



Varazdin Development and Entrepreneurship Agency
in cooperation with
University North and John Naisbitt University

Economic and Social Development

14th International Scientific Conference on Economic and Social Development



Editors:

Ana Jovancai Stakic, Petar Kurecic and Damir Dobrinic

Book of Abstracts

ISSN 1849-7543



9 771849 754003 >

Belgrade, 13-14 May 2016

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Title ■ Economic and Social Development (Book of Abstract), 14th International Scientific Conference on Economic and Social Development

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Publishing Editor ■ Domagoj Cingula

Publisher ■ Design ■ Print ■ Varazdin Development and Entrepreneurship Agency, Varazdin, Croatia
University North, Koprivnica, Croatia
John Naisbitt University, Belgrade Serbia

Printing ■ Online Edition

ISSN 1849-7543

The Book is open access and double-blind peer reviewed.

Our Books are indexed and abstracted by ProQuest, EconBIZ and CPCI (WoS) 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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ASPECTS OF SUSTAINABLE DEVELOPMENT OF SMALL AND FAMILY HOTELS

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ABSTRACT

Sustainable tourism is getting more and more popular nowadays, and it requires turning to high quality, responsible and eco-friendly tourism, which can only be achieved if there is a balance between economic, socio-cultural and environmental aspects of tourism development. Owners of the small and family hotels are turning more and more to eco tourism, primarily to achieve their goal, which is the extension of the season and making larger profits.

Sustainable development combines economic development, social responsibility and environmental protection. This kind of development supports a stable relationship between human activities and the nature, which would leave the healthy environment for future generations. Modern trends of returning to nature are often implemented through tourism, which encourages the development of small, family-run hotels, which generally offer personalized service and warm atmosphere in the environment of authentic architecture.

Keywords: *sustainable development, small hotels, family hotels, business*

WORK DEVELOPMENT IN ENVIRONMENTALLY SUSTAINABLE PROJECTS

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ABSTRACT

This research thesis is conducted for the reasons of explaining the advantages of having educated and trained workforce on the environmental safety issue in order to successfully operate in modern organizations. We made conclusion that there are great advantages in achieving sustainable development in organizations that pay attention and invest in education and training programs for increasing awareness on environmental protection. Benefits of sustainably managed workforce for achieving the sustainable goals we explained through case studies conducted earlier and a review of numerous research taken by people highly competent in this area. In this business performance one of the key advantages is to have a quality competent green human resource management (HR).

Keywords: *advantages, development, environmental, goals, quality, safety*

INFLUENS CHANGE IN VALUE OF OIL ON THE INTERNATIONAL MARKET

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ABSTRACT

By the beginning of 20th century oil became a more important and essential power factor for industrial and commercial heating sector, as well as for transportation sphere. Oil has by far the greatest value of traded primary commodities, making it of interest to exporters and importers alike. It is a key primary energy source and it is often argued that no other fuel can compete for many of its uses in terms of price and convenience. As a special commodity, the formation of oil price should also accord with the basic laws, but because of the particularity of oil resource, in the analysis of international oil price, except considering supply and demand this basic factor, there are many other invisible factors need to be considered. The price of oil at an annual average basis has experienced enormous movements in the past. Researches of different cases have shown that the variability of the price of oil has significant consequences related to the economic activity and economic growth. One rule is singled out: oil booms will always improve nationals' welfare, as long as they do not adversely affect the government budget. For this reason, control of government expenditure during the increase in oil prices is crucial, and important for future research

Keywords: *oil, oil price, export, import and international market*

THE LABOUR MARKET IN ROMANIA THROUGH THE MAGNIFYING GLASS OF INTERREGIONAL DISPARITIES

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ABSTRACT

The decrease of regional disparities represents one of the fundamental objectives of the regional development policy promoted by the EU, all the more so as the last waves of enlargement of the EU deepened even more these differences. As a member state of the EU, Romania is actively involved in reducing the economic gaps by applying some regional development strategies and policies. If before 1989 interregional disparities had a relatively low level compared to Western European economies or to other former communist countries from Eastern Europe, after the abandonment of the communist regime the disparities deepened. The aim of this paper is to present the results of the labour market analysis from the perspective of the regional gaps, carried out based on some of its specific indicators. The sinuous evolution of the standard deviation for the analysed indicators (employed population, average number of employees, activity ratio, job vacancy rate, and unemployment rate) revealed increase or decrease of the regional disparities for the entire period. Compared to 1998, however, in 2013 the regional gaps increased. There are significant orientations of the population employment and the number of employees towards the services sector determining these way changes of the economic profile for some regions. The regional poles on the labour market have been as follows: Bucharest-Ilfov region for the best values of the studied indicators, and North-East region and South-West Oltenia region for the lowest values.

Keywords: *labor market, interregional disparities, convergence, divergence*

REGIONAL DEVELOPMENT IN THE WESTERN BALKANS THROUGH THE SUPPORT OF EU PROJECTS

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ABSTRACT

The paper shows how different support programs intended for institutions and organizations contribute to regional development and cooperation between the countries of the Western Balkans, as well as to higher economic development and prosperity of the region. Unfavourable economic and financial situation in most of the countries needs to be managed with more efficient use of external financial support, which usually in the case of the Western Balkans implies different EU programs. Such programs include the assistance in applying for CBC programmes, which further results in the development of the regional competitiveness through the implementation of joint projects. Such programs (CARDS 2000-2006, IPA 2007-2013 RSED2, IPA II 2014-2020) provide the financial support of the EU to resolve the issues of common interest (socio-economic, cultural and historical potentials) for neighbouring countries. The support programs should improve the institutional capacity of Serbia and strengthen the cooperation with the countries of the Western Balkans, which simultaneously implies alignment with European Structural Funds Regulations.

Keywords: *Regional development, EU programs, Western Balkans countries*

THE EVER CHANGING EUROPEAN UNION

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ABSTRACT

Serbia is in serious negotiations with the EU to give evidence concerning the fulfillment of conditions to join the European Union.

Keywords: *European Union, negotiations, Serbia.*

ENVIRONMENTAL KUZNETS CURVE HYPOTHESIS IN BRICTS: THE ROLE OF TOURISM

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ABSTRACT

Kuznets (1955) predicted that the changing relationship between per capita income and income inequality is an inverted-U shaped curve. Kuznets Curve says that as per capita income increases, income inequality also increases at first and then starts declining

after a turning point. In the 1990s, Kuznets Curve hypothesis is started to apply the relationship between environmental quality and per capita income. According to this hypothesis which is called Environmental Kuznets Curve (EKC), firstly as per capita income increases, environmental degradation also increase and then starts declining after a turning point. Generally, the relationship between economic growth, energy consumption and environmental degradation has been investigated for testing EKC hypothesis. However, some sectors stimulate economic activity. Tourism sector is one of the most important sectors which not only contribute to an economy, but also other sectors. Tourism development has increased energy demand and urbanization. These activities cause environmental pollution. As a result, the relationship between tourism and environmental pollution is significant for policymakers and researchers.

In this study, it is examined the relationship between per capita CO₂ emissions, real per capita GDP, per capita energy consumption, trade openness rate and the number of international tourists who visit BRICTS countries over the period from 1995 to 2011 in order to test connection between tourism and carbon emissions using the EKC framework. Pedroni (2009) cointegration test is used to determine the relationship. The results reveal that there is a cointegration relationship with between CO₂ emissions and independent variables. Tourist arrivals and economic growth have a negatively effects on CO₂ emissions. In contrast, trade openness decreases the emissions in BRICTS countries.

