

**Varazdin Development and
Entrepreneurship Agency**
in cooperation with
University North



Editors:

Ivica Filipovic, Goran Kozina, Fran Galetic

Economic and Social Development

8th International Scientific Conference on Economic and Social Development
and 4th Eastern European ESD Conference: Building Resilient Economy



Book of Abstracts

Zagreb, 19 December 2014

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Section 1
Globalization and Challenges of the Modern World

ORGANIZATIONAL CHANGE RESISTANCE: EXPERIENCE FROM PUBLIC SECTOR

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ABSTRACT

The study described in the paper aimed to measure the level of resistance of public sector employees to organizational changes, in order to draw a conclusion on whether the level of resistance is a risk to the successful implementation of change or not. The differences between the resistance of several categories of employees were observed, depending on age, education and satisfaction with personal monthly income. In addition, the most important causes of resistance to change within the sample were determined, such as: lack of involvement of employees in the process of planning change, conviction of employees about non-existence of adequate rewards for the accomplishment of change and high levels of stress at work. The findings indicate that the level of change resistance in public sector is within moderate limits, which means that this issue needs further attention in planning and management of organizational change, but, on the other hand, the situation can not be characterized as highly risky for the process of change implementation. The paper also provides a brief theoretical overview of the most important findings in the field of organizational changes in the public sector.

Keywords: *organizational change, public sector, motivation, resistance to change*

RISKS IN COLLABORATIVE DISTRIBUTED BANKING SYSTEMS

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ABSTRACT

This article aims to analyze collaborative distributed systems and the impact of the vulnerabilities that can occur in the system components. It defines a model for the collaborative distributed systems and its components, with associated weight of each component in the system, in order to determine the impact of each component on the model stability. At the component level model, it analyzes and determines the class of risks which the model can suffer; the probability and frequency that certain events may affect the system and it try to settle the impact matrix functionality. It tries to identify strategic and vulnerable points at system components level but also of its subcomponents and their ranking according to importance and vulnerability. The model is analyzed and validated on the banking system which is a collaborative distributed system. The scope is to obtain the full model of collaborative distributed system for banking system with all its components and subcomponents and determine the set of rules to protect the system, to make it secured and without any breaches. The risk classification and importance on each subsystem and component will help to improve the model and make it more efficient and stable. For analyze are used the latest articles and books from research and have a mathematical approach based on probability and efficiency.

Keywords: *bank, collaborative, distributed, risk, vulnerability*

THE UNITED STATES OF AMERICA VS. PEOPLE'S REPUBLIC OF CHINA: A QUEST FOR OIL IN SUB- SAHARAN AFRICA

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ABSTRACT

The paper studies a quest for oil in Sub-Saharan Africa, pursued by the world's great powers, the United States of America (the U.S.) and the People's Republic of China (China). Since the beginning of the 21st century, China shows rapidly increasing demand for natural resources, and especially oil. The establishment of the association of BRIC countries and the policy of diversification of energy resources pursued by the U.S., China and other developed and emerging economies has made Sub-Saharan Africa ever more important in the global geo-economic and geostrategic relations.

The political and diplomatic activities, as preludes to the economic activities of China in Sub-Saharan Africa have increased significantly since the beginning of this century. These activities were primarily aimed at the exploitation of natural resources, directly through resource extraction, and indirectly through infrastructure projects, such as roads, railroads and pipelines.

Chinese workers, followed by merchants, are present in many important i.e. resource rich states of Sub-Saharan Africa. The only superpower of present day, the U.S., does not look at the activities of China in Sub-Saharan Africa with favor. On the contrary, the U.S. has increased its military build-up in Africa and established new military bases. Consequently, Sub-Saharan Africa has already become the stage for geo-economic rivalry between the U.S. and China, and the future of the region will be marked by geo-economic and geopolitical conflicts, as an expression of the geo-economic rivalry between today's (and future) great powers.

The two regions most affected by this rivalry would be the Gulf of Guinea and the Horn of Africa. They are strategically most valuable regions of Sub-Saharan Africa, primarily because of their oil reserves.

Keywords: *the U.S., China, Sub-Saharan Africa, oil, geo-economic rivalry, the Gulf of Guinea region.*

THE COMPETITIVENESS OF A REGIONAL ECONOMY AND REGIONAL DEVELOPMENT

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ABSTRACT

A broad definition of competitiveness refers to the tendency and ability to compete, win and sustain a position in the market, increase market share and implement commercially viable activities that ultimately generate premium returns on investment. Theoretical concepts describing a firm's capacity to compete are relatively uncontested, but applying the same framework to geographical unit has been subject of much debate. This paper argues that the competitiveness, policies that promote the elimination of regional disparities, partner networks and cooperation of regional government with the business sector constitute a prerequisite for the regional economy. Such an economy then integrates systems of regional development to ensure growth in living standards in the defined geographical unit, territories and markets. Within this context it is important to note that a unilaterally oriented basis which drives economic growth may, in the future, pose a threat to stable and

sustainable development, and regions without proper structures that support innovation and research could eventually experience an economic hardship due to the loss of competitiveness. Regional development in terms of ensuring sustainable growth, competitiveness and standard of living is conditioned by the expansion of social and economic potential of the region. Innovativeness, innovations, educational structure, qualifications, skills and abilities are among the key factors that determine the sustainability and competitiveness. The aim of this paper is to analyze the conditions for increasing the competitiveness of the regional economy and the conditions of regional development with an emphasis on promoting innovation, technology transfer and the new structure of the regional economy.

Keywords: *Region, Regional Development, Regional Economies, Innovation, Disparity, Sustainability.*

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UNEMPLOYMENT AND LABOUR MARKET IN THE POST-GREAT RECESSION RECOVERY – THE CASE OF THE REPUBLIC OF MACEDONIA

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ABSTRACT

The post-Great Recession recovery in major developed economies has seen unemployment rates declining gradually, although still not reaching their long-term, "natural" levels. At the same time, labour productivity has been improving, but this has not been followed by a corresponding increase in real wages. We analyse the unemployment and employment rates in the Republic of Macedonia in comparison to EU28 average and some selected countries of South-Eastern Europe during the recession and its aftermath, and we notice that the developments in Macedonia in this particular period have been in the opposite direction to those in the comparing countries. We also include quantitative analysis of the relationships between the following macroeconomic variables of the Macedonian economy: (i) GDP growth and changes in unemployment; (ii) changes in employment rate and labour productivity growth; and (iii) labour productivity growth and changes in average real wage. Finally, we conclude that the standard (i.e. expected) relationships between the unemployment/ employment, GDP growth, labour productivity and price of the labour cannot be confirmed in the case of the Republic of Macedonia, and that there seems to be a strong influence of some peculiar institutional and policy factors that shape the functioning of the labour market in the country (the consolidation of the registry of unemployed persons, the existence of grey economy, some non-standard

institutional arrangements related to the employment in the public sector, and the like).

Keywords: *GDP, Great Recession, labour productivity, real wages, unemployment.*

THE ANALYSIS OF COMPANIES OF THE POLISH FUEL SECTOR BASED ON AN EXAMPLE OF PKN ORLEN, LOTOS AND OTHER COMPANIES VERSUS VALUE OF FUEL PRICES AND THEIR IMPACT ON FUEL SECTOR MANAGEMENT

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ABSTRACT

The Polish fuel distribution market is consolidating that is the share of five grand fuel concerns, including PKN Orlen and Lotos and five foreign ones is growing. On the other hand, the number of single petrol stations is decreasing, cheap stations located at supermarkets are disappearing, and the black economy is still operating despite introduced tax tightening. The beginning of 2014 brought surprisingly good results of retail segments of grand Polish fuel companies. Grand concerns gave surprisingly good trading results in the form of record high EBITDA value. Simultaneous growth of sales in petrol stations and growth of fuel and non-fuel margins appeared.

It is due to the fact that 45% of the retail sector is held by two fuel concerns; PKN ORLEN (35.9%) and LOTOS (9.2%). On the other hand, foreign concerns maintain their holdings of petrol stations. However, they are fuel concerns which have the greatest impact and they hold over 52% of the fuel sector. Those are as follows: PKN ORLEN, BP, Shell, Lotos Group, and Statoil. Petrol stations built earlier at hypermarkets

such as Carrefour, Intermarché, Tesco, Auchan, and E.Leclerc, and which were supposed to be their future, will not develop much and they stopped at this stage. Moreover, new ones have not been built since 2011. This is the proof of very strong domination of petrol stations holding the sector that is the biggest fuel concerns. The development of Polish petrol stations on the example of PKN ORLEN and LOTOS is connected with their good financial condition which will be surveyed and presented in this study. Research methods used in the survey of the Polish fuel sector are ratio and comparative methods. This study is to present the assessment of the financial condition of fuel sector companies and connections of these values with the change of fuel prices' values. Within couple of years, surveyed companies improved their profitability and doubled their turnover. The research was conducted from 2005 to the third quarter of 2014.

