

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

## **Economic and Social Development**



**9<sup>th</sup> International Scientific Conference**  
**Book of Abstracts**

Editors:  
**Ilko Vrankic, Goran Kozina and Vladimir Kovsca**

Istanbul, 9-10 April 2015

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## Section 1

# Globalization and Challenges of the Modern World

## **ENRICHING EDUCATIONAL POLICY MAKERS & EDUCATORS' INTERCULTURAL COMPETENCE VIA GLOBAL CONFERENCES: AN EXAMPLE OF A SOE GLOBAL CONFERENCE IN INDIA**

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### **ABSTRACT**

*In most countries in recent years, intellectual communities, educational policy makers, as well as educators are becoming more and more confident that unifying thoughts along with strategies and policies are some of the best tools and tactics to uplift educational standards and the EFL/ESL learner's outcome, economy of the country, and the wellbeing of individuals in every society. Therefore, intercultural competence (ICC) seems to be a vital vehicle towards international understanding of global educational issues as well as finding the appropriate and suitable solutions. Hence, the idea of sharing thoughts in the domain of education and intellectualism in addition to the integration of universally valuable cultural elements in schools worldwide is becoming a must. This paper emphasizes the necessity of investing in international educational conferences as a strategy toward the betterment of educational reform policies, as well as the impact of intercultural competence on educators, policy makers and strategic planners in the world of education.*

**Keywords:** *Culture and Learning, Education, Identity, Intercultural Competence*

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## **SLOVENIA'S TRADE IN GOODS AND SERVICES WITH AUSTRALIA AND NEW ZEALAND**

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### **ABSTRACT**

*This paper analyses Slovenia's trade in goods and services with Australia and New Zealand, two of Slovenia's less important trading partners. In 2012, the value of Slovenia's trade in goods and services with Australia and New Zealand amounted to €79 million (0.2 % of the value of Slovenia's trade in goods and services with the world) and €6.1 million (0.1 % of the value of Slovenia's trade in goods and services with the world) respectively. Therefore, a number of (additional) measures should be taken by Slovenia in order to enhance its trade in goods and services with both of these countries.*

**Keywords:** *Australia, New Zealand, trade in goods and services, trading partner, Slovenia.*

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## **USAGE OF SERVQUAL FOR ASSESSMENT OF CUSTOMERS` SATISFACTION WITH SERVICES OF PRIMARY HEALTHCARE PUBLIC INSTITUTIONS IN THE CITY OF SIBENIK**

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### **ABSTRACT**

*This paper presents results of an empirical research of quality of services provided in primary healthcare public institutions in the city of Sibenik (with special emphasis on family clinics) by applying SERVQUAL instrument. The research was conducted in December 2014 and January 2015 on a sample of 218 examinees and it tried to establish whether there was a difference between customers` expectation and their satisfaction with the received services in primary healthcare public institutions in Sibenik, what is the level of their overall satisfaction, what is the level of satisfaction with certain elements of services and, finally, whether specific determinants such as employment status, frequency in usage of services and usage of services (also) in private institutions significantly influence examinees` contentment with primary healthcare services in public institutions. The results have shown that there is a significant difference between expectations and satisfaction of examinees with received medical services according to all observed variables in SERVQUAL model, which leads to the conclusion that quality of services in primary healthcare public institutions in Sibenik is not satisfactory. When it comes to satisfaction with specific elements of medical services, it has been concluded that the examinees are least*

*pleased with the duration of time necessary to have physical check-ups and with insufficiently modern medical equipment. Moreover, it has been established that the frequency in usage of services significantly influences the overall contentment of the examinees whereas those who use mentioned services quite often are actually those who are the least satisfied.*

**Keywords:** *city of Sibenik, primary healthcare, service quality, SERVQUAL gap*

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## **STOCK MARKET TRADING ANALYSIS BEFORE WORLD FINANCIAL CRISES AND NOWADAYS: ZAGREB STOCK EXCHANGE CASE**

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### **ABSTRACT**

*In 2013, Croatia became a member of the European Union but it is still considered as a part of emerging and developing markets. Croatian stock market is known as Zagreb Stock Exchange (ZSE). It is an electronic market where stocks and bonds are traded since 1991. Among numerous economic indicators, general stock market situation also shows positive or negative trends and/or movements in the country. This paper will present two way analysis: CROBEX (main ZSE index) movement and daily turnover movement in period between 2007 and 2015. It will also be shown which corporations are market leaders according to the trading volume in past ten (10) years. The main objective of this paper is to provide general information on ZSE condition before global crises and nowadays with purpose to encourage worldwide readers to use this paper as a basic tool to acquaint themselves with the situation on stock market trading in Croatia. Data used for the analysis will be taken out from the historic*

*data at Zagreb Stock Exchange website which represents fully open access archive. Important note regarding this work is that it shouldn't be taken as an initiative to buy or sell securities – the only purpose is to make a review of ZSE trading before the world crises to date.*

**Keywords:** *Croatian Stock Market, CROBEX, Securities trading, World financial crises, Zagreb Stock Exchange*

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## **COMPARISON OF DETERMINANTS OF EXPORT COMPETITIVENESS OF CROATIA IN RELATION TO CHOSEN COUNTRIES IN THE ENVIRONMENT**

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### **ABSTRACT**

*This paper analyses facts connected to the export-competitiveness of Croatia in context of chosen countries in the environment, to evaluate the relative aspect of Croatian production aiming on export. The countries for comparison are chosen by key of experience in socialistic, planned economy and relatively late access to the European Union. In the analysis data is used from the period before the crisis which began in 2008, on incoming foreign investments, size of labour cost, movement of productivity of labour-force and importance of European Union market in the structure of export. By size of incoming foreign investments and especially by size of labour cost and growth of productivity rate and their correlation, Croatia is among the chosen countries in the most unfavourable position to realize growth of production meant for export. Decrease of share of*

*export to developed markets of European Union countries from the year 2000 until now witness on the inadequate export-structure and on its increasing mismatch with import demand of EU countries, opposite to the scenario favourable for Croatia.*

**Keywords:** *competitiveness, foreign direct investments, exports*

\*\*\*\*\*

## **POSSIBLE IMPACT OF G20 ON THE RESOLUTION OF THE FINANCIAL CRISIS**

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### **ABSTRACT**

*This paper will present the history of the Group of Twenty (G20), and analyze the goals, main determinants and challenges facing the Group. Furthermore, by analyzing the role of the Financial Stability Board, the paper will try to explain the causes and consequences of the financial crisis, and how it unfolded. The role of the G20 in resolving the financial crisis is analyzed in detail, followed by a description of the BRICS countries and the new economic order. The paper does not strive to put forward concrete solutions or discuss academic proposals on how to improve G20 activities. Nevertheless, the paper will present a systematic analysis of key deficiencies in the system's operations, and thus contribute to the ongoing discussion of the G20's role in the world.*

**Keywords:** *G20, financial crisis, BRICS, Bretton Woods, new economic order*

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## **OIL PRICES – ANALYSES OF ORIGINS AND IMPLICATIONS OF CURRENT DEVELOPMENT**

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### **ABSTRACT**

*Oil prices slump that began in June 2014 led to decrease in the average monthly prices of oil by 60% and got lots of attention as oil is still integral part of world energy mix with many countries' economies crucially dependent on import or export of this commodity. Fall of oil prices was surprising as it came during the period of multiple geopolitical tensions. As our article describes this was primarily caused by discrepancies between supply and demand on oil market. However we argue that market factors only created environment and provided first impetus but geopolitics inherently bound to this subject played its role in further development. We believe that Saudis decision that led to decline in oil prices was intended to help to fulfill multiple of its own goals as well as some of that of Saudis allies. With respect to EU we assume positive but differentiated impact of oil prices on economic development, with largest members benefiting less. We conclude that long run effects of current low oil prices will greatly depend on the way policymakers will be able to use low oil price environment.*

**Keywords:** *Energy markets, Geopolitics, Oil prices*

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**THE EFFECTIVENESS FUNDS PROGRAM OF SCHOOL  
OPERATIONAL ASSISTANCE AT THE ELEMENTARY  
SCHOOL IN SUMBA BARAT DAYA DISTRICT OF NUSA  
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**ABSTRACT**

*The funds Program of School Operational Assistance at the elementary school is the policies adopted by the government of Indonesia to improve the accessibility and participation rate of primary education for the poor. Through this program, the government provides funding to schools elementary and junior high school that is willing to comply with the provisions stipulated in the terms of the program participants. The urgency of this program is to reduce the burden on the poor so that they earn adequate educational services and quality. Implementation of the funds program in the School Operational Assistance in Sumba Barat Daya District of Nusa Tenggara Timur Province began in 2008 with funding is IDR 2,300,450,200, while for the year 2011 of the School Operational Assistance fund budget amounted to IDR.3,090,148,750. Funding for these programs has cost the government large enough, but what degree of its effectiveness is not known with certainty. The research problem is how to rate the effectiveness fund program of School Operational Assistance in Sumba Barat Daya District of Nusa Tenggara Timur Province. While the goal of the study was to find out the effectiveness of the funds program of the School Operational Assistance at Sumba Barat Daya District of Nusa Tenggara Timur Province. This study used a qualitative design, the data collected through interviews and documentation. While the technique of data analysis is descriptive qualitative analysis technique, namely to*