Keywords: *BRICTS countries, EKC, Tourism.*

COMMERCIAL BANKING AND PERSONAL INDEBTEDNESS IN CROATIA

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ABSTRACT

Social phenomenon of personal over-indebtedness has emerged in the past thirty years. The trend of excessive indebtedness of households is not losing but gaining momentum. The problem of personal over-indebtedness becomes focus of interest of regulators, research community and the public in general. In Croatia the numbers of citizens whose bank accounts are frozen as well as the level of their debt are steadily rising. One of the reasons of such trend is easier access to debt. There is evidence that accessibility and volume of household credit instruments grows. The literature suggests the influence of new, technologically powered techniques of screening as one source of broadening of the borrowing capacity of households. Studies also document the process of „credit democratization“, one of the reasons enabling it being the relaxation of financial regulation. Only few studies can be found that research the role of bank operations policies in inducing the higher levels of household debt. Bank marketing, specifically the advertising and promotion are the tools to communicate with clients, and it has been proven that effective marketing content is as powerful as the interest rate level in deciding upon getting a credit. This leads the way to the research of possible relation between marketing efforts

of the bank and the level of household indebtedness. This paper focuses on the possible proactive role of banks, driven by the profitability, and accompanied with the inappropriate quality and level of regulation, in the rise of the number of over-indebted persons in Croatia. The effect the economic downturn on proposed relationship is also taken into account. Analysis is based on the bank financial statements data and selected macroeconomic indicators. The goal of the paper is to describe how banks impact the consumer behavior, and consequently give incentive to the rise of personal indebtedness in Croatia.

Keywords: *Commercial Banking, Consumer Behavior, Croatia, Personal Over-indebtedness*

FINANCIAL ASPECTS OF CYBER RISKS AND TAXONOMY FOR THE EFFICIENT HANDLING OF THESE RISKS

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ABSTRACT

Nowadays, due to the globalization of entrepreneurship and the rapid improvements in the information and communications technology, Chief Executive Officers and Chief Financial Officers face new challenges. Almost, every business that uses intranet or/and internet is facing cyber risks. Cyber attacks and data breaches are on the rise. Moreover, according to Ponemon Institute (Ponemon Institute Releases 2014 Cost of a Data Breach: Global Analysis), the average cost to a company was \$3.5 million. However, market participants mainly assume that cybersecurity is mainly an information technology issue rather than a cross-organizational risk management issue. In addition,

a large number of scientific articles, approaching the issue of cyber risk from technological side. This assumption can lead to inappropriate management of cyber risk and the devaluation of its financial dimensions. The main purpose of this paper is to highlight the financial aspects of cyber risk, emphasize the key role of Chief Executive Officers and Chief Financial Officers and present a new taxonomy for the efficient handling of these risks.

Keywords: *cyber risks, financial analysis, taxonomy*

UNIFIED THEORY OF ACCEPTANCE AND USE OF TECHNOLOGY: THE ADOPTION OF MOBILE MESSAGING APPLICATION

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ABSTRACT

While mobile penetration was 1% in 1995, this penetration reached 73% in 2014. According to Turkish Statistical Institute, 96.8% of households have mobile phones and smart phones. Opening account of social media, messaging and chatting is the first activity in mobile phone users in Turkey. Consequently, understanding the main determinants of technology acceptance behavior is an important issue for both academicians and practitioners. Therefore, the aim of this study is to test of the model on the adoption of mobile messaging applications, especially fast messaging. We used the framework of Unified Theory of Acceptance and Use of Technology (UTAUT). For testing our hypotheses, questionnaires were given to people

having mobile devices and mobile internet users. Our data was collected by convenience sampling method. The research hypotheses were tested by structural equation modeling (SEM). The results indicated that there were strong relationships among the research variables. Finally, theoretical and managerial implications of the study findings are discussed.

Keywords: *Adoption of Mobile Messaging, Mobile Messaging, Unified Theory of Acceptance and Use of Technology (UTAUT), Turkey*

POSITION AND ROLE OF A WOMAN IN NATIONAL SOCIAL AND ECONOMIC DEVELOPMENT OF SERBIA

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Since the beginning of the 20th century it is a demographic fact that women represent over half of the population, while in public sphere they are marginalized. Even Hannah Arendt concluded that "in modern society women are the biggest minority" there is. In the domain of rights (in subjective and objective sense of the notion) women of the 20th century have reached an equal status with men in principle, but in the 21st century between formal and actual right there is considerable discrepancy. Her right to work is obstructed, in political, economic or cultural level as well as in any given professional activity, regardless formally

and legally ensured equality and basically accepted reality of the need for an enhanced participation of less represented gender on decision-making positions. Printed media in Serbia makes clear they are marginalized, since they appear as expert collocutors almost nine times fewer than men (89.2 : 10.8 percent in favor of men experts).

The effect of “glass ceiling” implies invisible yet efficacious obstacle in advancement to the highest organizational positions of women. Statistical data clearly shows that there are still no women in places of actual decision-making, and that they are less paid for the same work in comparison to men, her unequal position is evident from the insight to the company ownership structure, as well as remarkably lower representation on leading positions. Moreover, women have fewer possibilities of advancement in career, and get dismissed more often than men in the process of transition.

A woman is sometimes in an inequitable position when it comes to earning income for the exact same work carried out by a man, and she is actually not granted access to all positions and functions in the organization of a society. Therefore it is often a case of using “woman-alibi” in practice, that is directing certain women to high and influential public positions in order to prove there is no discrimination towards women by the society.

Nevertheless, without equal, better and more active participation of women, there shall be no faster or advantageous social and economic development.

Keywords: *woman, glass ceiling, economic and social position, inequality*

THE CREATIVE CLASS AND BUSINESS ENVIRONMENT: A CROSS-NATIONAL STUDY

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ABSTRACT

Economists, sociologists, political scientists, development practitioners and a myriad of others have noted the economic development policies built around the creative class becoming more prevalent. These policies are often implemented at the city, regional, and country level. While several studies have demonstrated economic success associated with these policy implementations, not all countries have benefitted equally. Furthermore, as the level of analysis gets larger, additional social and economic complexities may challenge a creative class model. Using a cross-national sample of 59 countries, we examine the quantitative associations between creative class dimensions (technology, talent, and tolerance) with business environment. Our findings provide partial support for creative class theory, finding that technology and tolerance are positively associated with business environment after controlling for certain social characteristics.

Keywords: *creative class, economic development, business environment*

EFFECTIVENESS OF ZERO LOWER BOUND POLICY IN EUROPEAN FINANCIAL MARKETS

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ABSTRACT

The paper examines new circumstances in European financial markets, with special amplify on unconventional measures of monetary policies. After the effective implementation of different kinds of quantitative and qualitative easing in US market, ECB and other European central banks try to boost domestic economy and aggregate demand with lowering their major reference rate at zero level. Additional, number of major central banks in Europe have set key policy rates at negative levels in order to further encourage lending by making it costly for banks to hold excess reserves at their central banks. Amid negative policy rates, nominal yields on some bonds of highly-rated European governments have also dropped below zero. This paper quantifies the impact of the most important ECB's non-standard monetary policy measures on asset prices in the euro area and globally, with effectiveness of Zero Lower Bound policy - ZLB on transmission channel to asset markets, including a portfolio balance channel and different risk channels. After the first package of measures, ECB decided to intensify asset repurchase program, with bigger scale of money liquidity and structure of purchasable financial instruments.