Keywords: *fuel sector, financial condition, profitability, fuel prices*

IMPACT OF THE UKRAINIAN CONFLICT ON THE POLITICAL AND ECONOMIC SITUATION IN EUROPE

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ABSTRACT

On 17 March 2014, only one day after the local referendum won by an overwhelming number of votes, the highest authorities of the Autonomous Republic of Crimea approved the decision of the independence of the peninsula including separate City of Sevastopol located within its territory. Subsequently, they requested Moscow to annex the new structure to the Russian Federation. On the same day, the Crimea Republic was recognized as sovereign and independent country by the authorities at Kremlin. Already on 21 March, Crimea together with

Sevastopol became a new administrative entity of the largest country in the world. At the beginning of April 2014, two territories bordering with Russia located in the east of Ukraine declared independence. The rebellious areas that assumed the names of the Donetsk People's Republic and Lugansk People's Republic, rejected Kiev's authority and, on 24 May 2014, signed the agreement on the creation of the Federal State of Novorossiya. The situation in the east of Ukraine began to resemble dominoes falling one after the other, slipping out of control of the state authorities. Military counteraction of the government in Kiev, aiming at preventing the disintegration of the country, encountered organized resistance of the separatist forces. International public opinion sided with Ukraine, which aspired to associate with the European Union. To reduce the support for the rebel forces provided by Russia, the latter has been hit with severe economic sanctions. The Russian Federation announced that it will respond by using similar measures against the countries of the West. In the meantime, the conflict in the east of Ukraine has gone into the phase of a permanent battle of two forces on the regional level. Nature and duration of this confrontation indicates that the armed struggle is entering a stage reminiscent of the war that has been ongoing for several years between the Palestinian National Authority and Israel. Just as in the Middle East, this situation may result in the following: the growing tension in this part of the globe and the danger of the conflict spreading into other areas. However, the Ukrainian problem in addition poses the threat of the deterioration of the economic situation in Russia and economic stagnation in the United Europe. In this situation, the following tasks might be of interest: analysis of factors that affect the intransigent attitude of the parties involved in the aforementioned events, possible outcomes of the conflict and forecast of the developments in the upcoming future.

Keywords: conflict, impact, Russia, Ukraine, sanctions.

LOCAL KNOWLEDGE ON SANDALWOOD (*SANTALUM ALBUM L*) TREES CONSERVATION IN TIMOR TENGAH SELATAN DISTRICT OF EAST NUSA TENGGARA PROVINCE - INDONESIA

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ABSTRACT

*One kind of biodiversity found in East Nusa Tenggara province (Indonesia) in particular that there are in Timor Tengah Selatan district is a tree Sandalwood (*Santalum album, L*). This type of trees known as a fragrant aroma type and has a lot of other benefits, including parfun as raw materials, drug spilis disease and incense sticks in religious rituals of Hinduism - Buddhism, so the timber has a high economic value.*

As a result of large-scale exploitation, Sandalwood tree then suffered deforestation and lead to a state of scarcity. Then a solution to conservation of this tree is not become extinct, and one of the to maintain its sustainability perspective is to consider the aspect of local knowledge.

The aim of this research was to determine (1) the various local knowledge in the sandalwood tree conservation policy implementation; (2) any local knowledge that support conservation of sandalwood trees in Timor Tengah Selatan district .

The method used to reach purpose are used qualitative research methods, techniques of informants determination is purposive, namely the stakeholders are considered to understand local knowledge to conservation of the sandalwood tree. They are farmers sandalwood owners, community leaders, government officials of villages, districts, and forest service officials. Techniques of data collection, namely by in-depth interviews, participant observation, and techniques of documentation related regulations and meetings resume in order to the effort the conservation of sandalwood

The research results show that there are was local knowledge that can be used as a reference in conserving sandalwood tree. Implementation of conservation policy is not maximized because the local knowledge ignored to (1) the formulation of the strategy of increasing population sandalwood trees; (2) the formulation of farmer empowerment of sandalwood tree owners; (3) the determine of pricing strategy for the allocation of the conservation area, and (4) the determine the amount of the allocation of resources to conservation policy.

Keywords: *Local Knowledge, Policy Implementation, Sandalwood (Santalum album L)*

ESP, ECONOMY AND GLOBALIZATION

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ABSTRACT

The purpose of this paper is to discuss the importance of the foreign languages in particular English for Specific Purposes in the process of integration, economy and development of a country. The main body of this work will be focused on English language spoken by the local staff here in Kosovo as a country in transition period, considering that no politics, no business, no cooperation can be run properly if people are not able to speak the language of the partner/ the Global understanding. Considering that the globalised world includes all industrial, political, legal, economic, social and cultural processes,ESP is one of the terms required to be part of this world as people cannot communicate without speaking the language of the partner in a specific field. Translation of legal documents are required for many different reasons relating to judicial or administrative proceedings in other countries. Often the translation must be accompanied by a sworn affidavit of the translator, certified by foreign authorities so as to be considered valid in the procedure for which it is required. As migration into Europe is

increasing each year, it brings significant economic and cultural benefits. Some newcomers are very successful in the labor market and enjoy positive relations with other residents but there is another part of them who no matter how skilled they are the lack of language knowledge disables them to adapt in a new environment. All of these will be discussed in this paper.

Keywords: *EU, languages, integration, economy, communication, global understanding*

EFFICIENCY OF ETHICAL ORGANISATIONAL CULTURE IN PUBLIC SECTOR IN CROATIA

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ABSTRACT

The accession of the Republic of Croatia to the European Union requires a regular review of policies, practices and procedures that affect ethical behaviour in the public sector. There are increasing expectations from public that governments should foster and sustain higher standard of integrity in the public service. In this context, joining the EU many states recognized ethical cultures as a crucial priority in general. It is considered to be a vital component for maintaining the confidence of society and politicians in the public sector. Responsibility of management in public sector is to establish the ethics-based organizational culture through ethical infrastructure that promotes ethical values in decision-making, work processes and operations. In transitional economy the responsibility is particularly stressed. After fast replacement of the old system, the change goes much slower and often much longer retain the remains of replaced and incompletely destroyed social system. Communism and collectivistically-oriented society did leave a unique legacy by creating a peculiar cultural syndrome at the enterprise level

generating a challenge for doing business there. This article examines the results of a study conducted in public sector units in Croatia. The aim of the study was to examine and describe the efficiency of ethical organisational culture in Croatian public sector. The construct of efficiency was measured by a consideration of three areas: legal framework, institutional setting and ethical infrastructure. The results indicate that most public sector units are in the early stages of development. It is established a basic framework for the ethical conduct of civil servants in the public administration, but the government bodies did not take specific actions to motivate and encourage civil servants to adopt certain ethical principles and values and to implement them in daily operation.

Keywords: *Collectivistically oriented society, Ethics, Ethical organisational culture, Ethical leadership, Public sector*

EVALUATION OF CREDIT RISKS IN THE BANKING SECTOR OF KAZAKHSTAN

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ABSTRACT

The paper investigates the credit risks in Kazakhstan in the period of 1997-2013, using the non-performing loans (NPLs) as a proxy for these types of risks. The paper finds that the level of NPLs can be attributed to both macroeconomic conditions and banks' specific factors, though the latter's were found to have a relatively low explanatory power. While NPLs were found to respond to macroeconomic conditions, such as GDP growth, unemployment, and inflation, the analysis also indicates that

there are strong feedback effects from the banking system to the real economy, thus suggesting that the high credit risks that Kazakhstan currently face adversely affect the pace economic recovery.

Keywords: *Credit risks, Kazakhstan, NPLs*

IMPACT OF TAX POLICY ON EMPLOYMENT AND INTERNATIONAL COMPETITIVENESS OF THE REPUBLIC OF CROATIA

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ABSTRACT

This paper conducts analysis and comparisons of tax policies implemented in the Republic of Croatia and the European Union, in order to establish the impact of tax policy on employment and competitiveness, and thus the general economic situation. Conducted research leads to several conclusions and insights of which some are listed. It turned out that the sustainability of the central government budget depends on the tax inflows of value added tax and excise duties. In Croatia, income tax does not have an important function in encouraging individual economic decisions, as it has, for example, corporate income tax, but however that Croatia does not tax most income from capital, so it can be concluded that the Croatian system of income taxation of the

individual income is consumption-oriented and in that part its role in attracting foreign capital can be considered positive. Furthermore, studies have shown that a tax rates of employment in Croatia (contributions on and from salaries, income tax) is disproportionately high to the debit of capital, compared to the OECD countries, and as a result of the high tax rates, there is increased unemployment and expansion of the underground economy. This leads to the loss of government revenue, and loss of competitiveness in international trade.