*provide a qualitative description of the facts of the research findings. Based on the results of the study show that the effectiveness of funds program of the School Operational Assistance do not maximized to improve the accessibility and public participation rate at primary education for poor communities in Sumba Barat Daya District of Nusa Tenggara Timur Province. Effectiveness is measured by the precision dimension, all of which indicates the category is not precise in terms of time, the precision of the number, target precise and precision in terms of administration. The study recommends that to improve the effectiveness of fund program of the School Operational Assistance needs to be increased control and improvement standard operating procedures mechanism of funds to implement the program.*

**Keywords:** *Effectiveness, Public Policy, the School Operational Assistance.*

\*\*\*\*\*

## **CHALLENGES FOR A MODERN UNIVERSITY MANAGEMENT**

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### **ABSTRACT**

*In the last decades, society has changed sustainably and universities have thus faced new requirements. As a result of competition and globalisation, education and knowledge management had to be adapted. Universities were forced to establish a modern management system primarily known from the private sector. In 2002, the Austrian government implemented a revised Universities Act to integrate these concepts. But changing has led to strong resistance, as the law seems to question the self-conception of the universities. The objective of this study was twofold. Firstly, we analysed the challenges for a modern university management. Secondly, we investigated specific characteristics that may affect the attitude towards a modern university management. Referring to our first objective, literature review has revealed severe contradictions between modern university management and the traditional understanding of universities. While*

*the traditional scheme has focused mainly on research, teaching is becoming more relevant in the new demand-driven university. Also, the freedom of science and teaching is limited by the strong orientation on goals that have been agreed upon with the government. Further contradictions can be identified in budgeting, leadership, hierarchy, and employee participation. To examine the second research aim, we sent a paper-and-pencil questionnaire to all members of the university under investigation. A total of 414 respondents (51% women; 58% academic members; 12.58% response rate) have submitted full data. Canonical correlations indicate that a higher engagement in research and leadership positions results in a higher acceptance of a modern university management. Interestingly, no significant differences were measured regarding the area of science.*

*Our findings identify the challenging factors for a modern knowledge and education management at universities and can certainly help to understand the ambivalent attitude towards modern university management.*

**Keywords:** *attitude, knowledge management, leadership, new public management, university*

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## **ANALYZING THE RELATIONSHIP BETWEEN BOOK TO MARKET (B/M) VALUE AND PROFITABILITY RATIOS OF TEHRAN STOCK EXCHANGE COMPANIES**

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### **ABSTRACT**

*The objective of the current research is to analyze the relationship between book-to-market (B/M) value ratio and profitability ratios in Tehran Stock Exchange companies during the recent years. If the*

*research hypotheses are approved and the model proposed in the present research is confirmed, the investors and analysts of capital market in Tehran Stock Exchange will be able to benefit from the crucial and applicable B/M ratio. Through testing the hypotheses, it was found that there exists a significant and inverse relationship between B/M ratio and Return on Equity (ROE) ratio of stockholders and EPS value; this finding is in agreement with the results of research works formerly conducted in this scope. Also, no significant correlation was observed between B/M ratio and profit margin.*

**Key Words:** *Book-to-Market (B/M) Value Ratio, Profitability Ratios, Tehran Stock Exchange*

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## **MEXICO: TAX SYSTEM FOR GROWTH AND ECONOMIC DEVELOPMENT**

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### **ABSTRACT**

*In this research, we start from the idea that the tax system of a country is closely related to the degree of state intervention and economic policy that applies. In this article, it is recognized that from little more than thirty years, Mexico's tax system has been characterized by low tax burden, high evasion and tax inefficiency, and very high tax inequity. These features are related to the neoliberal economic policy that has prevailed since the beginning of the eighties: a weak and permissive, flexible and deregulated state, and highly disciplined. Now, in the same way that Mexico retained throughout his life traces of an adverse economic policy, also suffers the fate and future of their economic development. In the descriptive research method with mixed approach, under which exposes and analyzes statistical data applies. Reveals the situation that has prevailed upon fulfillment of the policies derived from the Washington Consensus and through consultation occurs documentary shows that Mexico requires reducing economic and social inequality; therefore, it is considered necessary to apply a*

*progressive tax system, either from the perspective of spending and tax revenues. Hence, from the analysis of the Mexican tax system, the nature and composition of its structure, as well as tax changes observed for economic growth over the last three decades is explained. The main theories of taxation are revealed and analysis of statistical data is exposed for design fiscal policy strategies that foster economic development. The study focuses on the possibility of specific tax reforms. The choice of the period 1990-2014 to obtain average data that enable the tax system of the country, according to the level of the tax burden to estimate the possibility of mitigating the high economic and the low volatility of GDP, considering an idea more accurately the strengths and weaknesses of the Mexican real tax system.*

**Keywords:** *Taxation, Economic Growth, Tax Policy, Tax Systems.*

**JEL Classification:** E62, H23, H21, F43.

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## **FISCAL DECENTRALIZATION AND THE ROLE OF LOCAL GOVERNMENT IN LOCAL ECONOMIC DEVELOPMENT IN THE REPUBLIC OF MACEDONIA**

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### **ABSTRACT**

*The process of decentralization in Macedonia brought many responsibilities for local governments. With the Law on Local Self-Government were established and transferred responsibilities of local importance, which were placed under the jurisdiction of state institutions and which local authorities should perform independently.*

*In this paper the Local Economic Development (LED) is analyzed as one of the first obligations transferred to the local level. The focus is placed on local authorities as a significant role in LED and their impact regarding on their natural resources, municipal infrastructure, their fiscal autonomy, financial capacity, administrative capacity, educational structure of people, etc. We analyzed some aspects of LED such as the level of fiscal decentralization, the legal and institutional framework, the support of the central government, capital investments, etc. to conclude that the major units of the local government in Macedonia implement the responsibility for local economic development at a low rate compared to the other responsibilities that are delegated to the municipalities and that the municipalities are still dependent on central governments activities.*

*In order to analyze the impact of local government, in this paper we included a study for the municipality of Ohrid as a main tourist center in the Republic of Macedonia. In the study, there are presented the effects from the budget policy on the tourism as a main potential of local economic development.*

*Finally, taking into consideration the results of the survey, in the paper there are presented recommendations that can serve as a basis for policymaking aimed to stimulate and support local and regional economic development in the Republic of Macedonia.*

**Keywords:** *decentralization, local economic development, local government, budget policy*

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## **RISK MANAGEMENT IN THE BANKING SECTOR – OBSERVATIONS ON BASEL II IMPLEMENTATION IN CROATIA**

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### **ABSTRACT**

*The approach to risk management in organizations consists of the following stages: risk identification, measurement and treatment. When credit institutions are concerned, risk management entails the implementation of particular procedures and methods for all stages of management, including the reporting obligation. Efficient risk management enables crisis prevention, enhanced performance, reputation protection and increased stock value. The Credit Institutions Act, which largely relies on Basel II regulations, was introduced in Croatia in 2009. The pillars of Basel II recommendations are minimal capital requirements, supervisory reviews and market discipline. In this paper we focus on the IRB framework for regulating bank capital and consider some scenarios of capital reservations practice in the changing economic conditions, prevailing in Croatia for last several years. Indications that risk management practice in the Croatian banking sector was not fully satisfactory in recession period, are revealed here. Nowadays, considering the availability of credits as perhaps the most important function provided by the banks, effects of the crisis are still very*



*evident. Banks have developed an aversion to taking risks and consequently now in Croatia is lower financial offer and the availability of credits.*

**Keywords:** *banking sector, Basel II, credit risk, LGD, PD, risk management*

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## **THE LISBON STRATEGY LESSONS: PERSPECTIVES OF THE EUROPE 2020 IMPLEMENTATION**

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### **ABSTRACT**

*The Europe 2020 strategy was launched in 2010 as a successor of the Lisbon strategy with the main aim to generate smart, sustainable and inclusive growth in the European Union. Concretely, the Europe 2020 strategy has set five ambitious objectives on employment, innovation, education, social inclusion and climate/energy to be reached by 2020. Each Member State has adopted its own national targets in each of these areas. Almost half way from the start of the implementation, is a good time to assess accomplishments of the Europe 2020. Very similar to idea of the Lisbon strategy which did not meet expectations, the Europe 2020 strategy was launched with great optimism trying to retrieve all the things that did not function with the Lisbon strategy; from the aims via measures to the way of implementation. One of the problems of the implementation of the mutual strategy of the European Union member states is their heterogeneity. Furthermore, economic and financial crisis that occurred does not contribute to the achievement of the Europe 2020 goals. This paper analyses the perspectives of the fulfillment of the Europe 2020 goals assessing the so far results, but also comparing its contents and implementation to the Lisbon strategy to determine whether the past mistakes are corrected. In order to do that paper analyses and determines the deficiencies of the Lisbon strategy. Also macroeconomic conditions*