Keywords: *Asset prices, ECB, Financial markets, Monetary policy, Zero lower bound rates*

ALBANIAN BUSINESS ACCESS TO BANK CREDIT

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ABSTRACT

Commercial banks in Albania have been continuously the major formal financing source for the enterprises in Albania. During the last years, due to the impact of the global economic crises, Albanian business has suffered the lack of liquidity. On the other hand, after a long period of credit expansion, the non-performing loans in the banking system have been increased. In 2014, non-performing loans accounted about 23 percent of the total bank loans. Therefore commercial banks in collaboration with the Bank of Albania, have restricted their lending criteria. The businesses are suffering the consequences of these measures, having difficulties in financing and expanding their activity. The paper will analyze the bank lending activity between several sectors of the economy and several types of business, based on the secondary type data, published by the Bank of Albania and Institute of Statistics of Albania. The second part of the paper will present the main factors that affect the business during the borrowing process such as the interest credit rates, the value of collateral, the bank lending procedures, their activity, their size, their experience etc., through a questionnaire carried out in Tirana, where the major part of the enterprises exercise their business activity. Some conclusions and recommendations in order to improve the business-bank relationships will be presented in the end of the paper.

Keywords: *bank credits, collateral, commercial banks, interest rates*

ANTECEDENTS AND STATE OF THE ART OF COMPETITIVE DYNAMICS

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ABSTRACT

The field of competitive dynamics has been actualized in recent years, and there are several main reasons for this. It sophisticatedly reveals competitive behavior among firms in „market battle” with its rivals. Moreover, competitive dynamics field studies competitive moves and reactions which are measurable and contribute to cumulative findings. It also examines interactions among competitors, focusing not only on actions but also on the responses elicited. Thus, competitive dynamics is one of the few areas of strategy study quintessentially longitudinal. Also, it has benefited from several frameworks that enrich our understanding of the forces driving competition. Finally, competitive dynamics is one of the drivers for potential better connection with other areas of strategy and organization (Chen and Miller, 2012). Purpose of this paper is to show the antecedents and theoretical assumptions of development of the stream of competitive dynamics and to give insight of the most relevant authors and findings in the last 3 decades of this stream, but also give critics on the whole work so far.

Keywords: *Competitive dynamics, strategic management, state of the art*

DIVERSIFICATION EFFECT ON PRODUCTIVITY: A CAUSALITY ANALYSIS

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ABSTRACT

Traditional international trade theory expresses that due to comparative advantages, the countries and firms obtain considerable advantages with product specialization. In contrast to this view, however, there is an approach suggesting that product diversification (instead of specialization) in trade makes the countries and firms more resistant against economic shocks and thus, they became more productive compared to specialized economies. In this study, the relationship between product diversification in export and productivity will be analyzed by causality test. In the model, the annual data will be utilized between the years of 1970 and 2010. Dependent variable is the rate of total productivity, while independent variables are diversification index and gross domestic product (GDP). The result indicates that there is a positive directional relationship between productivity and export diversification.

Keywords: *Causality Analysis, VECM, Diversification, Productivity*

OIL INCOME, LIBERALIZATION AND STATE INTERVENTION: THE CASE OF ALGERIA

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ABSTRACT

Like other oil-producing Arab countries, Algeria has followed a sp cific line of development: that of the rentier State. Its economy has been characterized by dependence on oil income which account for 98 % of all export earnings. Income from the production of gas and oil make up 40% of GDP and two-thirds of its budget income. The sharp rise in oil prices from 30 dollars in 2002 to 147 in 2008, has allowed Algeria to acquire foreign exchange reserves estimated at over \$ 200 billion. Oil income was forever the key element of the famous tacit agreement that the authority has with the company, the contract was to ensure social peace and maintaining the hegemony of the state over society. This income has served to maintain a consensus around the government's power.

Algeria has been involved for over twenty years in a process that should lead to the passing of an economic system administratively directed to a market system. Single in its kind, the transition of former centrally planned economies to market economy is faltering. We noticed that the discourse on the transition grows with each fall of hydrocarbon prices. This leads us to say that there is a clear relationship between oil revenues and state intervention in the economy. In other words, the transition to a market economy is driven by the decline in oil revenues. If the financial resources of the state decrease its intervention also reduced.

Therefore, economic liberalization depends on the financial resources of the state. This is the purpose of our communication.
Keywords: *Developpement, liberalization, market, Oil income, State*

TREATMENT-RELATED NATURALIZATION PREMIUMS IN TWO EUROPEAN COUNTRIES: EVALUATION AND COMPARISON

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ABSTRACT

We conduct empirical study in order to estimate the impact of naturalization on labor market integration through comparison of the treatment in labor markets towards naturalized and non-naturalized first generation immigrants to that of the native population. Moreover, the analyses were conducted for two European countries that differ in their accessibility to naturalization through different citizenship-policy characteristics. The study contributes to the existing migration and naturalization literature by (1) comparing the relationship towards naturalized and non-naturalized migrants in European labor markets to that of native population, and (2) trying to estimate the impact of citizenship-policy characteristics on the treatment in labor markets after naturalization.

The results of the paper suggest the existence of high naturalization premiums and full socioeconomic integration of naturalized migrants in the observed country with softer naturalization policies (France), but do not show any naturalization premiums in the country with strict naturalization

policies (Denmark). This finding questions the use of stricter citizenship policies for better socioeconomic integration of immigrants.

Keywords: *citizenship policy, naturalization, naturalization premium, treatment in labor market, socioeconomic integration.*

MONETARY POLICY: FROM ADOPTING INFLATION TARGETING TO ZERO LOWER BOUND INTEREST RATES

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ABSTRACT

Since 1990 most of central banks have begun adopting inflation targeting as their monetary policy regime and main framework for price stabilization. Within this regime, central banks choose medium-term inflation target and then manipulates short-term interest rates to control inflation rate, on the one hand and unemployment rate and output on the other hand. So, theoretically, this policy ultimately provides the central bank's objectives.

This regime was quite effective till the crisis of 2008. However, after the crisis it becomes obvious that inflation targeting is not perfect regime enough, for counter-cyclical regulation. The main proof of this argument is the unconventional policy such as quantitative easing or forward guidance, which was widely

conducted by world's leading central banks, alongside reduction in short term interest rates during and after crisis period.

In this paper we analyze the results, reached within inflation targeting regime since its adoption. Also the future, post-crisis prospects of this regime in condition of zero lower bound interest rates and unconventional monetary policy, conducted by central banks. The main objective of the study is to answer the question: How much important is the transformation of the traditional monetary policy activities to unconventional policy and may it lead us to the adoption of the new regime of monetary policy.

Keywords: *Inflation targeting, monetary policy, quantitative easing*

UNIQUE INNOVATIVE INFRASTRUCTURE – START-UP OF THE INNOVATIVE TECHNOLOGY PROCESS IN CZECH REPUBLIC - (EXAMPLE OF THE SOUTH MORAVIAN REGION)

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ABSTRACT

Over recent years, unique innovation infrastructure has been developed in the South Moravian Region which has no equal in the CR and Central Europe. The South Moravian Region sets an example of cooperation between all stakeholders – public administration, regional development agencies, universities, research institutions in line with the government policy and EU policy. The objective of this paper is to assess the structure of innovative technologies developed in the South Moravian Region, introduce the time evolution of the entire process, draw attention

to the uniqueness of this model, assess the rate of benefits for the South Moravian Region and draw attention to future risks.

Keywords: *regional development, public administration, innovation infrastructure, innovative technologies, public finance*

THE DETERMINATION OF ECONOMIC LITERACY LEVEL OF FOREST PRODUCTS INDUSTRY MANAGERS: A SAMPLE OF KAHRAMANMARAS CITY, TURKEY

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ABSTRACT

Each individual, firm or region, with different identities, is located in economy world. The limitedness of access to resources in economy world reveals importance of economic literacy, involving financial literacy. Economic literacy is the ability to identify economic problems, alternatives, costs, and benefits; analyze the incentives at work in economic situations; examine the consequences of changes in economic conditions and public

policies; collect and organize economic evidence; and weigh costs against benefits.