Keywords: *competitiveness, tax policy, tax wedge, taxation, employment*

NATURAL RESOURCES MANAGEMENT AS A FACTOR OF UNDERDEVELOPMENT AND SOCIAL INEQUALITY IN THE GULF OF GUINEA REGION

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ABSTRACT

The paper studies natural resources management as a factor of underdevelopment and high levels of social inequality in the Gulf of Guinea countries. It is a well-known fact that the Gulf of Guinea region comprises several states that are very significant producers of oil, a primary natural resource of the region, but also of the contemporary world. Therefore, oil extraction and exports represent a lifeline for many of the world's oil exporting countries. The main thesis of the paper is: long-term lagging behind in the development of most sectors of the economy, i.e. non-diversification of economy in the countries of the Gulf of Guinea is a product of overreliance on rents earned from the exports

of natural resources, mainly oil. The afore-mentioned features of the Gulf of Guinea countries are the result of political decisions made by the regimes that keep themselves in power by means of rents obtained from the oil exports. These rents are mostly used for financing the state security apparatus loyal only to the regime, keeping the “internal peace” and the status quo in society through social care benefits. Economic growth indicators such as GDP and GDP per capita show that the Gulf of Guinea countries have experienced significant economic growth in the last decades. However, it seems that oil does not really benefit the economies and societies of the Gulf of Guinea countries. The region's reliance on oil exports represents the main factor preventing the diversification of economy in the oil exporting countries, thereby hindering the economic development and the improvement of living standard of the overwhelming majority of the population.

Keywords: *Gulf of Guinea region, management, natural resources, social inequality, underdevelopment.*

DOLLARIZATION AND THE MACROECONOMIC POLICIES

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ABSTRACT

The goal of the research in this paper is the effects of the dollarization on a economy. These effects are elaborated in terms of fiscal and monetary policies. In the fiscal side, dollarization can improve fiscal consolidation by eliminating the debt monetization option. Together with that increased confidence in the future, due to the lower possibility of reversion of the dollarization, the dollarized economy can borrow at lower interest rate both on domestic and international markets. Today we can say that there is no economist in the world who does not know the reasons behind the big financial crisis in 2007. In this paper we will present the impact of dollarization to the reforms in the fiscal sector of a country. Namely, in the theoretical development of “dollarization impact” on an economy, it

is analyzed the impact of this phenomenon on the elimination of inflation in one country. Additionally the paper deals with one neverending debate about which exchange rate mechanism is best for one country. As we have concluded, nevertheless the exchange rate regime country has adopted(de facto or de jure) it is very certain that the monetary policy primarily reacts on the movements on the exchange rate rather than on inflation rate movements.

Keywords: *Dollarization, de facto vs. de jure, exchange rate regime, fiscal policy, fiscal consolidation, monetary policy.*

THE ROMANIAN EDUCATION SYSTEM AND ITS EFFECTS ON THE MIGRATION PHENOMENON

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ABSTRACT

The purpose of the present study is to analyze the complex issue of the education in Romania. This paper will outline the regional and territorial disparities regarding the Romanian educational system and it will focus especially on the Romanian rural area where we register the biggest rate of school abandonment. We will set out the causes and establish the effects of this phenomenon on short and medium term on national level and on European level. Also we will show the effect of the Romanian rural school abandonment on the migration phenomenon. The education system in Romania is at a crossroads. The main sector reforms initiated in the last 20 years, including changing curriculum, student assessment, teacher training, finance and administration, should improve educational outcomes. The restructuring of the national education system and new legal regulations in this area have led to the reorganization of the

educational network units in Romania. The educational programs that are being developed in strategies targeting the secondary education in general and the development of education in rural areas in particular are oriented to improve the indicators of this system.

The study conclusions propose a set of measures regarding the financing and the development of the Romanian educational system in the rural area. Financing the education system still remains undersized in relation to the needs in education. The rural education should be a priority for the Romanian government and for all those people engaged in the system. The rural education is facing specific problems and requires specific solutions. Both require major investments and integrated solutions targeting both human and material resources, and the quality and content of education.

Keywords: *educational system, rural area, migration, social consequences, regional disparities, European context.*

SHAREHOLDERS VALUE AND CATASTROPHE BONDS. AN EVENT STUDY ANALYSIS AT EUROPEAN LEVEL

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ABSTRACT

Considering that the E.U. based (re)insurance companies are increasingly active within the segment of alternative risk transfer market, the aim of the present paper is to emphasize the impact of issuing cat bonds on the shareholders' value for highlighting the competitive advantages of the analysed (re)insurance companies while pursuing the consolidation of their resilience in a turbulent economic environment.

Eminently an applicative research, the analysis employs an event study methodology whereas adjusting the market model residuals with the aim of accounting for generalized autoregressive conditional heteroskedastic (GARCH) effects through advanced econometric procedures. To account for the shareholders' value, the research employs high frequency financial data (daily returns of stock-exchange listed (re)insurance companies) and the cat bonds' announcement dates as economic events.

Keywords: *alternative risk transfer solutions, catastrophe bonds, competitive advantage, event study, GARCH model*

BIG DATA – BIG OPPORTUNITIES?

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ABSTRACT

Big Data is the next step after a series of logical stages of development in the Internet, such as the individualization of moving data to the cloud or the rapidly increasingly desire for digital mobility. It can be used in all departments of a company such as marketing, customer relationship management, finance and controlling. Advanced solutions offer opportunities for changes in the operational processes in organizations. Big Data is fundamentally ethically neutral. There are no views about right or wrong. However, this ethical neutrality does not apply to the use of such data.

Keywords: *Big data, ethical issues, four V's.*

SLOVENIA'S TRADE IN GOODS WITH THE WESTERN BALKAN COUNTRIES

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ABSTRACT

In this paper, the authors deal with Slovenia's trade in goods with the Western Balkan countries, Slovenia's important trade partners that

together account for more than ten per cent of the value of Slovenia's total trade in goods. There are several reasons for this, such as ease of trade between Slovenia and the Western Balkan countries (excluding Albania) due to similar culture, language, etc. This is particularly true for Croatia, which is one of Slovenia's four neighbouring countries and one of its most important trade partners, accounting for more than five per cent of the value of Slovenia's total trade in goods and almost 50 per cent of the value of Slovenia's trade with the Western Balkan countries. In 2012, the value of Slovenia's trade in goods with Croatia amounted to €2 300.2 million, a decrease of 2.2 per cent over the previous year. This decrease was mainly due to a lower demand for goods in both countries as a result of the financial and economic crisis.

Keywords: *trade, trade relations, Slovenia, Western Balkan countries.*

EASTERN AND CENTRAL EUROPEAN STATES IN GLOBAL PRODUCTION LINKAGES

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ABSTRACT

Democratization, integration with the European Union (EU), the development of bilateral and multilateral relations, and the economic and political transformation of financial systems of post-communist European states have resulted in changes in production process across borders. This article aims to present the positions of post-communist states in terms of the cross-border production linkages. The analysis takes advantage of both the conventional methods of comprehensive study of value chains and the advanced methods and measures examining the role of Central and Eastern Europe in global value chains in general and sectoral terms.

Keywords: *Central and Eastern Europe, foreign trade, global value chains*

USING DIGITAL FREQUENCIES TO DETECT ANOMALIES IN RECEIVABLES AND PAYABLES: AN ANALYSIS OF THE ITALIAN UNIVERSITIES

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ABSTRACT

Motivation: *The research aims at evaluating the anomalies and unusual patterns of accounting numbers reported by Italian universities.*

Prior literature and evidence on local authorities suggest that failing institutions may engage in fraudulent financial reporting to conceal their distress and avoid regulatory intervention. They manipulate accounting values within the scope of the generally accepted accounting principles, using estimates and adjustments for achieving a desired result. Often, they overestimate the receivables and underestimate the payables in order to present a higher level of surplus or a minor deficit.

Therefore, the research examines the receivables and payables values contained in the financial reports of Italian universities during the years 2004-2012, hypothesizing that a gradual reduction of the ordinary funding from the Ministry, and the difficulty of attracting private resources, caused financial stress and led management to accounting manipulations.