*and characteristics of member countries are taken into consideration to answer to the question whether we can hope the Europe 2020 strategy to be achieved in 2020 or not. Finally, paper identifies weaknesses of the Europe 2020 implementation and points out possible measures to strengthen the Europe 2020 implementation.*

**Keywords:** Europe 2020, European Union, Lisbon strategy

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## **WHEN ABDUL MEETS DAVID – DEVELOPING A RESPONSIVE REGULATORY SYSTEM FOR ISLAMIC FINANCIAL INSTITUTIONS: A CASE STUDY OF AUSTRALIA**

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### **ABSTRACT**

*Islamic Financial Institutions serve as a substantial potential opportunity for the Australian economy given the steady growth of the Islamic banking, its closeness to the 60% of the Muslim who reside in the Asian countries and Australian Federal Government's 'Asian Century Strategy'. Though Islamic financial institutions have expanded significantly over the recent two decades in Australia, they face a laissez faire market, which failed to address their particular regulatory needs. Operating in a conventional banking favoured environment without special regulatory treatment, the Islamic financial institutions may give in to competition at the risk of jeopardising Shari'ah compliance in Australia. Taking a risk-based perspective, a responsive regulatory system is developed, incorporating self-regulation such as the IFSB Standards, a black-letter laws and the hybrid, responsive to the business characteristics and corporate governance. A Seven-stage model was also developed*

*to operationalise the responsive regulatory framework. This study may shed light on the development of Islamic Financial Institutions to be introduced into a new market in the advanced economies similar to Australia.*

**Keywords:** *Responsive regulation, Islamic financial institutions, case study*

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## **THE ROLE AND FUNCTION OF SMALL TOWN IN REGIONAL DEVELOPMENT - CASE STUDY: SORAK TOWN**

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### **ABSTRACT**

*The purpose of this paper is to study the role and function of Sorak town as a small civic center in the regional development. The current town of Sorak in Miyandorood city, Mazandaran province, is one of the towns which have been changed into a town in 1995. The present study has been descriptive-analytic and the process was library and survey. In this direction by choosing 6 functions(1-Clinical/Medical, 2-Educational/Cultural, 3- telecommunicational/communications, 4-Agricultural 5- Commercial / Services, 6- Political/Administrative) in the form of 35 variables and using network analysis method we have studied and compared the current affairs and relations in the understudied village in two intervals before and after Sorak becomes a town. The results of studies indicates that Sorak town as a central place, have played an important role in giving services to the regions in its surrounding which has consequently caused to reduce the dependence of rural regions to city center of Sari.*

**Keywords:** *Network Analysis, Regional Development, Small Town.*

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## **THE FUTURE OF SOCIAL POLICY IN EUROPE: AN ANALYSIS OF ATTITUDES TOWARD SOCIAL WELFARE**

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### **ABSTRACT**

*One of the tasks of social policy is to support economic development. Governments invest in social policy to protect citizens from social risks (for instance, in the labor market). In this sense, economic policy and social policy are strongly linked. The different choices governments have with respect to social policy lead to variations in welfare states. Typically, scholars have divided welfare states into three groups: social democratic, liberal, and continental countries. This study examines citizens' attitudes toward social policy in 23 European countries, and especially within the three groups of welfare states. Attitudes toward social welfare are divided into two parts: respondents' opinions regarding national policy and their attitudes toward poverty. The study focuses on the connections between the type of welfare state and its citizens' attitudes toward social policy. The study also examines whether so-called situational factors (e.g., the level of income inequality, social expenditure, and social insurance) influence the social welfare attitudes of citizens. The data, which were gathered in 2012, are based on the European Social Survey's (N = 43,897) sixth round. The results show that the situational factors have an important role, especially in how citizens evaluate national social policy. However, simultaneous analyses of all the situational factors and social welfare attitudes suggest that the situational factors have only an indirect influence on attitudes toward poverty, such that respondents' opinions of national policy have a mediating role. In this sense, the results support a weak interpretation of the influence of situational factors on attitudes toward social welfare.*

*Furthermore, the results show that attitudes toward social welfare are connected to the types of the welfare states, in this analysis, especially in the Nordic (particularly Finland, Norway, and Sweden) and liberal countries (particularly Great Britain and Ireland). In these countries, unlike others, respondents' opinions regarding national policy and attitudes toward poverty are positively related. However, according to a more detailed analysis, the Nordic and liberal countries can be separated from each other. The group of continental countries was excluded from the final analysis because it seemed not to be a coherent group, as the original welfare-state typology indicated.*

**Keywords:** social policy, social welfare attitudes

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## **TOO BIG TO BE BAD? IMPLICATIONS FOR THEORY AND REVIEW OF RESEARCH ON CRIMES, VICES, AND MISDEEDS IN THE CASINO CULTURE OF MACAU**

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### **ABSTRACT**

*This is a review of research published in English that focuses specifically on casino-related crime in Macau, the largest venue for legalized gambling in the world. It suggests rich possibilities for further research and theoretical thinking into the globally relevant, yet locally specific features of this Special Administrative Region of China. Following studies that identify residents' perceptions of how their once-quiet enclave has changed under the impact of recent phenomenal growth in the casino industry, it includes discussion, not just of crimes, but of a range of undesirable roles, acts and outcomes*

*currently supported and encouraged by Macau's casino culture and its position as a border state of China. A structural tension is identified between gambling as the main source of government revenue and the need to control and enforce regulation of unsavory acts and their consequences, both legal and illegal. It presents a typology of socially defined roles and processes within this environment that permit such activities to continue even across, and sometimes because of, the borders of different governmental jurisdictions. It suggests that a theoretical approach that gives broad attention to social harm rather than specific, legally defined casino-related crimes may be the most appropriate way to study negative social impacts in this and other communities dominated by casino-related economies.*

**Keywords:** *casinos, crime, culture, social harm, Macau*

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## **THE INTERDEPENDENCE OF GDP PER CAPITA AND FOREIGN DIRECT INVESTMENT IN THE TRANSITIONAL ECONOMIES OF CENTRAL AND EASTERN EUROPE**

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### **ABSTRACT**

*The paper studies the influence of the GDP per capita on foreign direct investments (FDI) in transitional economies of Central and*

*Eastern European states. In the literature devoted to the influence of FDI on economies, the research about the determinants of the geographical pattern of FDI distribution usually focuses on the factors that determine why some states manage to draw FDI in higher levels than some other states. However, not many studies deal with the GDP per capita as a determinant why some states (i.e. their economies) are more attractive to the FDI than others. Our research focused on the transitional economies of Central and Eastern Europe. Among the states studied, we have equally studied the EU members from Central and Eastern Europe, as well as the non-EU members. By using two variables, FDI and GDP per capita, this research will determine how much FDI correlate to the standard of living represented through GDP per capita for each state surveyed. Research results will show if FDI and GDP per capita are positively correlated, which represents our research hypothesis no.1 and if that correlation is more significant in non-EU states, which represents our hypothesis no. 2. States surveyed in this research were put into three geopolitical groups: two groups of non-EU states compared to a group of more recent EU states. The methodology is based on the calculation of Pearson's correlation matrix of GDP per capita and FDI for each state and the comparison of median correlation results between the mentioned groups of states. The period surveyed was between 1994 and 2013. We have tried to find similarities and differences between these two groups of states in order to determine the influence of EU membership on the correlation between FDI and GDP per capita.*

**Keywords:** foreign direct investment (FDI), GDP per capita, transitional economies, Central and Eastern Europe, correlation.

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## **RUSSIA AS THE INITIATOR OF REGIONAL AND GLOBAL CHANGES**

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### **ABSTRACT**

*In March 2014, Crimea together with Sevastopol became a new administrative entity which was included into the Russian Federation. The process which led to this outcome was of an extremely dramatic nature. It should be noted that the previously planned actions which took place at that time were marked both by exceptional predetermination and remarkable efficiency. From that moment on, the events that have been taking place in the local and international systems, triggered by the largest country in the world in terms of its territory, began to draw the attention of politicians, businessmen and the general public. It has become clear that, regional in their nature, interventions of Russia in the Crimea and in eastern Ukraine are part of a long-term Russian strategy calculated for many years. The current foreign policy of Russia is based on all available instruments. Moscow, to attain its goals, with great precision uses political, financial, military, and economic tools. For example, it is tightening economic cooperation with China, is seeking an agreement with Germany and France, and is holding talks at the G20 summit in Milan. At the same time, it is fostering the conflict in Ukraine and is destabilizing the economic situation in Lithuania, Estonia, Latvia, and Poland. Through trade restrictions it skilfully aggravates the tensions between the European Union governments. In the meantime, it is trying to gain allies in the Balkans and in the Mediterranean area, and it is making new global alliances. It is clear that thanks to its activity in many fields, Russia has become the initiator of major political and economic transformations on a transnational scale. It is also an important player in the international arena. Here, some questions need to be asked. The key ones are as follows:*

- 1) What is the direction of the policy of the Russian Federation?*
- 2) Are the goals set by the Moscow authorities feasible?*
- 3) What will be the cost of the Kremlin's actions on a regional, continental, and global scale?*



*Finding answers to these questions will help predict and understand the scale of the transformations that may soon occur. This will also allow to estimate the resources that will be necessary in the process of the forthcoming changes.*