Forest products industry has an important place in national economy. This industry section presents wide range of outputs such as timber, package, plywood, particle board, fiberboard, paper, parquet, joinery and furniture. With a share percent 1,6% in manufacturing industry, it is ranked 16th among subsectors and approximately employs 300 thousand personnel. Moreover its production value is about 4,3 billion dollars.

Considering above statements, in this study economic literacy level of forest products industry managers was investigated. The sample of this research consists of 30 managers in Kahramanmaras forest products industry. Face to face survey was used as method. Findings were shown as frequency tables. It was found that 92% of managers consider their income when making installment. Conversely, 20% of these managers can't make comments about currency changes on import and export.

Keywords: *Economic Literacy, Economic Awareness, Economic Knowledge, Forest Products Industry*

THE POST-INDUSTRY SOCIETY AND TRANSFORMATION OF GLOBAL NEWSPAPERS INDUSTRY: THE NECESSITY FOR CHANGE OF PARADIGMS IN THE MANAGEMENT OF CROATIAN MEDIA ORGANIZATIONS

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The goal of this paper is to show the transformation in the management of global media corporations and global media markets as a consequence of change that occurred in the post-industry society. The digitalization and convergence of the production processes of media companies stepped out of the borders of the modern way of managing systems and erased the firm borders between the production of goods and services. The media product became a content which is distributed and monetized through various platforms. The changes brought by post-modern in the media industry mostly reflected on publishing as the oldest category of the media industry. The management of the publishing industry demanded radical reforms and a complete technological shift. The environment of publishing organizations fundamentally changed in only a few years and the business models based on the large ratio of income from advertising demanded a completely new management approach in managing business processes. The global financial crisis, from the beginning of the 21st century, struck the global media

industry and accelerated the redistribution from advertising. The economic crisis on the Croatian market had a drastic reflection on the national publishing industry which resulted in a decrease of readership, publishing and income from advertising. The decrease of income from advertising threatened the daily business activities of newspaper industries and magazine industries. The decreasing income from advertising in magazines, which was the fuel in creating new brands, questioned classic advertising as a tradition to modern advertising. While the global media industry transformed and adapted to the post-industrial production system, the Croatian media industry fell into a modernist sleep.

Keywords: *communication studies, financial management, media industry, postmodern, post-industrial society, publishing*

THE GEOPOLITICS OF INTERNATIONAL AID: THE CASE OF SUB-SAHARAN AFRICA?

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ABSTRACT

On Tuesday May 28th, 2013, the billionaire and philanthropist Mr. Bill Gates attended a Q&A session at the University of New South Wales. During the session, a lady asked him: "Mr. Gates, Dead Aid, a book by Dambisa Moyo, illustrates that giving more aid to Africa over the course of the years did not alleviate poverty, instead it kept the economy crippled with governments asking for more aid. This fluke made a cycle of aid giving which resulted in nothing productive and it has not been used to solve the immediate problems and the money is not being used to make

businesses sustainable in Africa. What's the foundation's view in this regard?" To which Mr. Gates responded "Books like that are promoting evil".

Mr. Gates' sound bite sheds light upon aid as a topic of controversy: in his creed, aid is humane, virtuous and will do the global poor a world of good while anti-aid literature is evil. From Tibor Mende and his famous book "From aid to the re-colonization" (bestseller in the 70s) to Dambisa Moyo and her book "Dead Aid", the issue of assistance to poor countries has been much talked about. Between the fifteen billion dollars transferred to Europe under the Marshall Plan and the thousand billion dollars sucked up by the sub-Saharan Africa since independence, we have come to understand that a poorly-designed assistance automatically produces state-aid recipients. In this paper we will endeavor to weigh the geopolitical and geo-economic impacts of aid and demonstrate why aid, presumably an altruistic deed for the benefit of the poor and the needy, has sparked such a hot debate.

Keywords: Aid, assistance, geo-economics, geopolitics, poverty

OPERATIONS OF THE BIG HOTEL COMPANIES DURING ECONOMIC CRISIS - EMPIRICAL RESEARCH IN CROATIA

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ABSTRACT

Tourism is one of the most important economic activities in the Republic of Croatia. The share of tourism in gross domestic product is 17.2% which is significantly higher than in competitive tourist countries where tourism has less than 10% share in the gross domestic product. Croatian tourism has significantly raised its results starting in 2000 year.

However, in 2008 year the world economy was affected by the economic crisis. The situation, in the which companies in all industries found themselves, demanded the swift reaction with an aim of diminishing the negative effects of the crisis.

The specificity of the Croatian tourism is that, in a time of crisis, it showed a high resistance. Mentioned is confirmed by the growth rates which were higher than those in the countries in the competitive environment on the Mediterranean. For this reason, the aim of this paper is to investigate the operations of large hotel companies in Croatia during the economic crisis through the movement of liquidity and solvency ratios. Liquidity is the ability of companies to settle its obligations in the short term. Management or creditors such as banks and suppliers are primarily interested in liquidity of the companies.

Effective liquidity management involves planning and controlling the current assets and current liabilities in such way that eliminates the risk of inability to meet short-term liabilities on the one hand, and avoids over-investment on the other side. Solvency of the companies, however, indicates the ability of a companies to settle its obligations in the long term.

Solvency is analyzed through financial, capital structure of liabilities and items of assets. For the purpose of this paper a survey was conducted over five hotel companies in Croatia which are listed on the Zagreb Stock Exchange through analysis of their financial statements in the period between 2010 and 2014 year.

Keywords: *hotel companies, financial statements, liquidity, solvency*

IDENTITY AND BRANDING OF EU CITIES – INVESTIGATING ATTITUDES OF CROATIAN STUDENTS

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ABSTRACT

City branding, as well as its long-term marketing strategy, is a challenge for cities which already have strong image, as well as for those who still need to build it. In the process of branding, cities promote themselves as places good for living and as a desirable tourist destination, at the same time seeking to attract significant investments. Brands are the basis of long-term survival for every company in the market, including the cities. Creating and building strong brands requires a clear definition of brand identity and its positioning in the minds of consumers (Paliaga, 2007, 45). Marketing activities result in increased brand equity, and in the case of cities, we talk about the growth of their market recognition, and thus their image. Conducting marketing activities to build a city brand, we highlight its perceived strengths on which we want to build growth. The Creative City Index, developed by Charles Landry and Jonathan Hyams, evaluates the 'creative pulse of places' by exploring their urban dynamics, processes and achieved projects. It looks at the

city as an integrated whole, including economic, cultural, technological and social factors, where the dynamics interweave either reinforcing or counteracting each other (Landry, 2014). Competition among cities is expressed most strongly in the field of attracting new investments and jobs. It manifests through two levels, in the global market cities are competing to attract the headquarters of new international companies, while in the national market they compete for resources and incentives from various funds, in order to invest into infrastructure, as well as cultural, economic and other development projects. The main goal of this Paper is to investigate the image of European city brands and their emotional impact on Croatian students from all university regions in Croatia as authors target research group. In order to find out their preferences, authors will conduct a quantitative research. Authors will also focus on whether or not some of Croatian cities would be included in their list of brands.
Keywords: city branding, Croatian students, competition, image, market

WOMEN EMPOWERMENT AND ECONOMIC DEVELOPMENT IN IMO STATE, NIGERIA

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ABSTRACT

The study examined the relationship between women empowerment and economic development in Imo State, Nigeria. The study adopted a descriptive research design. Three hundred and eighty-eight women were sampled using Taro Yamane formula from a total population of twelve thousand, seven hundred and twenty-five women. Questionnaire was the research

instrument used for data collection. Data were analyzed using frequency distribution and percentages for presenting and analyzing the data collected. The findings revealed among others that the ability of the governmental and non-governmental agencies to articulate effective women empowerment programmes have not significantly promoted economic development in Imo State and also that gender inequality does not significantly enhance women empowerment and economic development in Imo State. These findings are evidenced by responses from respondents on women in politics and decision-making, access to credit facilities, income generation, commerce, skills acquisition and other sectors of women empowerment. Based on the findings, it was recommended that the Nigerian government should provide an enabling ground for Nigerian women to rekindle their hope and faith in the ability of the system to provide for its people irrespective of sex, age, ability, religious inclination and other mundane considerations.