Object and methodology: *We apply a mathematical law, known as Benford's Law, to the receivables and payables reported values, obtained from the Statistical Office of the Ministry of Higher Education, for identifying the existence of manipulated numbers.*

Benford's Law implies that, in a naturally occurring set of numbers, the leading digits of the numbers are discrete exponentially distributed

rather than uniformly distributed, meaning that the numbers 1 through 9 do not have equal probability of occurring. In particular, the number 1 occurs as the leading digit about 30% of the time, while the number 9 occurs as the first digit less than 5% of the time. As Benford's Law shows that there is some predictability in the distribution of the first digit in a series of data, it can be used to indicate the presence of fictitious or artificially manipulated numbers.

Results: *Surprisingly, the statistical tests show a large degree of compliance between the observed and the expected distributions. The conformity is clear and persistent over all the 9 years.*

Keywords: *Benford's Law, Italian universities, receivables and payables manipulations.*

CORRUPTION AND ECONOMICS GROWTH: A GREASE OR SAND SYNDROME?

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ABSTRACT

Corruption, commonly defined as the abuse of public power for private gain, is a widespread phenomenon in many countries of the world and particularly in transition economies where its consequences have serious problems. Although the corruption is not a new issue in the field of Economics, research focusing on the link between corruption and economic growth has grown rapidly in recent years. However, theoretical and empirical debate on the impact of corruption on the economic growth remains unclear. The purpose of this paper is to

investigate the impact of corruption and other institutional factors on economic growth in some selected European countries for the period of 2000 – 2012. Specifically, the study attempts to: (1) assess whether corruption has any impact on the growth of the sample countries; (2) examine whether simultaneous policy reform focusing on accountability, political stability, government effectiveness, regulatory quality and rule of law impact positively on growth of these economies; and (3) investigate whether corruption in these countries exhibit the grease or sand-the-wheel syndrome. Further, the present study reinvestigates the impact of corruption on economic growth by incorporating the country-level foreign direct investments and market trade openness. The current study focuses on the use of dynamic panel data model of 13 European Union members that have joined the union during 2004 and 2013 along with six Western Balkan countries (Albania, Bosnia and Herzegovina, Former Yugoslav Republic of Macedonia, Montenegro, Serbia and Kosovo). By providing some insights about the channels through which corruption affect economic growth, this paper seeks to entrench the concept of good governance and anti-corruption initiatives as key determinants of economic development and social progress.

Keywords: *Corruption, Economic growth, Institutions, Transition economies*

INVESTOR RELATIONS IN CROATIAN COMPANIES – PRESENT CONDITION AND FUTURE TRENDS

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ABSTRACT

Investor relations function becomes increasingly important within organizations, as top management intensively communicates with investors, shareholders, analysts and bankers. Although it is usual that company communicates with all sorts of different parts of public – under the umbrella of public relations, communicating with investment public is especially demanding and can add or subtract value from the company easily.

Inflow of fresh capital into the company, as well as into the economy, is key success factor in growth, development, innovation and new value creation.

Communication with investors includes all usual communication channels of public relations, but always taking into account strict regulatory frame that covers this area, especially connected to publishing of price sensitive information. Besides the content, organizational aspect of this function is also very important. Right positioning within the organization enables better perception, communication but also enables avoiding potential conflict of interest between management and investor relations specialists.

In Croatia, investor relations meet many obstacles: lack of practice, literature, education, management awareness, weak usage of modern

technologies and potential conflict of interest. One of the benefits of privatization processes in Croatia was transfer of Investor Relations practice from big international players to local companies. Still, many of the companies listed on local capital market – Zagreb Stock Exchange, lack necessary skills to perform this important management function within the company. Croatia also lacks independent professionals in this area. Using such outsourced specialists, is proven to add value to the company in terms of market price.

New developments in investor relations: technology impact and need for investment brand creation - will bring even more pressure to Croatian companies to remain competitive on opened global financial market.

Keywords: *Croatian companies, investment brand, investor relations, technology*

DEVELOPMENT OF BUSINESSES – EVIDENCE AND IMPLICATIONS OF REGIONAL DIFFERENTIATION IN THE CZECH REPUBLIC

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ABSTRACT

The paper deals with the issue of business development in a regional perspective. The main concern is firstly on the size and industry structure of businesses and their change within the period 2001-2011 that

characterizes the year (2001) prior to the EU accession and the year (2011) after the 7-year EU membership of the Czech Republic in the EU. Secondly, we identify fertile business areas by assessing the relativeness of total number of businesses to regional labour force. All analyses are being made on the level of LAU 1 regions. Their differentiation is being made both on their degree of rurality as well as the development performance. The study comprises the most emerging issues related to recent regional development policy planning process – the question of developing the strategies on the base of regions, and the identification of regionally differentiated business structure.

Keywords: *business structure, fertile business areas, regional development, regional differentiation*

THE ROLE OF KNOWLEDGE IN RESOLVING CONTEMPORARY ECONOMIC PROBLEMS

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ABSTRACT

Knowledge, which is based on information, and coupled with cultural and spiritual values, has become a force in itself and a key driver of social, economic, technological and cultural change. Experience in fast-growing economies highlights education as one of the key factors in

adopting and successful exploitation of knowledge-based economy. The growth of intellectual capital will create a competitive environment of the new economy in which knowledge is the main product. The importance of knowledge is recognized in business management, thus it is possible to speak of knowledge management as a significant business function. Investing in knowledge, its accessibility, dissemination and use have become a key factor in promoting economic growth, job creation, competitiveness and social dimension of society. In today's globalized economy, dominated by information and communication technologies (ICT), society as a whole has no chance of becoming successful and competitive unless it adopts and implements all the principles of knowledge-based economy. Economic activities related to production and the use of ICT and knowledge have become main drivers of economic growth in developed market economies. Systematic gathering and use of knowledge aimed at generating new ideas can be achieved by setting up an adequate environment in which the latest ICT facilitate such tasks. Employee knowledge, their work experience, ideas, innovations, motivation, and team spirit enrich organisational culture and enhance the processes within the organisation. Contemporary business operations are so dynamic that some managers remain mere bystanders, as they cannot keep up with the latest trends. The principles of new economy are based on knowledge acquisition and on learning how to exploit and manage knowledge.

The present research aims to establish student perceptions on the Croatian higher education system, how they assess knowledge and competencies gained during their studies at polytechnics, and the level of ICT application. The results will point to the advantages and disadvantages of knowledge and skills acquired at polytechnics, thus helping to shape future strategies for the development of a competitive economy.

Keywords: *knowledge, higher education, economy, competitiveness*

SOCIAL INCLUSION AS INNOVATION

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ABSTRACT

The construction of this paper part of some reflections on the role and the power transformer and innovative that information associated with social and digital networks configuration feature and who are developing in setting this new society. Allied to these reflections, the insight to the wire came to watch a video of the closing party of the 2010 Brazilian Championship, promoted by the Confederação Brasileira de Futebol-CBF, which contained the tribute paid to one of the great players of the recent past, the athlete Marcos Evangelista de Moraes, consecrated under the name of Cafu and assigned captain of the Brazilian team penta-champion of the 2002 FIFA World Cup in Japan and South Korea. During the tribute, was passed an institutional video that showed that he regarded his Magnum Opus – Cafu Foundation to support children in need, with the motto "there is no price in this world that can pay the smile on a child's face. Every child has the right to dream, and you can help make that dream come true. " On presentation of your project, Cafu defined a Social inclusion project. The aim of this study is to analyze the Social innovation in the perspective of social inclusion. This article is an exploratory study, conducted through a descriptive research that purport to discuss the proposed topic with the analytical support both texts quoted above. The first work of André and Abreu, when dealing with the role of social innovation in territorial development, develops a series of concepts and dimensions, in addition to bringing to our consideration,

indicators for our study, involving the dimensions of social inclusion and the plasticity of the medium where it acts. The second, Mulgan, a vision of the English subject based on the author's experience.

Keywords: *Brazil, Descriptive Research, Exploratory Study, Social Inclusion, Social Innovation.*

Section 2

Enterprise in Turbulent Environment

TECHNICAL EFFICIENCY OF ORGANIC DURIAN FARMS IN THAILAND

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ABSTRACT

The primary purpose of this study is to measure and investigate factors affecting technical efficiency of organic durian farms in Thailand. The data envelopment analysis approach is applied to the 2011 farm-level cross-sectional survey data of durian farms. In addition, in order to examine the effect of farm-specific socio-economic and management factors on farm efficiency, Tobit estimation is used in this study. The empirical results suggest three important findings. First, there is confirmation that producer's education and variability of fertiliser types influenced the overall technical and scale inefficiency of durian farms. Second, the application of organic farm system and soil improvement practices do not have different impacts on the technical inefficiency in durian production in different farms. Finally, the results also indicated that farm size influenced the inefficiency of durian farms in Thailand.