**Keywords:** initiator, policy, process, Russia, strategy.

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## **THE INFLUENCE OF OIL EXPORTS' DEPENDENCE ON CORRUPTION AND POLITICAL FREEDOMS IN THE COUNTRIES OF THE GULF OF GUINEA REGION**

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### **ABSTRACT**

*The paper explores the topic of the oil exports' influence on the corruption of the public sector, and the degree of political freedom in the Gulf of Guinea region. The main thesis of the paper is that a higher level of dependence on oil exports for a country from the Gulf of Guinea region means a higher level of corruption and a lower level of political freedom in the society. The most important natural resource by far that is being exploited in the region is oil. So the pattern mentioned can be found in all of the states of the region that are dependent on oil exports. This is actually the real meaning of the term "the curse of oil" or the "oil curse". A large proportion of the oil rents simply "disappears" through the corruptive behaviour of the political and military elites. Therefore, the overwhelming majority of the population in the countries of the Gulf of Guinea region spends*

*their lives in poverty. Societies that exist in the Gulf of Guinea region states would be better off without the oil and that oil is the real "curse" of this region. The research of the human development index, the corruption perception index, and the degree of political freedoms and civil liberties, done on the countries from the Gulf of Guinea region, has shown that the main hypothesis is valid. Dependence on oil exports for a country from the Gulf of Guinea region means a propensity towards a higher level of corruption of the public sector and a lower level of political freedom and civil liberties in the society.*

**Keywords:** *natural resources, oil, Gulf of Guinea region, democratization, corruption, diversification of economy.*

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## **SUSTAINABILITY REPORTING: POSSIBLE WAYS OF RETHINKING HOSPITALITY ACCOUNTING**

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### **ABSTRACT**

*The concept of sustainability reporting has emerged from developments in accounting, with roots over a period of the last forty years in a broader sense and in the narrow sense over the last ten years. While the term sustainability accounting is used to describe accounting methods that aim to create and provide high quality information to support a corporation in its movement towards sustainability, sustainability reporting, describes new formalized means of communication, which provides information about corporate sustainability. Sustainability accounting is a framework that can be*

*used to reflect economic, social and environmental impacts and demonstrate their connection.*

*In order to get an idea of whether sustainability reporting has been implemented in Croatian companies, the purpose of the paper is to investigate the achieved level of sustainability reporting in Croatia. The paper will also critically review previous research results about sustainability reporting in the hospitality industry and develop a framework for hotel sustainability reporting, in accordance with the Uniform System of Accounts for the Lodging Industry – USALI (11<sup>th</sup> edition, 2014), Global Reporting Initiative (GRI) and the new EU Directive about disclosure of non-financial and diversity information.*

**Keywords:** *sustainability reporting, hospitality accounting, sustainability accounting*

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## **THE SOURCES OF EXTERNAL IMBALANCES IN THE INTRA-EURO ZONE FROM 1999 - 2008**

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### **ABSTRACT**

*This paper gives an overview over the insights into the causes of external imbalances in intra - euro zone countries in period after the formation of European Monetary Union (EMU) i.e. inception of the euro, running up to the 2008. The present debt crisis is partly a consequence of rising external imbalances in this period. According to the largely accepted traditional explanations, the deficiencies in*

*international competitiveness in some countries are subject to interest rate convergence in core and periphery EMU countries. In this paper will be exposed the pre – euro period macroeconomic stylized facts used for creating assumptions for the general equilibrium model evolved by Farmer. The two - country one-good overlapping generations model with production, capital accumulation and public debt, with respect to capital – output ratio and under assumption of international capital mobility will show how financial integration deteriorated the net foreign asset positions of initially low-interest rates, the periphery countries. Theoretical findings will be compared with empirical observations and complemented with other explanations, such as “over-optimism”, “expected growth” and explanations that introduce some global, extra – European Union.*

**Keywords:** *external imbalance, overlapping generations model, international competitiveness*

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## **ESTIMATING THE DETERMINANTS OF GROWTH STABILITY AND INSTABILITY IN SUB - SAHARAN AFRICAN COUNTRIES: A MARKOV SWITCHING APPROACH**

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### **ABSTRACT**

*The goal of the present paper is to study the asymmetries characterizing African growth path. To model switching between output collapses and growth stability, we apply a Markov-switching model with time varying transition probabilities on 37 African countries over the period 1987 2011. Two distinct growth regimes are identified: a stable growth regime, which, despite the presence of negative values of the growth rate, is stable, and a highly volatile growth regime, in*

*which the growth behaviour range from negative to positive picks of the growth rates, and vice versa. From our analysis, we observed that the likelihood of an economy being in a stable growth regime increases with the political regime, trade and variation in the exchange rate.*

**Keywords:** *Economic Growth; Markov Regime-Switching Model; Sub-Saharan Africa.*

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## **FINANCIAL VULNERABILITY AND EXPORT DYNAMICS**

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### **ABSTRACT**

*This study documents the implications of financial vulnerability for export diversification in developing economies. Financial crises, by increasing the incidence of sunk costs of entry into exporting, reduce firm export dynamics. Financially-vulnerable exporters are not able to fully realize economies of scale in production and access better-sophisticated technologies.*

*The number of products and destinations per exporter are therefore likely to decrease in times of crisis. We use a comprehensive cross-country dataset on export dynamics, with data covering 1997-2011 for 34 developing countries to investigate this issue. Building on the generalized difference-in-differences procedure proposed by Rajan &*

*Zingales (1998) to remove any endogeneity bias, the results point to a negative and economically large effect of financial vulnerability on export diversification. Financial crises reduce export dynamics disproportionately more in financially dependent industries.*

*This effect is less pronounced in countries with initially more open capital account, suggesting that portfolio inflows are good substitutes for underdeveloped domestic financial markets.*

**Keywords:** *Financial crises, Financial vulnerability, Export dynamics*

**JEL classification:** *F12, F14, G01, O16*

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## **INDUSTRIAL POLICY AND REINDUSTRIALISATION IN TRANSITION ECONOMIES**

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### **ABSTRACT**

*Recent economic crises have changed mainstream economics a great deal regarding its view on industrial policy. Deindustrialisation was considered to be a normal path of economic development, and industrial policy was viewed with suspicion due to its theoretical incompatibility with free markets. Today industrial policy is on every country's agenda as a way of achieving economic growth. In line with that, serious questions are being raised about the desirability of the level of reindustrialisation modern economies are currently experiencing. This topic is even more important for transition economies in which deindustrialisation occurred at significantly lower levels of GDP. The aim of this paper is to analyse the existing literature on deindustrialisation of developed countries in order to ascertain the main determinants of that process. Based on that, we*

*will try to give recommendations for industrial policies in transition countries.*

**Keywords:** *deindustrialisation, industrial policy, literature review, reindustrialisation, transition countries*

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## **MARKET STRUCTURE AND PERFORMANCE IN THE BANKING INDUSTRY**

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### **ABSTRACT**

*This paper reviews the analysis of market structure and performance in the banking industries in selected countries with special remark on Croatia. During the last two decades, Croatian banking industry has experienced a transition period as a consequence of deregulation of financial services sector, development in information technology and globalization of the banking industry. Impacts of that changes were observable in areas such as number of banks and bank branches, used technologies, quality of human resources and the scope of banking operations in the industry as well as regulatory frame and institutional structure of the banking industry. This paper investigates correlation between banks' market structure and banks' performance and their impact on the performance of the banking industry. Therefore, efficiency and productivity as well as concentration are an important requirement for the development of the banking industry.*

**Keywords:** *banking industry, market structure, bank performance, Croatia*

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## REFERENCE SET OF PERFORMANCE INDICATORS OF HIGHER EDUCATION INSTITUTIONS – CASE OF THE FEDERATION OF BOSNIA AND HERZEGOVINA

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### ABSTRACT

*Calculating of performance indicators in higher education institutions arises from the need to improve the quality of higher education institutions. In this paper, the problem of research is the identification of the reference set of performance indicators in the higher education sector. Business indicators are an indispensable instrument tests and research the efficiency of business operations. The simplicity of their design and use has led to their countless multitude as soon as the opening series of questions: choice of indicators, ranking indicators, aggregating indicators and selection basis for comparison. In the public sector of the Federation of Bosnia and Herzegovina, and therefore in higher education institutions is not prescribed reporting on performance, we undertook an empirical research with the aim of creating a reference set of performance indicators of higher education institutions in the Federation of Bosnia and Herzegovina. The paper points out the deficiencies of financial analysis, analysis of safety and stability with a focus on the analysis of (dis)satisfaction of service users of higher education institutions. In this way the research conducted on a sample of 300 students in order to identify useful information for prospective students. Most of these information can be quantified and used for design and improvement of the set of indicators to measure the business performance of public higher education institutions in the Federation of Bosnia and Herzegovina.*

**Keywords:** *analysis of satisfaction of service users, higher education sector, financial analysis, reference set of performance indicators*

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## **THE IMPACT OF TAX STRUCTURES ON ECONOMIC PERFORMANCE: EVIDENCE FROM CROATIA AND TURKEY**