Keywords: *Women, empowerment, economic development, Imo State*

GAME THEORY APPROACH TO CONFLICT AND COOPERATION IN INTERNATIONAL RELATIONS

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ABSTRACT

Security and economics are the two main issues considered in the theory and practice of international relations. Achieving cooperation is difficult in the world politics and economy. There is no common government to enforce rules, and international institutions are weak. Scientists have long attempted to understand the fundamental causes of conflict and cooperation,

especially when participants are mutually distrustful. The game theory enabled researchers to analyze this subject. The game theory models strategic confrontations where each player tries to get the maximum payoff, knowing that the other player will also try to do the same.

The application of game theory to international relations is not new, but there has been an increase in the particularity of the approaches, associated with new applications of the game theory models to international political economy in addition to their standard role in military-political strategic analysis. The concept of nation- states as independent goal-seeking actors lies in the heart of strategic game analysis.

The classical Prisoners' Dilemma game is the most referred to in the field of game theory and international relations and it is often used to show how countries in conflict may lose out due to self interest, rather than cooperate with one another. Theoretical analysis of the iterated, two-player Prisoners' Dilemma show that a strategy based on reciprocity (such as tit-for-tat) can be effective in promoting cooperation. This suggests that states may have incentives to practice reciprocity in a variety of situations that are characterized by mixtures of conflicting and complementary interest and that a strategy based on reciprocity can yield relatively high payoffs against other strategies. Games such as Chicken and Stag Hunt are also significant for analysis of international relations.

However, it seems that the classical game theory, its "games", and its way of "playing" the game, are not sufficiently adapted to the specificities of contemporary international relations. New approaches, based on the " soft " games, such as the theory of moves, meta games theory, hyper games theory, analysis of confrontation, analysis of options, offer new solutions, but they are not yet sufficiently theoretically elaborated and confirmed.

Keywords: *cooperation, conflict, game theory, international relations*

CULTURAL FORMS OF SOCIAL CAPITAL: LIBERAL AND CONSERVATIVE DIFFERENCES IN THE PRESENCE OF SOCIAL CAPITAL

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Social Capital has been demonstrated to have a positive influence on a host of economic and social development indicators. However, with regional and cultural differences social capital may not work as well in certain areas. Furthermore, different forms of social capital may have either a positive or negative effect on economic and social development. The current analysis examines how different cultural values can determine what type of social capital is present in a community. Using voting patterns in the United States the study demonstrates that liberal counties (the percent of the county that voted for Barack Obama) had different forms of social capital present than conservative counties (the percent of the county that voted for Mitt Romney). Liberal counties had significantly higher forms of sports and nonprofit organizations, while conservative counties had increased religious institutions. The study demonstrates that policy makers should be aware of the form of social capital present in a community to be able to best mobilize and use social capital as a tool for economic and social development based on the cultural values of the community.

Keywords: *Social capital; liberal; conservative; culture; nonprofit; religion*

THE MINT COUNTRIES: A REGRESSION ANALYSIS OF THE SELECTED ECONOMIC FEATURES

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ABSTRACT

In 2001, the world began talking about the BRIC countries - Brazil, Russia, India and China - as potential powerhouses of the world economy. These countries have formalized their cooperation, and later, with the joining of South Africa, became the BRICS. They are often perceived as proponents of multipolar world, choosing multipolarity over unipolarity, and supporting political institutions and organizations, at the same time creating alternative financial institutions to the hegemonic ones (the IMF and the World Bank), still dominated by the developed economies of the Western countries. So, what about a different group of countries, called the MINT countries or simply the MINTs that are emerging, growing economies, are heterogeneous as BRICS, but not nearly as large and powerful, and are located on four different continents, with no formal cooperation between themselves such as the BRICS? This article analyses the basic economic trends in the MINT countries by analyzing the linear relationship between GDP as the dependent variable and household consumption, foreign direct investment and government consumption as the independent variables. The general model is as follows: $\Delta \log GDP_t = \alpha_0 + \alpha_1 \Delta \log FDI_t + \alpha_2 \Delta \log PC_t + \alpha_3 \Delta \log GC_t + \varepsilon_t$. The analysis was conducted using ordinary least squared (OLS) regression. By conducting this

analysis, it is possible to conclude that the MINT countries have significant differences in regards to the statistical relevance of the chosen independent variables. One of the rare common traits of these four economies is that FDI does not seem to have a statistically significant impact on their development. This article concludes that the MINT countries may have a significant role in international relations as regional powers, but they do not have the economic or political traits necessary to challenge the BRICS countries significantly.

Keywords: *the MINT countries, OLS regression model, foreign direct investment (FDI), GDP growth.*

REFORM OF INVESTMENT POLICY IN THE FUNCTION OF SUSTAINABLE DEVELOPMENT WITH SPECIAL EMPHASIS ON INVESTMENT IN INFORMATION TECHNOLOGIES

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ABSTRACT

Global economy still records a decline in FDI. The main causes are increased economic instability and geopolitical risks. Given the continued negative trend, it is clear that it is necessary to reform the investment policies at the national, regional, bilateral, multilateral and international level, to ensure sustainable economic development. Key elements of the reforms are: to provide instruments to reduce risks, create mechanisms of responsible investment, improve the structural coherence and

promote regional investments. Refer to the current dates of the sectors investments (according to the report of UNCTAD from 2015th) shows that the services sector recorded double growth compared to the investment in the manufacturing sector in 2012. Also, if we take into consideration the fact that investment in IT sector investment involves three aspects: transactional (minimizing costs), strategic (innovation technologies, achieving competitiveness) and information (improving access to information and communications), it may be assumed that the reforms in the investment policies should be directly correlated with investments in information technology.

Keywords: *economy, investments, investment policy, sustainable development, information technology*

VALUATION OF SHARES AND THEIR FAIR VALUE OF THE COMPANIES LISTED ON THE WIG20 QUOTED ON THE WARSAW STOCK EXCHANGE IN POLAND WITHIN 2006-2016

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ABSTRACT

This paper examines share price of the companies listed on the WIG20 and their fair value between 2006-2016. Data from Q1 2006 to Q1 2016 was collected from the Stooq.pl (Polish portal of shares). Two hypotheses are tested: (1) value of the shares based on the market price; (2) value of the shares as the fair value of shares.

Keywords: *stock exchange, share valuation, fair value, companies, WIG20*

THE “MORALITY” OF PRACTICES IN PUBLIC PROCUREMENT

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ABSTRACT

In the sector of public procurement, we can observe many typical attitudes of a living society. The most interesting part of tendering procedures is the award of a contract. The choice of a contractor is sometimes a matter of “pure” competition, but it happens to be also a result of a less transparent procedure. Such rewards are difficult to discover and certainly the main purpose for avoiding the foreseen procedure is profit making.

However, the existence of these practices in a sector (public procurement) which constitutes 14% of global GPA should not only be examined as an illegal attitude, but also as a dangerous one, because the award of contracts in sensitive areas such as health, security or education is required to receive the highest protection. Having the phenomenon of corruption described above as a basis, this paper attempts to reach the source of the problem. Which reasons could urge a contracting authority to decide and award a contract to a person or a company which does not fulfil all the requirements?