Keywords: *data development analysis, organic durian farms, sustainable supply chain management, technical efficiency*

E-LEADERSHIP SKILLS FOR SMEs – CHALLENGES TO THE UNIVERSITIES

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ABSTRACT

'LEAD - e-Leadership Skills: for Small and Medium Sized Enterprises' develops targeted actions for start-ups and fast growing SMEs to provide them with relevant e-leadership skills. The focus of this initiative supported by the European Commission is on e-leadership, defined as leadership which both relies on information and communication technologies (ICT) and aims to accomplish goals that involve ICT. Effective organizations are demanding e-leaders who are both business and ICT-savvy. e-Leadership skills enable people with very strong ICT skills to lead qualified staff from ICT and other disciplines towards identifying and designing business models and exploiting key innovation opportunities. e-Leadership is successful where an organization is making best use of new developments in ICT, where leading edge ICT is driving innovation and delivering value to their organizations.

In this article a brief overview of the LEAD initiative is presented as contributing to the "Grand Coalition for Digital Jobs" and to the follow up of the European Commission's Communication on "e-Skills for the 21st Century" which presents an European Union long term e-skills agenda, of "The Digital Agenda for Europe" and of the Communication "Towards a Job-rich Recovery". Recent research on SMEs' demand of e-Leadership knowledge and skills is presented. A method to evaluate ICT courses, modules and programs by mapping the curricula to e-CF competences is suggested. An e-CF profile of a sample program is compared to CEN ICT profiles and to e-Leadership profiles. Curricula

improvement opportunities are identified and discussed. Challenges to the universities offering e-Leadership content are described.

Keywords: *e-Leadership, ICT education, SMEs (Small and Medium Sized Enterprises)*

ROMANIAN FISHERIES IN THE EUROPEAN COMMUNITY CONTEXT

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ABSTRACT

Aquaculture and fish processing are traditional activities specific to the fisheries sector in Romania. Areas for fish and aquaculture are natural resources, occupying a strategic place in Romanian economy. At present, fishing heritage in Romania consists of areas permanently or temporarily water covered, being considered to have an area of nearly 500,000 hectares of stagnant water, 66,000 km of mountain, hill and plain streams, and 25,000 square km of marine water in the Black Sea. An accurate assessment of the sector must take into consideration its complex role for the national system, because of the potential food resources available to the public, the environmental values created, the generation and maintenance of wetlands and the biodiversity of fish, birds and fauna. Better awareness of fish as raw material, ensuring continuity of supply and a wide range of fish products to consumers, making the processors of added value primary products are key objectives of the Romanian industry. Joining the EU allowed a large range of opportunities for Romanian fisheries. In 2007, domestic production and fish consumption were significantly lower. The appearance of imported species on the Romanian market led to a diversification of supply and a change in consumer preference towards new species of fish. After accessing European funds the number of fish

farms, the areas intended for aquaculture, the species reared in aquaculture, the processing capacity and the number of employees increased. The paper proposes to present the effects of the European Community Policy on the Romanian fisheries sector.

Key words: *aquaculture, fish processing, fish market, fisheries sector*

CORPORATE SOCIAL RESPONSIBILITY IN FASHION SUPPLY CHAINS: PEOPLE AND KNOWLEDGE IN THE CROATIA FOOTWEAR INDUSTRY (CASE STUDY)

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ABSTRACT

With complex global supply chains and polluting production practices, the fashion industry leaves a considerable environmental and social footprint. Corporate Social Responsibility (CSR) and environmental sustainability are thus becoming key considerations for companies operating in the fashion sector. With rising costs of outsourcing, due to increases in wage rates and fuel costs, there is now greater interest from European fashion retailers in near-sourcing fashion products from closer to the EU. As such, we propose that it would be valuable to explore CSR and environmental sustainability within the Eastern European region. In

this paper, the theoretical framework of fashion supply chains is set out and the importance of environmental sustainability and CSR from the perspective of people and knowledge in the fashion industry is explained. The paper then sets out the proposed qualitative case study data collection method to explore the implementation of CSR and environmental sustainability in Croatia's footwear manufacturing industry. Initial findings suggest that CSR is present in the observed company, and is focused on social aspects of corporate responsibility in order to attract and retain high quality workers in a labor-intensive sector. The continuing professional development of employees was seen as a means of building capacity in knowledge management within the firm. However, the continued existence of these CSR initiatives was subject to challenges of the footwear supply chain, in particular cost and lead time pressures. Cost-cutting measures resulted in the loss of CSR activities, with negative implications for people and knowledge management and therefore overall business performance in this challenging industry sector.

Keywords: *fashion supply chain, footwear, environmental responsibility, sustainability, corporate social responsibility, supply chain management, Croatia, Eastern Europe*

INFLUENCE OF FINANCING SOURCE ON THE SMALL BUSINESS PERFORMANCE

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ABSTRACT

Finding funds for financing entrepreneurial venture often presents most difficult obstacle in realization of entrepreneurial idea. During this process choosing the source of financing represent the special challenge. Although in first it may look there is a wide selection of source of financing as: private equity, business angels, public finance, etc., in practice entrepreneurs usually depend on their own assets, informal investors and debt financing. This paper gives detail overview of possible source of financing for new and already existing entrepreneurs. Based on conducted research and multiple linear regression analysis is defined influence of individual source of financing and small business performance. As profit represents the core motive for entrepreneurship, these research findings should be entrepreneurs' guidelines in choosing the source of financing their venture.

Keywords: *business angels, business performance, private equity, small business, source of financing*

RESILIENCE IN THE ROMANIAN FOOD PROCESSING SECTOR

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ABSTRACT

Is the Romanian food industry adaptable to critical situations? Production and food sales could be affected by a number of risks, with a general or specific action. Food quality is achieved by the manufacturer, the merchant maintains it and it is ascertained by the consumer. The Romanian food sector is largely dependent on imports, although lately there have been important advances. The global or local crisis, the old or recent issues such as the bovine spongiform encephalopathy - BSE, Scrapie – TSE, avian flu influenza - H5N1, beef substituted with horse meat, food contaminated with various pollutants, altered meat have an influence on the Romanian market and the food processing sector. Business continuity and increased resilience in critical situations are fundamental objectives for the Romanian food processing sector. More or less justified, 28 alerts were issued to the national food industry last year. The paper proposes a review of the recent critical incidents that have had an influence on the local production of animal origin food, the food incident domestic processor response and the effects on trade and consumption.

Keywords: *critical incidents, food processing, the food market, resilience, risk*

ANALYSIS OF THE APPLICATION OF THE PRINCIPLES OF CORPORATE GOVERNANCE IN THE PUBLIC SECTOR OF THE REPUBLIC OF SRPSKA

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ABSTRACT

This paper discusses the role and importance of corporate governance and the application of the principles of corporate governance in the public sector of the Republic of Srpska. Corporate governance is the focus of the business community and international financial institutions, due to the numerous failures and scandals related to the business of the companies in which they are not effective mechanisms for ensuring transparency and accountability of management. The existence and functioning of the corporate system has a pronounced effect on both the performance of companies and the national competitiveness of the state. The low level of corporate governance reduces the possibility of attracting foreign direct investment because investors do not want to invest in companies with the possibility of mismanagement. Corporate governance as part of a broader economic framework in which companies operate has a key role in improving economic efficiency and progress of the company, as well as creating greater investor confidence. It should provide an incentive management structure to achieve the objectives of the company, which are in the interest of the company itself as well as its shareholders, and also provide effective control and monitoring, which raises the level of trust and create preconditions for the efficient functioning of the market economy. From the resulting lower costs of capital, encourage the efficient use of resources and growth of the company. Raising the quality of corporate governance increases the value of companies in the market, allows the use of all forms of external financing: national and international, public and private, and thus strengthen their long-term prosperity. From the standpoint of the national economy, the purpose of the introduction of corporate governance is to encourage business enterprises by creating a business

environment that motivates managers to maximize business efficiency, attract investment and earnings on them, improving productivity and long-term development. A prerequisite for attracting investment is to reduce risk factors, or creating a reliable investment environment. The key objective of corporate governance is to control operations of the business, creating the prerequisites for consistent protection of investors' interests and respect for the interests and expectations of society. Good corporate governance entails correctly defined the rights of shareholders, responsible business environment, a high level of transparency of information, functional oversight committees, all of which helps companies to achieve significant premium to be favorable in charge and to be more competitive. According to numerous studies, investors in making decisions about investing in individual companies, highlight corporate governance as an important determinant of potential growth or profit.