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### **ABSTRACT**

*There is a very limited number of instruments at a government's disposal when it tries to stimulate overall economic performance. One of these instruments is the tax structure. Moreover, at the macroeconomic level, since taxes are used to redistribute income they contribute to the economic growth of the country.*

*Therefore, it is very important to analyse the way in which a country's tax is structured as the shares of direct and indirect taxes in overall tax revenue and in GDP influence economic performance. The problem of establishing a tax system that will encourage economic growth is especially evident in the recent years due to the consequences of global economic crisis and especially in those countries with very low or negative economic growth rates.*

*The aim of this paper is to examine the tax systems of two countries: Croatia, as a new European Union Member State and Turkey as Candidate Country.*

*In this paper, the authors analyze the revenues from direct and indirect taxes in the period from 2002 to 2013 and their impact on economic growth. The analysis will primarily be focused on revenues from corporate income tax, personal income tax and VAT.*

**Keywords:** *Croatia, economic performance, tax structure, Turkey*

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## MICROCREDIT IN ITALY: SEARCHING FOR A MODEL

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### ABSTRACT

*The main purpose of this analysis is to identify a “best practice” benchmark for the microfinance phenomenon in Italy. Starting from a review of current legislation, I continue the analysis with particular reference to the various types of non-bank lenders in the market and the respective different operating methods used to provide their services. The analysis shows that although each of these operators is able to provide effective solutions in terms of financial inclusion, none is able to offer actual solutions in terms of financial sustainability. No model was found to be uniquely superior to others. Moreover, despite the wide institutional variety, a best practice benchmark cannot be currently identified. Drawing on this research, I identify three main objectives of the microfinance industry: (i) Provide access to capital in order to help vulnerable individuals and families at risk of sliding deeper into poverty and social and financial exclusion; (ii) Provide financial literacy, monitoring, and tutoring in order to avoid excessive debt load; (iii) Prevent and fight the phenomena of usury. I also identify common general issues faced by microcredit: (i) The lack of new and innovative strategies of risk management that also include soft information; (ii) Developing the ability to face high costs which are mainly due to activities aimed at collecting intangible information, promoting financial literacy and guiding the beneficiary throughout the life-time of the loan; (iii) Achievement of the sustainability of the business over time. In order to address the issues highlighted in this analysis, especially achieving the financial sustainability of microfinance institutions, the intervention of the legislator is needed. Indeed, the legislator should not solely focus on the characteristics of the beneficiary but should also help design a viable “loan delivery process” in order to define the key elements of the process of microcredit (i.e., monitoring, scoring, tutoring).*

**Keywords:** Financial exclusion, Financial inclusion, Financial literacy, Loan, Microcredit, Microfinance, Unbanked

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## **KEY ISSUES AND POLICY IMPLICATIONS FOR SWEETPOTATO PROCESSING IN PAPUA NEW GUINEA**

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### **ABSTRACT**

*The development of a food processing and preservation industry was identified by the Papua New Guinea (PNG) government as one of the priority programs in the National Agricultural Development Plan 2007-2016. Food processing using local materials was envisaged to have the potential to generate employment and income opportunities for smallholder farmers, and hence contributing to poverty reduction and food security. The PNG food manufacturing sector is small, and is dominated by foreign companies using primarily imported ingredients. The objective of this study was to assess the challenges and opportunities for developing a locally-owned food processing sector in PNG, using sweetpotato as a test case.*

*Sweetpotato was chosen because it is the main staple crop in PNG and is grown by smallholder farmers across the country all year round. Consequently, the socio-economic impact could be significant if an efficient sweetpotato processing sector could be established. The impact could be even greater if the associated technology spilled over to other food crops (cassava, yam and taro) and South Pacific countries. Research methods used included: technical trials to improve sweetpotato flour processing efficiency and flour quality; sweetpotato product development; and a review of sweetpotato processing R&D in PNG.*

*Results showed that, although there is a niche market for sweetpotato products, sweetpotato flour, as a raw material for commercial food processing, is not versatile functionally or cost competitive, compared with wheat and corn (for flour production), potato (for fries/chips), and cassava (for starch). Limited R&D resources can be better spent*

*on improving the value chain of fresh sweetpotato roots. However, if the PNG government is determined to develop a food processing industry, sweetpotato processing can be used as a pilot both to build research and development capacity in food processing, and to develop an enabling environment necessary for small to medium size agroenterprise development.*

**Keywords:** *agroenterprise development, enabling environment, Papua New Guinea, sweetpotato*

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**THE ROLE OF UNIVERSITIES IN THE PURSUIT OF  
LOCAL COMMUNITY EMPOWERMENT,  
SUSTAINABLE, SMART AND INCLUSIVE  
DEVELOPMENT IN RESILIENT COMMUNITIES. A  
COMPARISON OF POST-CONFLICT CROATIA AND  
KOSOVO**

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**ABSTRACT**

*Considerable attention has been paid, recently, to the adoption of community governance-based approaches to help addressing developing and post-conflict countries' need of achieving a minimum level development due to the lack of institutional authority or scarce Government's capacity to adopt effective solutions to issues of economic and social development and protection of fundamental human rights of the community. Universities have assumed an expanded role in local economic and social development especially in institutionally fragile countries and have helped to initiate a slow, but effective process of development within communities and territories, as the evidence collected in two Balkan post-conflict countries, Croatia and Kosovo, will demonstrate.*

*By leveraging insights from the literature on Community Governance, Community Resilience, social capital, capacity/capability building, and sustainable development, this paper emphasises a socially embedded and community-centric approach to development of territories as a strategy to transform post-conflict situations into contexts of community empowerment.*

*On these premises, the working hypothesis this paper will be based upon is that Universities are actors, amongst the others, which most likely drive territories and their communities towards resilience though steering processes of learning and adaptation, though the shaping of a knowledge based economy and through promoting sustainable development by facilitating the increase of social capital stocks.*

*The paper's research question is conducted through a methodology based on a qualitative investigation that has been carried out in two countries of the Balkan region both affected by the Balkan's War which ended in 1995. Central to the transformations developed in the aftermath of the end of the war is the emergence of new approaches for the country's resilience. The establishment of network-based relationships amongst actors helped triggering processes pursuant strategies of development supported by the role played by Universities that have helped creating the building up of social capital within the communities.*

*The paper, moreover, will seek to demonstrate that social capital leveraged by Universities plays a significant role in compensating for the weaknesses of formal structures responsible for public education, community empowerment being a crucial variable affecting policy change processes resulting from the modernization agenda. Therefore, the argument that Universities could be strengthened or weakened by informal networks connecting formal institutions with the wider society and for that reason they should be studied.*

**Keywords:** *community governance, social capital, sustainable development, community's empowerment, resilience*

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## Section 2

### Enterprise in Turbulent Environment

## **THE NECESSITY AND INFLUENCE OF HUMAN RESOURCES TRAINING FOR OBTAINING AND INCREASING THE PERFORMANCE OF MULTINATIONAL ORGANIZATIONS**

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### **ABSTRACT**

*Increasingly more multinational organizations are concerned about identifying new resources and mechanisms to ensure a continuous and significant performance. The challenges posed by this reality, constantly changing, led to theory and practice, in general, those in the field of multinational organizations, in particular, to seek solutions to manage the obtaining and performance improvement by each of them. In this context, it became necessary the reconsideration and reevaluation of the available resources potential, human resource being by far the most important. Thus, a certainty is that human resource redefine their place and importance in multinational organizations and their management. On this current reality and, of course, present also in the future, in the amplitude context of produced changes in the economic scale and not only, knowing and applying the best strategies specific for human resources training, capable of contributing to the acquisition of new knowledge, skills and abilities necessary for effectively perform the duties of a particular job, constitutes as essential aspects to be taken into account by human resources management within any multinational organization. Thus, theoretical approaches and practical work in this field, directed towards enlarging the area and deepen the specific aspects of human resources training influence on delivering performance of*

*multinational organizations, are increasingly becoming the most appropriate support of multinational organizations in a position to provide acquisition and increased performance. The content of our work, we addressed certain aspects of human resources training field, from a perspective of theoretical and applied research, which is subject of an comprehensive study that targeted the relationship between human resource development and growth of multinational organizations performance. We consider the issues raised in this paper as actual and as a starting point in solving problems faced by multinational organizations in human resources field as certain possibility to obtain performance.*

**Keywords:** *human resources management, human resources training, multinational organizations, performance*

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## **THE EFFECTS OF COMMUNICATION TO CHANGE ON ORGANIZATIONAL COMMITMENT**

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### **ABSTRACT**

*The aim of this research is to analyze the effects of communication to change on organizational commitment. The research population is employees' working in different managerial levels and branches at the Bank X which is one of the leading banks in Sultanate of Oman. 74 percent is the response rate to the distributed questionnaire. The findings conclude that there is a positive effect of employees' communication to change on employees' organizational commitment. The research discusses some of the study implications and provides suggestion for future research.*

**Keywords:** *Communication to change, Organizational commitment, Three-component model of commitment.*

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## CRM AS A TOOL FOR INCREASED COMPETITIVE ADVANTAGE IN TERTIARY EDUCATION