Is this only a problem of human greed or is it something even bigger? Comparing several societies, this phenomenon is found more or less to all of them. Unfortunately, we do not observe only a disfunctioning in public procurement, but also a global degrading community with lack of values and expectance nothing better than fraud in the most aspects of social life.

A change in our biotheory is inevitable and a good beginning could be the education and not the void one, but a vivid and

experiential type of education. If well trained people worked at the public services, then the choice of deviation in public procurement could possibly be limited. Finally, education and principal social structures are the “keys” to change the shadowy practices in public procurement.

Keywords: *public procurement – competition- transparency - corruption*

MANAGING COOPERATION PROGRAMS BETWEEN SERBIA AND CHINA IN THE FIELD OF HIGHER EDUCATION

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ABSTRACT

For many decades Serbia and China have had a very friendly and supporting relationship filled with most importantly good political and cultural relations. The changes on Chinese domestic market, and global international changes in relations between Serbia and China have also been very positive.

Strategic partnership agreement that China signed with Serbia in 2009 was the turning point in their relations. Economic cooperation started to boom and today China is investing heavily

in Serbian infrastructure, and is also supporting some other projects regarding education, technology and culture.

The aim of this paper is to describe the development of all relations between Serbia and China, to explain current situation, and to specially analyze cooperation programs that we have had in recent years. The focus will be on education, higher education in particular, and the cooperation between the two countries.

As a special case study the authors of this paper will present the work results of Chinese Center as a part of John Naisbitt University. The Chinese Center will be used as an example to shown which cooperation programs this unit is conducting, and in what ways they are managed.

Keywords: *management, cooperation, higher education, Serbia, China, Chinese Center, John Naisbitt University*

ANALYZING THE DEUTSCHE BANK CAPITAL INCREASE: THE CASE OF 2014. AND 2010

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ABSTRACT

In this paper, we ask whether the Deutsche bank, prior to the European Central Bank Governing Council decision at its meeting on 5 June 2014 on a combination of measures to provide additional monetary policy accommodation and to support lending to the real economy, reacted systematically to stock price movements. The results are extremely robust to alternative model specifications. The evidence is inconsistent with the hypothesis of a systematic reaction of the Deutsche Bank to its capital increase.

However, we do find that the Deutsche bank may have reacted accordingly reaffirming its commitment to Strategy 2015+ and is providing updated financial aspirations and further details of an accelerated growth strategy.

Keywords: *Deutsche Bank, Monetary Policy, Stock Prices, Reaction Function*

IMPLEMENTATION OF E-GOVERNMENT IN LIBYA

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ABSTRACT

E-government as an important step in the modernization of state administration, as well as in simplifying communications and doing business with individuals. The main goals of e-government are to reduce government spending and direct cost which will result in reducing the cost of services, achieve coordination among government institutions and solve the problems of overlapping and interdependencies of the transactions. In general, governments usually use three types of e-services to improve its functioning: G2C, G2B, and G2G. E-government may involve the granting of services through the Internet, Web, telephone, social media, wireless instruments or the other

available communication systems. Libya as a developing country is in a process of establishing quality e-government services to improve its functioning, improving the productivity and efficiency of government agencies and facilitate the complicated procedures for its population. In this work we will present the benefits that Libya will gain from this, the most important e-governments initiatives and the most significant advantages and defects of these projects.

Keywords: *e-government, electronic services, G2B, G2C, G2C, Libya*

CORRUPTION AND GREY ECONOMY; ANALYSIS OF SERBIA

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ABSTRACT

This work contributes to current debates on the gray or informal economy and related issues of corruption in the state administration. In spite of the fact that are gray economy and corruption a global probelm in all countries of the world, very few of empirical studies have been attempted to investigate the possible link between gray economy and corruption, and their

impact on development in the countries in transition, especially in the Republic of Serbia. The lack of the studies can be explained by the fact that both “gray economy” and “corruption” are ultimately unobservable. For these reasons, the author of this paper will try using the MIMIC an CPI (Corruption perception index) approach to filling the gap wich is missing in the analizie these relations, with especial focus on the Republic of Serbia. The findings from this study indicate that there is a positivte causal relationship between gray ececonomy and corruption in the Republic of Serbia.

Keywords: *corruption, gray economy, government*

KNOWLEDGE SHARING IN VIRTUAL ORGANIZATIONS

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ABSTRACT

The traditional concept of the organization has been increasingly orienting towards the 'virtual organization'. The value and effectiveness of the human-technology partnership which is manifested in the virtual forms of business is accepted as an economically viable way of doing business. The concept of such an organization is based on the knowledge, especially that which is deposited in the minds of talented individuals, known as tacit knowledge. Knowledge organisations are more likely to adapt to

the virtual forms of business, in comparison to the ones neglecting this aspect. Successful virtual management is reflected in the ability to create knowledge management systems to harness the intellectual capital and create value. A new form of association is relying on people and virtual work can only be realized if team leaders and team members are motivated to share their unique knowledge with each other.

However, virtual organisations are usually short-lived (lasting until the end of the set business objectives) and the people who are involved in virtual social networks do not have enough time to realize the mutual connection of trust and experience, so there is concern that such a network does not lead to the exchange of knowledge, experiences and beliefs.

Keywords: *Knowledge, Management, Organization, Virtual*

A RESEARCH ON RAW MATERIAL PROBLEM OF SMALL AND MEDIUM SIZED FURNITURE ENTERPRISES IN MERSIN CITY

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ABSTRACT

Raw material is a basic material that is used to produce goods, finished products, energy, or intermediate materials which are feedstock for future finished products. These materials are in their natural form or which have undergone the transformation required to prepare them for internationally marketing in substantial volumes. In other words they have character of bottleneck asset and are highly important in the way of producing

other products. Corresponds to a rapid increase in the population of our country, forest products have not shown a parallel increase, the gap between production and consumption is caused by the growth of a little more each year. Moreover forest products as sources of raw materials is used in the furniture industry and some of the this raw material is known inadequate. In this study, it is investigated that raw material problem of small and medium sized enterprises (SMEs) furniture sector in Mersin city. Face to face survey method is used to 120 furniture enterprises. After gathering data, it is analyzed at SPSS software environment. Findings are presented as frequency tables and crosstabs. As a important result 78,3% of enterprises have not stockpile. Inadequacy of capital is found the most important reason of inadequate stockpile as 59,8%. Furthermore raw material supply problem is not seen at 89,2% of these furniture SMEs.

Keywords: Raw material problem, SMEs, Furniture sector

RELATIONSHIP DEVELOPMENT VIA SOCIAL MEDIA: PURE-PLAY FASHION RETAIL CASES - BUILDING ECONOMIC VALUE FOR THE SMALL FIRM

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ABSTRACT

This study explores the relationship generation process for e-SMEs (online small-medium sized enterprises) employing social media in the UK retail fashion industry. It identifies the resultant positive impact derived from effective relationship management in online social space in the pursuit of business continuity. A qualitative case methodology using in-depth interviews reflects

an ontological and epistemological perspective of a socially constructed reality. Commercial participants with extensive time and experience in the field provide multiple voices to comprehend relationship phenomena in the social media context. Rich data is analysed via thematic coding and understanding is built via data saturation. Findings identify that a relationship generation process based on four focal aspects results in seven positive impacts for the firm. Effective social media strategy may increase enterprise survival capacity, boost customer acquisition and retention, plus - assist online competitiveness. Ultimately, avoidance of the technology desert will assist in the survival of the smaller-sized firm in an increasingly competitive and aggressive retail environment. The paper concludes that communicating via social media will become increasingly important in the pursuit of customer acquisition, retention and effective relationship building as consumers continue to migrate online.