Keywords: *corporate governance, protecting the interests of investors, public companies*

SOME SUGGESTIONS FOR IMPROVEMENT OF UNDERSTANDING WORKING CAPITAL

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ABSTRACT

During the 20th century the English language has established itself as the world's business language, hence, is the architect of accounting terms. Unfortunately, the English terminology used in financial statements also has shortcomings. There is a multitude of names, expressions and

definitions, a myriad of financial terms and relationships that often are explained differently in special literature. We know the meaning of the words used separately, but used collectively, they can be mystifying. In the paper, the relationships between the different explanations of working capital are thoroughly analyzed.

American professors Welsch and Short state: “Working capital involves an arithmetical difference – total current assets minus total current liabilities. Thus, working capital is an abstraction because it does not represent a single asset, or group of similar assets, rather it includes total current assets and an offset – total current liabilities. It cannot be counted, handled, or used to settle receivables and payables. Because of its abstract nature, working capital often is not fully understood by statement users.”

The authors of this paper have tried to determine the correct relationships between the terms net assets, capital, net current assets, working capital, gross working capital, net working capital and eliminate the anarchy in the usage of these terms. In the process of determining the correct relationships between the examined terms, semantical and logical connections have been followed. To build up a correct system of terms and give them proper substance, the conventional balance sheet format and well-known relationships between different sections of balance sheet have been used.

Key words: *capital, working capital, gross working capital, net working capital, net current assets, working capital*

THE CORRELATION OF LEADERSHIP PRACTICES OF FIRST AND SECOND GENERATION FAMILY BUSINESS OWNERS TO BUSINESS PERFORMANCE

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ABSTRACT

Family firms are a major contributor to many economies. However, very few of these businesses will continue to exist after the first generation due to succession failure. Family business leaders need to learn how to manage the factors that affect the succession process. Researchers in family business literature acknowledge that leadership is vital to the success and survival of the firm, although the high failure rate of family businesses in the second and later generations indicates that the succeeding generations might not have developed sufficient leadership practices to sustain business performance.

The aim of this research study was to investigate whether there is a correlation between leadership practices and business performance amongst first and second generation owners of family firms. A self administered, quantitative survey questionnaire, measuring leadership practices and business performance was distributed via means of a non-probability, snowball sampling method to 197 first and second generation family business owners in the Sedibeng region of South Africa.

The findings indicate that positive significant correlations exist between the occurrence of leadership practices and business performance for first generation leaders of the selected family businesses, but limited correlations exist between the variables for the second generation leaders. These results illuminate the potential differences in the ways that

first and second generation leaders lead family businesses. To this end, propositions are offered to assist founders in training future leaders.

Keywords: *Business performance, Leadership practices, family business, first generation, successors*

CORE COMPETENCY OF MUAKLEK STEAKHOUSE

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ABSTRACT

The objectives of this research aim to (1) study the consumer behaviors of Muaklek Steakhouse in Thailand, (2) study the core competency of Muaklek Steakhouse from the opinions of consumers. The population was Muaklek Steakhouse tourist consumers in Thailand. The sample size was 400 of tourist consumers. The questionnaire was used as a research instrument. The data were analyzed by frequency, percentage, mean and S.D., and testing hypothesis by using t-test, F-test following by LSD. In order to serve the objectives of the study, it was found that;

(1) Most of the tourist consumers had main reason of eating steak at Muaklek Steakhouse because of having various menus and it was recommending food for the tourist, they preferred pork, beef, seafood, and chicken steaks respectively, had eaten not very often, price per time of eating was 301 to 500 baht, timing of eating steak was uncertainty, preferred convenient location, had eaten together with family.

(2) The core competency of Muaklek Steakhouse was 1) functional competency: there were accommodation management ability, various items of food, responded to order, followed by 2) quality and service maintaining competency which focused on freshness, and 3)

market competency respectively which was being the popular food in the market. The results of hypothesis testing found that the consumers those had different demographic background such gender, age, status, occupation, and educational level had no significant different opinions about core competency of Muaklek Steakhouse except income level.

Keywords : *Muaklek Steakhouse, Core Competency, Consumer Behavior, Functional Competency, Market competency*

THE IMPACT OF HUMAN RESOURCES MANAGEMENT ON WORK PERFORMANCE – CASE STUDY BEER FACTORY PEJE/KOSOVE

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ABSTRACT

To measure the performance within an enterprise includes a series of activities that the Human Resources Management must and is ready to perform when it is necessary. Motivating the employees is considered one of the most critical points of achieving the goals set by the enterprise. The way in which the managers deal with the employees and the way of decisions are made, must be some of the good practices through which the managers and the employees will achieve the organization's goals. This paper will address these issues mainly based on the practices followed in one of the biggest beer factories in the region of Peja/Kosovo. The paper will be focused on the beer industry surveys dealing with: 1) the importance that managers give to the relationship with the employees and how this affects their performance; 2) how the organizational changes have affected the performance of the employees; 3) are the

employees involved in the decision making process and what are the achieved results; 4) what influences the training has in enhancing performance. This paper not will only show that a good management of human resources affects the improvement of the performance, but will also explain the ways that the organization can improve its performance. **Keywords:** Decision making, Human Resources Manager, Performance, Training process

COMPETITIVE ADVANTAGE OF MUAKLEK STEAKHOUSE IN THAILAND

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ABSTRACT

The objectives of this research aim to (1) study the strengths of Muaklek Steakhouse in Thailand those bring to create competitive advantage, (2) study the type of competitive advantage of Muaklek Steakhouse. The population was Muaklek Steakhouse entrepreneurs in Thailand. The sample size was 50 of entrepreneurs of the business. The questionnaire was used as a research instrument. The data were analyzed by frequency, percentage, mean and S.D, and testing hypothesis by using t-test, F-test following by LSD. The result of this study shows that most of the firms were one owner business, had not more than 5 employees, operated business not more than 5 years, had location near the tourist sight, there were just ordinary steakhouse. The popular steaks were pork, beef, and chicken. The most sellable prices were 200-400 Baht. Most of the entrepreneurs did not graduate in the direct field of food. In order to serve the objectives of the study, it was found that;

(1) The strengths of Muaklek Steakhouse in Thailand those bring to create competitive advantage were the creation of value chain, knowing

the source of raw materials, coming first to market, offering better than competitors, and economies of scales.

(2) The type of competitive advantage of Muaklek Steakhouse was differentiation especially in quality and taste. The results of hypothesis testing found that the firms those have different number of employees had significant different level of creating value chain. The firms those have different number of years operating had significant different level of ability to come first to market. The decoration had positive superior than competitor. The background of the study of the entrepreneurs indicated no significant difference to the type of the advantage.

Keywords: *Muaklek Steakhouse, Entrepreneur, Competitive advantage, Type of competitive advantage, Creation of value chain*

Section 3

Entrepreneurship Caught Between Creativity and Bureaucracy

DETERMINANTS OF REGIONAL ENTREPRENEURSHIP IN AUSTRALIA: EMPIRICAL EVIDENCE FROM PANEL DATA ANALYSIS

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ABSTRACT

Unemployment, population growth and qualified working population are generally accepted as determinants of regional entrepreneurship in Europe, US and developing economies. However, knowledge about the determination of entrepreneurship in regional Australia, measured by the labour market approach, is less extensive and based primarily on case studies. This paper fills the gap by establishing empirical evidence based on an extended list of factors identified in previous studies as likely determinants of regional entrepreneurship in Australia. The dataset, provided by Australia Bureau of Statistics (ABS), include 3462 count data for 577 Local Government Areas (LGAs) during the period of 2004-2009. Fixed effect, random effect, Seemingly Unrelated Regression (SUR) and Instrumental Variable Models are applied to evaluate the impacts of each determinant on regional entrepreneurship, controlling for other contextual factors. The findings highlight the fact that unemployment has a negative impact on regional entrepreneurship measured business entries; population base has a positive impact; the impact of alternative income options are mixed; foreign language is a disadvantage for business entries; number of people who have high academic qualifications has a negative impact for entries of businesses which are not employing and foreign language combined with high academic qualifications is a favourable factor. However, in the regional context of Australia, infrastructure turns up to be irrelevant. The paper suggests that future policy reforms targeting at boosting regional entrepreneurship should reduce unemployment, increase the population base, and offer additional language training to entrepreneurs who come from a foreign background. The moderation effects were also estimated.