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### **ABSTRACT**

*Each educational institution has to be aware that it cannot exist without their basic "customers" - students. This is especially true for tertiary education, i.e. universities, because students have a wide variety of choices and are mostly not geographically limited in their choice of studies, therefore the competition between institutions is increasingly relevant. Studies show that the use of Customer Relationship Management [CRM] is widespread in larger and progressive universities in areas of higher competition, e. g. in the USA. In the areas where competition between universities is just beginning to be a major factor, CRM use for student management is a relatively new concept. The paper aims to present some starting points and considerations when implementing CRM in tertiary education. On the base of a literature review, a survey was made among students of a Slovenian mid-sized faculty that currently does not have any advanced CRM support. The results of this survey, which were analysed using basic statistical analysis, point to a variety of factors and services that influence student satisfaction and positive attitude towards the university, while on the other side giving the university crucial information about each student and their life cycle at the university through consolidated and centralised information in the CRM environment. The paper's added value is to analyse how universities can apply CRM use to increase their competitive advantage in comparison to other universities and provide students (as well as potential students and alumni) with superior services.*

**Keywords:** *customer relationship management, tertiary education, student satisfaction, competitive advantage*

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## **ANALYSIS OF COMPANIES OF THE CONSTRUCTION SECTOR IN POLAND BASED ON AN EXAMPLE OF THE QUOTED COMPANIES AND THEIR FAIR VALUE**

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### **ABSTRACT**

*According to forecasts of research companies, the year of 2014 will end in one-digit increase for the construction industry, and in 2015, another 8-10% will be recorded. This optimism follows from the fact that the largest construction companies, which are relatively well-off even during the recession, were qualified for the study. The construction boom has already established itself in Poland and in the world from two years, which currently results in the increase of the property prices, and the spectre of decrease in the property prices is fading into oblivion. However, it has to be borne in mind what was learnt at the turn of 2007 and 2008, where the property prices rapidly decreased, and interest rates of credit soared upwards, which resulted in collapse of the property market and large bankruptcies. The construction boom examined and calculated by the Central Statistical Office (CSO) is not as optimistic as the ratios for the construction provided by large construction companies.*

*The construction companies of all sizes take part in the CSO study, and the medium, small and micro companies assess the situation unfavourably. According to CSO, the construction boom was 11 minus in October 2014, and it was lower than that recorded in September, by 4 points.*

*The construction companies quoted on the Warsaw Stock Exchange on the WIG-BUDOWNICTWO index were subjected to the study. During the study it was demonstrated how the construction companies deal on the property market and what financial results they achieve.*

*They were subjected to a thorough economic analysis, and their value over the years was determined. At the same time, it was examined whether companies of the construction sector have the fair value or if they covered the losses from the time of the first global economic*

*crisis and the collapse occurred at the time on the property market, in which pieces of properties can be bought even 50% cheaper.*

**Key words:** *construction sector, financial condition, profitability, fair value.*

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## **EU CORPORATE GOVERNANCE, RECENT TRENDS AND DEVELOPMENTS, RELATED TO BOARD COMPOSITION AND CONFLICT OF INTERESTS**

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### **ABSTRACT**

*A modern and efficient corporate governance framework for European undertakings, investors and employees must be adapted to the needs of today's society and to the changing economic environment.*

*High performing, effective boards are needed to challenge executive management. This means that boards need independent non-executive members with diverse views, skills and appropriate professional experience. Such members must also be willing to invest sufficient time in the work of the board.*

*The article addresses the following subjects which are at the heart of good corporate governance:*

**Comply or explain approach:** *The 'comply or explain' principle is an important tool for the application of the corporate governance rules in the EU. Most corporate governance is soft law and guidelines are included in voluntary national codes of conduct. In principle, member countries decide upon what type of legal instrument to use, in the respective field: mandatory or 'comply or explain'.*

**Board of directors, structure and composition:** *There is no uniform approach as regard structure of corporate governance. As generally known, there are two basic concepts of the public limited (joint stock) companies' corporate governance structures: one and two tier system. In EU, different board structures coexist. Depending on the country, listed companies may put in place either a 'single board' system (also*

called 'monistic' or 'unitary board' system), a two-tier (or 'dual board') system or some form of mixed system.

**Non-executive or supervisory directors:** *The administrative, managerial and supervisory bodies should include an appropriate balance of executive (managing) and non-executive (supervisory) directors such that no individual or small group of individuals can dominate decision-making on the part of these bodies. A sufficient number of independent non-executive or supervisory directors should be elected to the (supervisory) board of companies to ensure that any material conflict of interest involving directors will be properly dealt with.*

**Independent directors:** *A director should be considered to be independent only if he is free of any business, family or other relationship, with the company, its controlling shareholder or the management of either, that creates a conflict of interest such as to impair his judgement. duties is assured (Annex II, which identifies a number of situations reflecting the relationships or circumstances usually recognised as likely to generate material conflict of interest). Boards should be organised in such a way that a sufficient number of independent non-executive or supervisory directors play an effective role in key areas where the potential for conflict of interest is particularly high.*

**Board committees:** *Nomination, remuneration and audit committees should be created. The nomination, remuneration and audit committees should make recommendations aimed at preparing the decisions to be taken by the (supervisory) board itself. The primary purpose of the committees should be to increase the efficiency of the (supervisory) board by making sure that decisions are based on due consideration, and to help organise its work with a view to ensuring that the decisions it takes are free of material conflicts of interest.*

**Keywords:** *Non-executive or supervisory director, Board committees, Independent directors, Qualifications and commitment of directors, Evaluation, transparency and communication of the (supervisory) board*

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## THE IMPACT OF PRODUCT INOVATION ON THE MARKET POSITION AND PERFORMANCE OF THE COMPANY

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### **ABSTRACT**

*This article deals with the measurement of customer satisfaction among 320 randomly selected customers of the company, who have made the purchase in the last three months. The subject of the research is the size of the impact of the changed sales method (the way of selling), which represents an innovation in the process of selling company's products, on customer satisfaction. The study includes four of the company's relevant factors of customer satisfaction. These are: understandability of presentation, length of presentation, the (time of) product delivery and customer expectations of the product. The study is based on a survey, which was carried out as a telephone interview. The main question is whether a buyer is satisfied with the implementation of the sale and purchased product. The survey results confirm, that a majority of respondents is satisfied with the sales method and is up to buy any other product of the company. Among the objectives of the measurement of customer satisfaction, the most important for the company, is maintaining the contact with customers and expanding sales. There is a correlation between established innovation and customer satisfaction. There is also a correlation between customer satisfaction and his loyalty. More, as the company considers how to innovate the selling process, what will bring better perception of customer's needs and satisfying the identified needs, the more it can increase the market share and thereby the profits of the company. Basic finding of this article is that introduced innovation into the sales process had positive impact on the customer satisfaction, with existing, as well as with new customers. Customers, because of theirs current satisfaction with a way of selling and satisfaction with product, indicate they are willing to buy also other kinds of products of the company.*

**Keywords:** *marketing innovation, company (enterprise), customer (buyer), satisfaction, loyalty.*

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## **EVALUATION OF ACCOUNTING LEGAL REGULATION AND ITS ROLE IN THE QUALITY OF FINANCIAL REPORTING (AN ACTUAL OVERVIEW IN REPUBLIC OF KOSOVO)**

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### **ABSTRACT**

*In order to ensure optimal conditions in the business entity, where all business operators should take right and effective decisions, it is necessary to provide basic information, which will help in this process. In this case, because of its special role and importance, we highlight the information that is generated by accounting.*

*In developing the accounting of a country, there are different factors that affect and not only economic, but also legal, social, cultural, and not just accountants but also users of accounting information. The change of these factors has resulted in the change of their impact on the development of accounting.*

*For the accounting to be understandable and credible, it must be constructed in accordance with the rules and specific instructions. This results in the necessity of accounting adjustments to provisions and harmonization with international standards. Like in all countries, as well as in Kosovo, there must exist and function the accounting regulator in full compliance with the standards of the country and, where appropriate, in coherence with the International Accounting Standards / International Financial Reporting Standards.*

*Based on statistical and econometric analysis of primary data collected, this paper will present a picture of the current accounting and financial reporting regulations in Kosovo, including the level of*

*standardization of accounting as a tool for unifying the language of business to open the way for further development and integration.*

**Keywords:** *accounting, accounting information, accounting regulations, accounting and financial reporting standards, econometric model, financial reporting.*

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## **THE IMPACT OF CORPORATE GOVERNANCE ON BANKS PERFORMANCE AND LOAN QUALITY: EVIDENCE FROM ITALIAN CO-OPERATIVE BANKS**

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### **ABSTRACT**

*In the banking system, a context characterized by growing instability and by the speed of evolution of business dynamics, the system of corporate governance plays a key role, both for large banks and for banks with a smaller size.*

*The paper aims to investigate the influence of corporate governance of the banks that operate in the cooperative credit system on performance and quality of loans, over the years 2010-2011-2012.*

*The analysis is conducted on a sample composed of 48 Italian banks, divided into 24 cooperative banks and 24 popular banks. The sample is made up of banks from all over Italy and very different in terms of*

