs). The paper presents the results of empirical surveys which enabled the author to identify business process inconsistencies and to analyse them in the context of the companies' level of process orientation maturity. The surveys were conducted among Polish managers from the SMEs. The performed analysis revealed that in enterprises with higher levels of maturity, process inconsistencies primarily stemmed from failure to understand the ideas of strategic alignment and process governance. Meanwhile, the inconsistencies observed in firms which were just beginning to implement the process approach were rooted in human resources and a lack of process culture. A comparison of the obtained outcomes with those of similar studies conducted in Western companies indicates a certain diversity in terms of the types of process inconsistencies occurring in enterprises at higher maturity levels.

Keywords: *maturity, process inconsistency, process orientation, SMEs*

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