Keywords: regional; entrepreneurship; determinant, panel data

EFFECT OF CREATIVE ACCOUNTING ON THE COMPANY

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ABSTRACT

Objective of this research is to show the effect of creative accounting on the performance of the company, creative accounting techniques that are used by companies for the purpose of manipulating the numbers in their annual accounts to reach out to their financial desired results. Creative accounting is the transformation of financial accounting figures from what they actually are to what preparer desires by taking advantage of the existing rules and/or ignoring some or all of them.

Keywords: *Creative accounting, earnings management, financial reporting*

PHYSICAL EVIDENCE DEVELOPMENT OF TOURIST ATTRACTION SITE IN NAKHONRACHASIMA PROVINCE FOR SERVICING THAI TOURIST

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ABSTRACT

This research aims to study the physical development of tourist attraction site in Nakhon Ratchasima province for serving Thai tourists and to establish guidelines on sustainable tourism. The study used questionnaires with sample of 420 Thai tourists. The tourist group was divided with the same ratio for each type of tourist attractions. The statistical analysis methods applied were frequency, percentage, mean, standard deviation, and ANOVA (One-Way ANOVA) in order to test the differences of sample mean towards the need to develop physical evidence of the tourist destination. The result showed a significant level of 0.05.

The results of study revealed that Thai tourists have the highest demand on new development of amenity followed by to be familiar with the sites, and to see an improvement of the layout and facility design respectively.

The results of hypotheses testing show that Thai tourists with differences gender, age, education, and average income have different opinion of tourism development. In addition, Thai tourists who chose to travel to different tourist attractions also demand different types and design of physical facilities. Most of Thai tourists who have different occupations and education levels desire to see the improvements of physical facilities and tourist attractions layout differently. In addition to Thai tourists who have earn differentiate in monthly income show different opinions on the physical development of tourism of a service station and the attraction sites familiarity while Thai tourists categorize by gender, marital status,

purpose of travel, and co-travelers have similar opinions on the need of physical attraction development at 0.05 significant level.

Keywords: *physical facilities, tourist, tourist attractions, physical facilities development, facilities*

ENTREPRENEURIAL NETWORKS: THE MULTIPLEXITY OF EXCHANGE CONTENT

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ABSTRACT

Entrepreneurial networks have been the subject of extensive research for several decades. Since entrepreneurs are embedded in their social context the use of networks became an important tool for scholars in entrepreneurship for explaining entrepreneurial behavior. Past research show that in the initial phases of the new venture creation the entrepreneur's personal contacts are crucial to the process. In the beginning of the new firm creation networks enable entrepreneurs to save money, and to reach resources that could be otherwise inaccessible. Entrepreneurs rely on their personal and business contacts, therefore they socially interact with their families, suppliers, customers and friends to gain important information and resources. Entrepreneurs' networks are thus a mixture of friendship, business and kin ties. The present study aims to make a review of past and present research on entrepreneurial networks with a special emphasis on the content of exchange within network members. In the process of establishing a venture the entrepreneurs need the information on what is available, advice how to

proceed, capital to finance the growth, and finally moral support and encouragement to know that they are going into the right direction. Therefore, three different types of exchange content within network members are examined: 1) resources, 2) information, 3) moral support and liking. The study presents some important findings regarding network multiplexity and the linkage between entrepreneurial networks and firm output. The research results indicate that the future research has to focus on: 1) longitudinal studies, 2) multiple relationships on the individual level and inter-organizational level, 3) developing measures for network multiplexity, and 4) analyzing the linkage between network multiplexity and firm performance.

Keywords: *Entrepreneurial networks, Information acquisition, Moral support, Multiplexity, Resource acquisition.*

PRODUCTS PLACING AN IMPORTANT PROMOTIONAL INDICATOR IN SALES GROWTH

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ABSTRACT

Placing the products, as the next step after the products positioning (element of marketing mix, is considered as one of the crucial indicator for products sale. The abovementioned affirmation is also the hypotheses of the research. I will try to prove that placing the products is as much important and decisive as the other forms that include the sales promotion process. Placing the products as a promotion type in last years is very actual in all world, and in later stage has begun to be presented in the transition countries, concretely in Kosovo. What are the steps that companies must take in placing the products? What periods are considered as suitable for placing of products? Can be considered the placing of products in different sale spaces more effective than advertising in a electronic media? What are the costs of placing products

in different sale space? These are some of some research questions that I will try to give answers. The research will be based in descriptive and comparative methodology and as a concrete case will be some of production companies in Kosovo. In the end and the most important phase of this research will be the recommendations for production companies in Kosovo.

Keywords: *consumer, sale, placing, product, consumer*

POTENTIAL APPLICATIONS OF SYSTEM DYNAMICS TO OPTIMIZATION OF PRODUCTION CAPACITIES - TWO DEMAND SCENARIOS

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ABSTRACT

This paper examines potential applications of system dynamics in the process of managing organizational adjustments. With a view to simplify the situation of a manufacturing company which bases its operations on market demands and optimization of its capacities, a system-dynamics model was designed and simulations were performed on the basis of relatively standard assumptions. The system dynamics model is composed of two components, while simulations involve basic scenarios of important business decisions - primarily those relative to the change of product prices. It is shown that in the situation where a manufacturer pursues different levels of adjustments to customer needs by cutting down the prices of his products - this model creates specific requirements for the modification of production capacities in a given period. The changing

of production capacities has both positive and negative character. The flexibility of the capacities and the implementation of necessary changes should ensure the desired effectiveness. Preparations of and timely interventions into the capacities may pave the way for achievement of a competitive advantage. In conclusion, when it comes to certain business activities or particular segment of an enterprise, and definitely where there is a possibility to make fast, cheap and relatively error-free changes to the levels of production capacities, the application of system-dynamics simulations may be useful when preparing future optimization requirements.

Keywords: demand, flexibility, model, production capacities, scenario, simulation, system dynamics

EFFECTS OF FLEXIBILITY ON WORK-LIFE BALANCE: PERCEPTIONS OF MANAGERS AND EMPLOYEES IN ONE LUXURY HOTEL

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ABSTRACT

This exploratory study evaluated managers' (n=21) and employees' (n=36) experiences meeting their work and non-work responsibilities in one luxury hotel in the principality of Monaco. The hotel requested to remain anonymous. Findings reveal that employees experienced increased work-life conflict due to complex schedules. Findings also point out that managers and employees experience similar difficulties meeting their non-work obligations. Furthermore, findings maintain that despite increased temporal flexibility, managers perceive increased burdens due to work-life conflict. The enactment of role set analysis (which explores employees' and managers' perceptions of work- and non-work-related roles) brought these differences to light. Though findings cannot be generalisable, this case study reveals insight into the

effects of temporal flexibility on two types of employees (i.e., managers and employees) in the Monegasque (i.e., from Monaco) luxury hotel context and contributes to a lack of studies in this branch of the literature.

Keywords: *Flexibility, Hotels, Monaco, Work-life balance*

CREATING A SUPPORTIVE INSTITUTIONAL ENVIRONMENT FOR SUSTAINABLE ENTREPRENEURSHIP IN ECONOMIES GOING THROUGH TRANSFORMATION PROCESSES

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ABSTRACT

Entrepreneurs operate in an extended network of institutions (understood as norms and regulations) and organizations. A transparent and efficient system of both institutions and organizations is essential for entrepreneurs to develop and flourish. Economies going through a transformation process present two big problems. First, there is a lack of networks, this is a legacy of the previous centralised economic arrangements; second, there is political and social pressure to create a sustainable and agile economy based principally on knowledge. Entrepreneurs in such economies face particular challenges related to the environment they operate in. Simply emulating western models does not always bring the results achieved in advanced western economies. Tailored adjustments and modifications to such models are critical to success yet are often difficult to specify precisely. Based on research conducted in Poland, the paper aims to present the dynamics of interdependencies between stakeholders within the entrepreneurial process, acting within an economy undergoing a fundamental structural and economical change. Using the example of the development of a Polish venture capital industry the paper indicates the predominant role

of trust as the foundation for efficient cooperation between the various stakeholders.