*dimension. The methodology of analysis is based on multivariate OLS regressions.*

*The main results refer to the presence of significant relationships between board dimension and the quality of loans, and among the number of committees and performance and the quality of loans.*

*The presence of a significant and negative relationship between the board dimension and the ratio of impaired loans to gross loans, indicates the possibility that enlargement of board dimension allows a better quality of loans.*

*The presence of a positive relationship between the number of committees and the ratio of impaired loans to gross loans signals the possibility that a greater number of committees can produce a worse quality of loans. The presence of a negative relationship between the number of committees and bank performance suggests to limit and manage the complexity of governance in banks operating in the cooperative credit system.*

**Keywords:** bank, corporate governance, performance.

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## **ORGANIZATIONAL FLEXIBILITY AND CHANGE FOR MANAGING THE BUSINESS CONTINUITY**

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### **ABSTRACT**

*The contemporary tendency of any advanced business entities is predominantly aimed at establishing a model through which they would simultaneously recover from business disruptions, distortions, conjunctions, loose of public image and other manifestations of*



*organizational crises and at the same time build-up skills and capabilities to prevent and further anticipate the potential for future mismanagement related their processes and behavior. In effecting the above objectives, a proper, consistent, integrated and standard-based managerial approach is crucial for creating the Business Continuity Management (BCM) as a continuous struggle for an integration of stability and change, flexibility and continuity, as well as stimulus that leads to harmonization of processes of external adaptation and internal integration.*

*Managers are increasingly attempting to measure and manage an optimal developmental path, in which the clear determination of signs of crises possesses not only external, but more intensively internal managerial implication. The importance of applying the BCM model is predominantly expresses at organizational, but also at group/team level, as well on personal managerial and non-managerial degree, aimed at increasing the organizational effectiveness and efficiency.*

**Key words:** *Flexibility and change, Organizational resilience, Business continuity management (BCM), British Business Standard 25999*

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## **ANALYSIS OF THE ROLE OF INSTITUTIONAL INVESTORS IN THE IMPLEMENTATION OF THE CORPORATE GOVERNANCE IN CROATIA**

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### **ABSTRACT**

*In order to determine the role of institutional investors in the implementation process of corporate governance companies, which have submitted an annual survey on the Code of Corporate Governance for the year 2013, were analysed. Various data regarding investments, shares and financial information were collected from financial statements of chosen companies. An analysis of the collected data was performed in order to give insight in investors and to determine the role of institutional investors in the implementation process of corporate governance.*

**Keywords:** *institutional investors, corporate governance, Croatia*

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## THE IMPACT OF INTANGIBLE ASSETS ON FINANCIAL PERFORMANCE OF CROATIAN COMPANIES

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### ABSTRACT

*Intangible assets are identified as important factor which can significantly contribute to financial position and profitability of a company. Recently, importance of intangible assets is considerably increasing what is indicated by higher investments that companies make in this component of non-current assets. The main objective of this paper is to identify relationship between investment in intangible assets represented by intangible assets to total assets ratio and financial performance of companies represented by various financial ratios. Also, relationship between investment in intangible assets and bankruptcy status will be determined. Mainly, profitability ratios as Return on Assets, Return on Equity, Net Profit Margin, Gross Profit Margin etc. are used as measures of financial performance. The empirical findings are based on sample which consists of companies that operated in Republic of Croatia. Financial information was obtained from annual financial statements which are publicly available on Croatian Financial Agency website. The sample comprises of two groups. First group consists of companies which opened a bankruptcy proceeding and second group consists of companies which haven't opened a bankruptcy proceeding. Information about bankruptcy status was obtained from Croatian Official Gazette website. The companies included in sample are classified in two activities - manufacturing industry and wholesale and retail industry.*

**Keywords:** *Bankruptcy, Croatia, Financial Performance, Intangible Assets*

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**INTRODUCING CRM CONCEPT AND  
ACCOMPANYING ORGANIZATIONAL CHANGE IN  
PUBLIC COMPANY AS A POSSIBILITY FOR  
IMPROVING SATISFACTION OF RESIDENTS**

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**ABSTRACT**

*One stage in development of marketing as a business function was the introduction of customer relationship management (CRM) concept. Organizations recognized the potential for generating additional value and competitive advantage by moving their orientation from products and services towards customers. Directions for improvement derived from the environment became as significant as those designed internally, by organization itself. Public companies also became aware of the influence of customer satisfaction on business performance and financial results. CRM idea was adopted worldwide by government representatives, who realized that the best value in public service delivery can be achieved by focusing on the needs of customers, or in this case residents. However, although the benefits which this concept can provide in public enterprises were emphasized*

*by many researchers, its implication on public service is still far from reaching its full potential, particularly in developing and underdeveloped countries. Nevertheless, the use of customer orientation idea in public companies remains to be widely spread and it should represent the guideline for local authorities in such countries. It is not necessary for public companies to buy expensive CRM applications in order to improve customer satisfaction and customer knowledge. In the beginning they can use the data stored in their current information system database for establishing CRM principles in their business, with only minor adoptions. In this way certain benefits can be achieved without implementing radical organizational change. This paper aims to propose a possible solution for adopting CRM concept and improving customer satisfaction in public company which is providing parking service in capital of one developing country from Europe.*

**Keywords:** CRM, Customer Relationship Management, Marketing, Parking, Public Company, Public Service, Organizational change, Organizational structure, Satisfaction of residents

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## **EXAMINE THE RELATIONSHIP BETWEEN BOARD CHARACTERISTICS AND PERFORMANCE FIRMS LISTED IN TEHRAN STOCK EXCHANGE BASED ON FUZZY REGRESSION**

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### **ABSTRACT**

*The present study is the relationship between the characteristics of the Board of Directors of the Company. Characteristics considered in this study consists of non-duty members of the board, separating the functions of chairman of the board of management, board size, changes in members' gender diversity on the Board of institutional owners. In this paper, variable size, operating cash flow and leverage as control variables have been considered. To conduct the study, companies listed in Tehran Stock Exchange for 83 to 88 years were examined and 159 companies were selected. In this study, the ratio of return on assets is represented as a function of the applied. To test the hypothesis, the fuzzy linear regression coefficients were used. The results show that, compared with other members of the Board shall, segregation of duties, the Board, gender diversity and leverage are negatively correlated with performance. In this study, changes in the Board of Directors, the Company's operating cash flow and have a direct relationship with firm performance. The study found no association between institutional ownership and firm performance.*

**Keywords:** *board of director characteristics, performance, return on assets, fuzzy regression*

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**"BUSINESS PROBLEMS IN A WOMEN'S SMALL  
ENTREPRENEURSHIP - THE BOSNIA AND  
HERZEGOVINA CASE OF POST CONFLICT AND  
TRANSITION CONTEXT"**

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**ABSTRACTS**

*Economic empowerment of women can lead to better growth, greater competitiveness and better human development. Economic empowerment of women through entrepreneurship and small business offers a huge space for the introduction real changes in their lives. Entrepreneurship and small business located in the center of events as change agents in the world, regardless of whether it is more or less developed countries. Why? Because it is an important source of job creation and open career opportunities for both men and women. It is an indisputable fact, however, that one is going, extensive presence of asymmetry in the approach to entrepreneurship and small business, which, among other things, also reflected in the trends in the labor market. Men and women were and still are affected by the loss or reduced employment security, or job loss, and women take an increasing share of responsibility cost of living adjustment for the family. But man traditionally "remains" breadwinner of the family as conditional access to employment, and this fact leads to high levels of participation of women on the list of the unemployed. For all that, as a result, self-employment has become for many women this is their only chance for paid work. At the same time, however, women are*

*confronted with fewer opportunities to start their own business due to specific gender barriers in access to information, support networks and collateral. Determining sexually sensitive policies in supporting the development of small and medium business is therefore an important priority of economic policy in countries in transition. The primary goal is that through a descriptive study (first in Bosnia and Herzegovina) to determine whether and to what extent business problems are present in a woman's small entrepreneurship in Bosnia and Herzegovina in post-conflict and transitional reality. In a broader context, the results should show whether and to what extent business problems are related to insufficient economic education, and to indicate the level of readiness of women entrepreneur in small business to further education, and the purpose of acquiring the knowledge necessary for solving business problems. Work will in this regard try to show what the current economic opportunities for additional education for women entrepreneur in Bosnia and Herzegovina. For the realization of the research there will be used all the basic methods of logical and scientific knowledge. Research on this topic was based on primary data collection methods, testing techniques through surveys. To this end, we have interviewed 125 women entrepreneur in small business in Bosnia and Herzegovina. The work will include theoretical analysis of the concept of women's entrepreneurship in general, based on the available literature, scientific articles, professional journals, and other available and relevant information. In connection with the interpretation of the data obtained, the paper will in this regard provide recommendations for measures to ensure the initial conditions (empowerment through all forms of education and training) that would result in a larger (self) employment of women and their increased participation in economic activities.*

**Keywords:** *women's empowerment, women's entrepreneurship, self-employment, business problems, post-conflict and transitional context*  
**JEL Classification:** *L -26*

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## **WOMAN ENTREPRENEURS IN KOSOVO**