Keywords: *Online SME fashion retailing, Relationship building, Social media marketing*

CONCEIVING A MARKETING STRATEGY IN THE ERA OF DYNAMIC CAPABILITIES

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ABSTRACT

Dynamic capabilities are the processes managers use to modify their organisation in order to 'keep in touch' with changes occurring in their industrial setting. This paper contributes by informing strategic marketing academics and practitioners about the potential implications the era of dynamic capabilities has on

marketing strategy formulation and implementation, otherwise known in practice as the SOSTAC process. This paper advocates strategic marketing should be an incessant, habitual, entrepreneurial opportunity sensing managerial skill which is incremental in nature allowing firms to adapt to or even drive industrial change through tactical flexibility, trial and reflective learning with the relentless monitoring of actions taken.

Keywords: *Marketing Strategy, Dynamic Capabilities*

CHALLENGES IN FORECASTING EXCHANGE RATES BY MULTINATIONAL CORPORATIONS IN GLOBAL FINANCE ERA

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ABSTRACT

This paper deals with arising challenges in forecasting of exchange rates as mandatory financial activity with which Multinational corporations (MNC) are dealing with. Methodology that is used in this paper is mostly analytical and comparative in nature, based on observed research papers and knowledge of globally recognized authors (among others Madura and Fox). This paper deals with process of choosing relevant source for forecasting exchange rate and description of risk

assessments of forecasting methods. Basic concepts of forecasting of exchange rate are presented as well as risks on side of Multinational Corporations related to exchange rate variation and exchange rate management. In addition, there is described very close relation between decision of management for investments, loans, hedging, budgeting on short and long run on one side and further measuring of specific risk exposure of Multinational corporations. Also, in paper are displayed systems for risk measurement which are highly important for resolving this specific risk issue. As most of economics literature states, long term and short term forecasting should be performed with different analyzing techniques with usage of different models and moreover long term forecasting is not reliable for decision making processes. Results of paper are summarized in conclusion and represents observation remarks on challenges that Multinational Corporation deals with when considering necessity of forecasting exchange rate. Downsides, strategy enablers and alternatives to traditional forecasting of exchange rates have key role in further determination of decision-making process. This paper has value for multinational corporations, brokerage companies, and educational institutions.

Keywords: *Multinational corporations (MNC), Forecasting exchange rates, International currency markets, Exchange risk assessment*

TOWARD BETTER CORPORATE GOVERNANCE IN SMALL AND MEDIUM-SIZED ENTERPRISES

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ABSTRACT

Corporate governance is “meta-management” and involves a set of relationships and interactions between management, the board, shareholders and stakeholders. It defines the framework for setting objectives and determining the resources for achieving these objectives and monitoring execution and effectiveness (OECD, 2004; Tipurić, 2011). Corporate governance is a relationship between various participants upon determining the direction and success of the corporation; the basic participants in this process are the owners of corporations, management and the board; the other participants are employees, customers, suppliers, creditors and wider community (Monks and Minow, 2008; Mešin 2013). Good corporate governance is based on the appropriate combinations of the legal protection of investors and the level of ownership concentration (Shleifer and Vishny, 1997; Tipurić, 2006).

Keywords: *Corporate governance, SMEs*

PRODUCT SALES INCREASE MANAGEMENT IN THE FUNCTION OF THE GROWTH OF PRODUCTION VOLUME IN WOOD INDUSTRY: CASE STUDY – COMPANY DRVO DOM

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ABSTRACT

In modern business which always means fierce competition, the imperative of success is to be different and constantly increase the production of one product by increasing sale of other products. The biggest contribution to achieving these business performances is provision of a part of the profits that are generated through the sale of one type of product and investment in the production of other types of products.

The impact of the increase of one product on the increase of another one has become a special management discipline in the past few years. A lot of useful information about the significance of this issue can be obtained by analyzing available bibliography and researching business practices.

This paper provides a clear understanding of the impact of increasing the sale of one product on the increase of production of another product by explaining management role in the growth of production volume.

Case study methodology will be applied in wood industry, specifically in the case of company Drvo Dom.

Keywords: *Investment, Management, Production, Sale*

ADVANTAGE AND AIM OF QUANTITATIVE ANALYSIS FOR MAKING BUSINESS DECISIONS IN LIBYAN IT COMPANY

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ABSTRACT

ICT, especially Internet, brought incredible changes to our lives. Rapid development and involvement in every part of society is achieved from beginning of 21st century, very fast it become the global need. The impact of ICT is widespread and will affect all: individuals, businesses, and governments. There is a need for constantly monitor these changes and impacts so it could be included timely, where it can bring improvement and better performance results, and provide competitiveness on the global market.

Keywords: *businesses, global market, governments, performance*

CONTRADICTION BETWEEN EMPHASISING CREATIVITY IN THEORY AND STIFLING IT IN PRACTICE

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ABSTRACT

The word "creativity", like other frequently used and popular words, is at risk of becoming a vague platitude or a slogan devoid of its conceptual determination. The knowledge and understanding of the phenomenon of creativity is not proportional to how much it is affirmed and promoted nowadays. This is particularly noticeable in work organizations of all kinds. Besides the subjective factors as are the employers' and managers' superficial or inadequate knowledge of what creativity really is, there are objective factors which put pressure on and hinder the creative impulses and processes. Economic, financial and market imperatives such as: fierce competition, short-term goals and deadlines, acceleration of work processes, rationalization, productivism, overall quantification (only measurable parameters and results being taken into account), excessive regulations, tight control systems and the like, contribute to design organizations which crush creativity. Some quite widespread management practices and behaviors, especially the so-called intrusive or micromanagement, are often a reaction to these constraints. As for the employees, they internalize all these pressures into strong inner imperatives of (over)achievement. The imposed standard of a constantly high level of motivation, excellence and self-improvement is unsustainable in a long run. The guiding management principle of performing more and better for less (time, resources, energy, leads to the exhaustion of mental and other psychological resources needed for creative ideas to emerge and develop. Creativity involves complex, subtle and dynamic psychosocial

mechanisms. Too often the managerial practices and organizational cultures are detrimental to the well known most powerful source of creativity: the intrinsic motivation. Briefly, this article deals with the paradox which lies in the fact that, in theory, so much emphasis is put on creativity and innovation as indispensable assets, while at the same time so much is done to stifle them in practice.

Keywords: *Creativity, Innovation, Intrinsic Motivation, Micromanagement, Organization*

CONTROL OF DOCUMENTS IN DOCUMENTED QUALITY MANAGEMENT SYSTEM (DQMS) AS VALUABLY COMPANY SOLUTION

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Quality has become much more significant since the world's demand for products has grown exponentially. Along with more demand, the demand for specialist products and quality in production have grown together. Quality is something every company strives for and is often times very difficult to achieve. A cornerstone of the quality management system (QMS) is the control of documents. While not a particularly glamorous

activity, document control is an essential preventive measure ensuring that only approved, current documentation is used throughout the organization. Inadvertent use of out-of-date documents can have significant negative consequences on quality, costs and customer satisfaction.

Keywords: *Control, Documents, Quality*

THE EFFECT OF SMALL AND MEDIUM ENTERPRISES' EXPORT ON THE AGGREGATE EXPORT OF THE REPUBLIC OF SERBIA

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ABSTRACT

In this paper, the authors will give an estimate of the small and medium enterprises' effect on the total, that is, aggregate export of the Republic of Serbia during 2014. The analysis was conducted based on the data on the export of 400 largest exporters. At the same time, this paper represents an analysis of the Republic of Serbia's export state, as well as a comparison with countries whose economic state is held in high regard. The analysis within this paper represents a description, i.e. perceiving facts about current situation without dwelling on trends and predictions of future development. Since the area of export poses

one of the main foreign trade forms it is important to carry out a relevant analysis of small and medium enterprises' impact on it. Small and medium enterprises are considered the bearers of economic expansion and the bearers of the private property idea and this is the reason from which the need for a research arises. The research should provide exact data on their share in export, the ownership structure of the exporters included in the research, their legal form, as well as on their proportion in the sense of economic activity.