Keywords: *Entrepreneurial process, Transforming economies, Trust*

APPLYING PERFORMANCE MEASUREMENT SYSTEMS FOR EFFICIENT INCENTIVE SYSTEMS – PRACTICE FORM THE COMPANIES IN MACEDONIA

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ABSTRACT

Last decades performance measurement systems became trend in many companies. Their usefulness is already confirmed in the practice. One of the areas of their usage are incentive systems for rewarding employees. Performance measurement systems are focused on measuring

performance measures which are inputs in the incentive systems. Most used tool for performance measurement is Balanced Scorecard as a concept that include both financial and nonfinancial measures. Using performance measurement system for rewarding employees means setting performance standards with which actual results can be compared. This type of comparison serves also as a control system. The relation between performance measurement system and incentive system, although is already confirmed in big multinational companies, it is focus of research in this paper for the companies in Macedonia. Also we are examining the type of measures used for rewarding employees in the Macedonian companies.

Keywords: *Performance measurement system, incentive system, rewarding, control system, Balance Scorecard*

MANAGING CUSTOMER VALUES AS AN ATTRIBUTE OF A FIRM'S COMPETITIVENESS WITH THE SUPPORT OF INFORMATION SYSTEMS

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ABSTRACT

In the present day, when supply tends to be greater than demand, firms try to come up with a way to acquire new as well as keep existing customers. One of the options is to offer customers high value. A number of authors consider the most important part of value to be the relationship with the customer; others attribute value to a product's exceptional qualities. Value for the customer is an essential factor for

success, and it cannot be neglected or omitted. These days, consumers have an inexhaustible number of products available to them and, despite this, are not completely satisfied. The effects are appreciable when the consumer is transformed into a consumer who is informed, active and involved in a network of other consumers and firms. Fulfilling the customer's needs and wishes with the goal of providing them with value while simultaneously making a company profit are among the main tasks of marketing. However, in an overly competitive economy, it is increasingly difficult to influence a customer to choose the value of a given company. The goal of this report is therefore to determine whether and what company methods/tools determine and manage client value as an attribute of a firm's competitiveness with the support of information systems. Research investigation was conducted on the basis of managed interviews with top and line managers from companies in the Czech Republic, empirical generalization and interpretation of the results. The report's goal is to accentuate the move towards relationship marketing and provide familiarization with information systems that support managing client values, most recently with an eye on the enterprise social network. Companies that apply value-based marketing should not approach their activities as merely product and sales, but rather they should realize that it is just as important to provide the customer with values. A comprehensive integrated system for managing relationships with customers can help strengthen a firm's competitiveness. The company that fulfills the customer's expectations – identified by marketing monitoring or causal market research – in terms of value will be the one that is successful in the market. The company that exceeds the value-related expectations of the customer will moreover attain the best reputation and image and will become the subject of viral communication.

Keywords: *customer value, marketing, information systems*

THE EFFECT OF NON-ECONOMIC REASONS FOR AN OUTSOURCING DECISION ON THE BENEFITS OF OUTSOURCING

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ABSTRACT

Today we are increasingly discussing the negative aspects of the outsourcing, which are particularly pronounced when it comes to the countries in the transition economies or in less developed capital markets. Since outsourcing as a tool has its roots in the developed economies of the world, its application in the transitional countries of the Balkan region must be different. The circumstances of the market must be taken into account when assessing the results – certain non-economic factors as legislation, interest pressures and political influences play a role in making decisions about outsourcing. This paper deals with the detection of these factors and with their impact on the results of outsourcing.

Keywords: *legal framework, legislation, interest pressures, outsourcing, political influences.*

7S MODEL AS A FRAMEWORK FOR PROJECT MANAGEMENT

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ABSTRACT

Project management is new science discipline which can be considered as science of new age. This discipline is common for technical sciences as well as social sciences but definitely it is not possible to deal with it without basic knowledge about business economy, or to be clear without basic knowledge in management. For the purpose of this paper we will consider project as technical issue and try to make a framework for project management by using some elements from management. Definitely, it is not possible to do any kind of project without clearly defined methodology. So the purpose of this paper is to offer one approach in creating that methodology. So we decided to try to define the methodology of managing projects by using 7S McKinsey model which consists of next seven elements¹:

Strategy. This is system approach and allocation of resources in order to meet the goals of company.

Structure. This is organization structure and relation of power and responsibility.

Systems. These are procedures and processes such as information system, production process, budget, and control process.

Style. This is the way how top management acts and spend the time in order to meet company goals.

Staff. This is human resource in company and the it behaves in organization culture.

Shared values. These are values which are common to all members of organization.

Skills. These are visible capabilities of company.

¹ H. Weihrich, H. Koontz, *Menedžment*, Mate, Zagreb, 1998

In this paper we will try to apply these elements on project management using science method in order to create framework for successful managing projects.

Keywords: *7S model, project management, science method*

DESIGN THINKING AS A COURSE DESIGN METHODOLOGY

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ABSTRACT

Education in entrepreneurship has been receiving a re-assessment at higher education institutions over the past decade. Several problems have been identified in the delivery and contents of current entrepreneurship courses, and therefore both scholars and practitioners have called for a redesign of courses. We studied the development of a new entrepreneurship course through a descriptive chronological case study. By looking at the process of redesign it is evident the process was very similar to the Design Thinking problem solving methodology and we discuss the application of Design Thinking methodology in redesigning a novel action-based entrepreneurship course. The course design literature already states that prevailing analytical course design methods are not particularly suited to redesigning courses when no universally accepted strategies exist for achieving learning goals most effectively. Moreover, Design Thinking arguably addresses several problems of existing course

design methods. This course design is marked by teaching teams rather than single teachers per class; by the students' engaging in practice rather than simply mastering theory and writing theoretical business plans; by students' being assigned a problem space rather than a narrowly defined problem; by involvement of industry coaches, partners, guest speakers; and by an emphasis on human-centeredness. The general aim of this paper is to initiate a process of evaluating Design Thinking as a method of course design for possible use on different courses across disciplines and to explore how the approach fits into established course design approaches.

Keywords: *course design, design thinking, entrepreneurship education*

THE IMPLEMENTATION OF RFID TECHNOLOGY IN THE INDUSTRIAL CLUSTER AS AN INDICATION OF ENTREPRENEURIAL AND SUSTAINABLE DEVELOPMENT

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ABSTRACT

The article presents strategic role of technology as one of the major elements of intellectual capital in the process of creating competitiveness of an industrial cluster. There has been indicated the need for the implementation of new technological solutions in a cluster, so that this organisation can function and develop efficiently. The authors concentrate on the characteristics of the example of innovative

technology RFID, which, to their mind, can contribute to more effective realisation of the processes in cluster companies and to the creation of added value in integrated supply chains. They also emphasise that the implementation of this kind of innovation ensues from entrepreneurial behaviour. While analysing multitudinous benefits resulting from the implementation of this process and technological innovation in a cluster in terms of the concept of sustainable development, they state that it constitute one of the key ways of narrowing development gap and distinguishing cluster's companies from their competitors in the conditions of a turbulent environment.

Keywords: *cluster, entrepreneurship, technology, sustainable development, competitiveness*

MARKETING RESEARCH IS PATH TOWARDS THE DEVELOPMENT OF AGRICULTURE IN KOSOVO

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ABSTRACT

Market research as a segment or main part of marketing, is very important for business development, and the possibility of creating a new way for developing agriculture, in particular small farms in Republic of Kosovo. The purpose of this theme is to explore the willingness of farmers to invest in marketing research, in order to develop their farms, according to the policy of the Ministry of Agriculture, Forestry and Rural Development of Kosovo.

The objective of the survey is to assess the preference structure and the willingness of farmers to pay for marketing research services. We will analyze determinants of the willingness to pay (WTP) showed a significant positive relationship between WTP, household income, and other household characteristics such as education.

Market research often spreads consultancy, generating ideas or solving problems. Good research often includes all these elements. This is also a time of change for the market research industry and for this reason it is difficult to determine its limits clearly (Keegan, 2009).

To convert successfully any business idea into higher capital gains, it is important for farmers to understand and to determine the fair value of their investment. For this reason, it is important thesis that we will discuss how investing in market research proves the usefulness or profit for farms, agriculture in generally and rural development.

General condition and performance of agricultural production sectors affected by the structure of very small farms and high level of land fragmentation, limited use of modern production techniques, irrigation and storage capacity (storage) (Ministry of Agriculture, Forestry and Rural Development, 2010). Other sectors with great potential for growth and job creation in rural areas (beekeeping, medicinal plants), have a long tradition in Kosovo, but lack the financial means to invest in equipment, food security and trade (marketing) (Ministry of Agriculture, Forestry and Rural Development, 2013).

Keywords: *Agriculture, Farm, Marketing research, Rural Development, Willingness-to-pay*

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