Keywords: Activity, Export, Aggregate Export, Small and medium enterprises, and Republic of Serbia

SMALL AND MEDIUM-SIZED ENTERPRISES AS AN INFLUENTIAL FACTOR TOWARDS THE ECONOMIC GROWTH OF COUNTRIES WITH TRANSITION ECONOMIES

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ABSTRACT

This paper argues the potential of small and medium sized enterprises to stimulate sustainable economic growth for transition countries. Firstly, the article discusses that SMEs are more successful tool to accelerate job creation process and to distribute economic resources efficiently. SMEs' flexibility is also mentioned as a key characteristic that allows them to adapt

quickly to the changes in market and institutional conditions. Then, we stress on the SMEs capability to deepen the technological diffusion, which can be crucial for developing countries' economic prosperity. It is also shown that, competitive markets, as an essential determinant of sustainable economy, can be achieved only by the high presence of SMEs. And this competition can bring the innovative production and management strategies and cost-efficiency to the economies of developing countries. Finally, the paper introduces the necessary policy steps that governments of developing countries must follow to enhance the competitiveness and efficiency of the SMEs and to create a satisfactory business environment for them.

Keywords: *competitive markets, economic growth, industrial innovation, SMEs, transition economies, technological diffusion*

ACCOUNTING ADJUSTMENTS FOR APRAISING SMEs IN GREECE

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ABSTRACT

The present paper examines accounting issues that come up when evaluating a private firm under the Greek accounting standards. More specifically, we try to provide an accounting framework for appraisers who, when they try to retrieve intrinsic values of SMEs, make use of the Free Cash Flows to the Firm (FCFF)

model. We focus on adjusting the firms' statements' items in order to produce a nominator that is consistent with the FCFF theory, taking in response- among others - the differences between IFRS (which are mainly used in several countries for business valuation) and the Greek General Chart of Accounts. Finally, we produce a rather normative formula, which can be positively used upon this very model (FCFF) in order to assess the value of a private firm in Greece.

Keywords: *valuation, private firm, FCFF*

SMALL BUSINESS IN RUSSIA AS AN ECONOMIC AND SOCIAL PHENOMENON

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ABSTRACT

Today small business is undoubtedly an important part of the national economies all over the world. Problematics of small business development turned to one of the most popular areas of study for the Russian researchers in the 1990s. After the market reforms started, large part of population believed that small business will become a source of wealth and prosperity as for them personally so for the society as the whole. This opinion united academic researchers and practitioners-entrepreneurs, so the activities of the latter gave the empirical material for the first. The main economic functions usually attributed to small businesses are the following: innovation, combating monopolies and maintain a competitive environment, combating unemployment and creating jobs, increasing income of the general population and, consequently, the expansion of consumer demand, increase the professional activity, the development of

entrepreneurial skills, spirit, and traditions. Social role of small business is considered its being an important institution of civil society and the kernel of the middle class formation as a basis for socio-political stability of the state. In the earlier research of the author it was concluded that in now-day Russia small business does not perform properly the functions attributed to it by economic theory. Its contribution to innovation is modest. Its antimonopoly role does not fit the theoretical position. The role in job creation is noticeable but it is not accompanied by the role in income creation and by the appropriate indicators of business productivity. The aim of current research is to identify and to explain the specifics of small business in Russia in context of economic theory and social processes based on statistical and factual information.

Keywords: *small business, entrepreneurship, innovation, competitive environment, income in small businesses*

A LITERATURE REVIEW ON SUPPLY CHAIN MANAGEMENT EVOLUTION

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ABSTRACT

The purpose of this paper is to create a better understanding of what Supply Chain Management (SCM) is how it has evolved and the factors that have influenced its evolution. Through examining the literature, this paper will highlight the evolution history of SCM and the factors that have affected it. According to this paper, the evolution history of SCM can be segmented into four stages: 1) the pre SCM stage, 2) the creation stage, 3) the integration stage and 4) the globalisation stage. In the last part of the paper will be discussed the factors that have affected the

evolution process of SCM. Some of these factors are: the firms focus on cost reduction; increased global competition; the firm focus on increase efficiency and performance; consolidation of trade liberalisation policies and the globalisation movement; increasing retail concentration - centralisation and power; and increased companies focus on customer satisfaction.

Keywords: Supply Chain, Supply Chain Management, Supply Chain Management evolution

ASSESSMENT OF THE NEW REGULATORY FRAMEWORK OF THE REPUBLIC OF LATVIA ON ANNUAL FINANCIAL STATEMENTS

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ABSTRACT

In accordance with the Directive 2013/34/EU of the European Parliament and of the European Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC, the Saeima (Latvian Parliament) has adopted the Law "On Annual Financial Statements and Consolidated Financial Statements" and the Cabinet Regulations based thereof taking effect on 1 January 2016, on 22 October 2015. Due to the

fact that starting from 2016 all subjects of the Law “On Annual Financial Statements and Consolidated Financial Statements” must comply with the new requirements, subject of this article is very topical. Having studied the new regulatory framework, the authors consider some of its shortcomings to be a problem, which are identified, assessed in the article and recommended solutions to address them are proposed. The authors defined the objective of the research as follows: to draw up proposals on improvements of the drafting procedure of annual financial statements and its regulatory framework in the Republic of Latvia following the research of the Law “On Annual Financial Statements and Consolidated Financial Statements” and the related laws and regulations and their comparison with a pre-existing regulatory framework. There was a limitation of the topic, because the authors did not study the requirements on consolidated annual financial statements in their work.

The article is based on the research of annual financial statements, requirements regarding their drafting and auditing, and accounting terminology applied in the annual financial statements. Significant differences in pre-existing regulatory framework and the new regulatory framework were indicated, problems were defined related to the definitions of accounting terms, elements of annual financial statements, and auditing of annual financial statements in the research, resulting in proposals, which could be taken into account, when drawing up the annual financial statements and supplementing the regulatory framework of the Republic of Latvia.

Keywords: *accounting, accounting terms, audit, financial reporting, legislation*

IMPACT OF CRM SYSTEMS ON THE PERFORMANCE OF ENTREPRENEURIAL ENTITIES IN CROATIA

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ABSTRACT

Information and communication technology is an important foundation for gaining sustainable competitive advantage of entrepreneurial subjects in the global competitive environment in which the priority is identifying, tracking and compliance with customer's needs and requirements. For this reason, the research studies the impact of the Customer Relationship Management – CRM system on the performance of business entities in the Republic of Croatia. The aim of the research is to determine the efficiency of CRM according to the criteria of customer loyalty, innovation capacity and sales revenue. In order to prove or disprove the hypothesis of the positive impact of CRM on the performance of business entities in the Republic of Croatia, various scientific methods were used; analysis, synthesis, description and comparison, and primary data collected by surveying 50 business entities in the Republic of Croatia that apply the CRM system. The research results indicate that the CRM system plays an important role in successfully meeting the needs of customers, gaining loyalty and in raising overall

profitability of business entities that apply CRM. The results suggest the need for systematic education of SMEs about the benefits of CRM systems. CRM as one of the key factors for the survival of the company is becoming the focus of the business on which it is necessary to know as much as possible. The economic crisis only further increases the need for implementation of information and communication technologies in business in terms of optimization and streamlining of business processes in a way that the use of such technology leads to a regulated customer base, defined business activities and the handling of customers and provide an insight into the broader picture of business on the basis that the employer will be able to more effectively make decisions based on the weaknesses and strengths of its operating system.

Keywords: CRM, customer loyalty, business entities in Croatia

**14th International Scientific Conference on Economic and
Social Development**