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### **ABSTRACT**

*The entrepreneurship has no long history of the activity in Kosovo. This activity has started during the second half of last century, mainly with small businesses. During the eighties, the private business got a new strength, more rapid in all sectors. The number of businesswoman during this period of time has been very low. This was due to inability for starting a private business as well as due to the lack of sufficient experience in this sector.*

*During the nineties, the private entrepreneurship, both for man and woman has been brought to minimum due to a inconvenient situation for developing a business. Even the small number of private businessman or businesswoman who was doing business did not have an appropriate legality from the Serbian regime installed in the economy of Kosovo then. A lot of people became jobless as a consequence of massive violent termination of the employment in the social sector by Serbian regime; therefore they were forced to work "illegally".*

*The number of businesswoman registered in the government institutions during the nineties was very low, while after the year 2000, they started to work as entrepreneurs in a regular way, in a full compliance with the legislation of the Republic of Kosovo. This number is rapidly increasing as a result of the aid extended from different international organizations as well as different donors, through financial aid or the professional training provided for them. Despite that the profit of businesswoman is rather low, they have still partiality to create a better life for them and their families, employing*

*an appropriate number of workers, mainly family members and relatives.*

**Key words:** *entrepreneur, woman entrepreneur, self-employed, female entrepreneurship*

**IUSE02:** *The challenges of Entrepreneurship*

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## **CLUSTER DEVELOPMENT AND MAPPING PROCESS IN CROATIA**

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### **ABSTRACT**

*Clusters present a geographical nearby group of interconnected companies and associated institutions in a particular region that stimulates the creation of the innovations and new knowledge. The research stress main importance of cluster conception and their benefits what is very important for countries characterized by large regional disparities like Croatia. Although some institutions know why clusters are important, there is still no adequate co-operation, coordination and no synergy between actors, nor mutual trust between them in Croatia. This paper provides a review of cluster mapping process initiated by the Croatian Government and EU. The main outcome of the review was the recommendation that three "priority" agglomerations are considered for developing into regional or sub-regional clusters in Croatia - manufacture of furniture and wood processing sector, manufacture of parts and accessories for motor vehicles together with associated general engineering sector and manufacture of food.*

**Keywords:** *benefits, cluster, Croatia, development, mapping process,*

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Section 3  
Entrepreneurship Caught Between Creativity and  
Bureaucracy

## **HOW TO INTEGRATE ENTREPRENEURSHIP EDUCATION AND CREATIVITY INTO A BUREUCRATIC ENVIRONMENT (CASE STUDY)**

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### **ABSTRACT**

*Research has revealed that there is a positive correlation between entrepreneurship and economic growth. As a consequence, the European Commission is taking action on enhancing entrepreneurship and recommends appropriate entrepreneurship training in schools and higher education. Besides other factors, entrepreneurship education is often characterised by creativity, problem solving, interdisciplinarity and practice orientation. With respect to these aspects, universities might not be the right environment to launch an education for entrepreneurship and creativity. They are often inflexible institutions characterised by bureaucratic structures, laborious decision processes, and highly regulated procedures. Although they should teach entrepreneurship and creativity, they are caught up in bureaucracy and stagnancy themselves. Nevertheless, universities are obliged by government to contribute essentially to entrepreneurship education. In this case study, we examined the integration of entrepreneurship education under the challenging circumstances mentioned above. The university in this case study is home to more than 32,000 students and 4,000 employees, 6 faculties, 76 departments, and about 120 study programs. Due to cooperation with other institutions, about 60,000 students are allowed to participate. The program in this study provides basics in management, entrepreneurship and intrapreneurship to increase general*

*employability and to promote creativity, interdisciplinary thinking and entrepreneurial acting. The findings of our study indicate the importance of a setting that allows students to participate irrespective of their discipline or the progress in their studies. Moreover, it seems advantageous that students can customise the program according to their specific needs. The importance of flexible integration into regular academic studies has to be emphasised. In this study, we provide an adequate solution to master this challenge in a bureaucratic environment.*

**Keywords:** *bureaucracy, entrepreneurship education, integration, university*

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## **WHICH SMES PERCEIVE ACCESS TO FINANCE AS AN OBSTACLE TO THEIR OPERATIONS? EVIDENCE FROM TURKEY**

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### **ABSTRACT**

*Small and medium-sized enterprises (SMEs) have a fundamental role in the economic growth and job creation in almost all economies in the world. Access to finance is fundamental for the survival and growth of SMEs. However, financial constraints are considered to be one of the most important factors that impede the growth of these firms. To contribute to the understanding of the financial constraints faced by SMEs, this paper sets out to find the firm level determinants of perception of access to finance as an obstacle to the operations of Turkish SMEs. We find that size, age, percentage of sales exported and business group affiliation do not have an effect on the tendency to see access to finance as an obstacle. Audited firms are less inclined to see access to finance as an obstacle to their operations. This inclination decreases with an increase in the percentage of sales exported. Firms that have made a recent credit application have a*

*lower tendency to see access to finance as an obstacle. This tendency is strengthened with an increase in the percentage of sales exported.*

**Keywords:** *Bank loans, Financial Constraints, SMEs*

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## **THE ANALYSIS OF GENDER CHARACTERISTICS OF COMMUNICATION IN THE CASE OF INTERVIEWS WITH CROATIAN AND GERMAN ENTREPRENEURS**

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### **ABSTRACT**

*This paper analyzes the features of gender-marked language of communication and examines its relationship with the leadership styles of female and male entrepreneurs. The theoretical part of the work provides a solid foundation that is used for the verification of empirical research. It takes into account the characteristics of female entrepreneurship as underrepresented, but also the shape of a growing business in the Republic of Croatia, the characteristics of male and female leadership styles and the differences between them not only in Croatia but also in Germany, as well as the linguistic expression of the characteristic features for both women and men, focusing on their differences as well.*

*The empirical part of the work is based on the testing corpus, which consists of 20 written interviews with entrepreneurs, collected from magazines, newspapers and downloaded from the Internet. At each*

*interview, a total of 27 variables related to linguistic behavior were questioned. The study evaluates the types of arguments used by entrepreneurs of Croatian and German national identity. Also, a great attention is paid to the structure of the argumentation processes. The results showed that only certain parts of the linguistic behavior mentioned in the theoretical part can actually be attributed to women or men, thus the style of leadership which they belong, and whether the results are identical according to the national identity of respondents.*

**Keywords:** *gender-marked language of communication; leadership styles of female and male entrepreneurs*

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## **INTERDEPENDENCE OF INTERNAL AND EXTERNAL INTEGRATION ON THE CASE OF TRAVEL AGENCIES**

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### **ABSTRACT**

*Internal and external integration in managing supply chains are important factors for achieving success of individual companies and wider, for success of all companies cooperating in a supply chain. The interdependence of internal and external integration can be defined with an interactive mode, which points to a positive influence on company performance. The higher the level of internal integration is, the higher the influence of external integration is on company success, in particular from the logistics point of view. In the frame of awareness of importance of both levels of integration, we will research the connection between and the influence of internal integration on external integration on the case of travel agencies. The level of internal integration in this research is generally dealt with on the level of an individual agency, while the level of external*

*integration is composed of the integration of travel agencies with tour operators and other travel agencies, transport services (air, rail, bus and water), accommodation providers and insurance companies. The results of research, performed with statistical analysis of questionnaires and structural equation modelling, point to a positive correlation and positive influences of internal integration with external integration.*

**Keywords:** *External integration, Internal integration, Interdependence of integration, Travel agencies*

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## **SMEs IN BOSNIA & HERZEGOVINA AND CROATIA: IS THERE A FUTURE FOR PARTNERSHIP FORMS?**

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### **ABSTRACT**

*In most of the European jurisdictions, small and medium-sized enterprises (SMEs) incur significant costs in carrying out their regular business activities due to the legal requirements imposed on them, which are traditionally tailored to satisfy the needs of large public companies. As a result, the need for providing business organization forms which will meet the needs of smaller businesses has been recognized recently. This paper examines legal characteristics and usage of different forms of partnerships and certain hybrid legal forms as types of business organizations in*



*several European countries with the aim of establishing the advantages and disadvantages of their use. The results are then compared with the existing legislation in Bosnia and Herzegovina and Croatia. There has not been much use of partnership forms in these countries, mainly due to the unlimited liability imposed on partnerships members. Following recent trends of some jurisdictions allowing limited liability partnerships, the aim of this paper is to examine the attractiveness of partnership form features and to discuss the possibility of creating new hybrid business forms which will suit the needs of SMEs in these countries.*

**Keywords:** *organization form, partnership, small and medium-sized enterprises*

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## **ROLE OF SMEs IN THE ECONOMIC DEVELOPMENT**

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### **ABSTRACT**

*The aim of this paper is the analysis of data regarding the SME sector in Kosovo, the presentation of current positive and negative development trends within this sector as well as offering recommendations towards the intensification of government incentives towards creating a sustainable environment for SME development, focused on the economic development of Kosovo.*

*This paper analyzes (i) data regarding SME development in Kosovo such as: size, activity, legal status, business age, strategic orientation*

*of SMEs, their financing sources, SME contribution in GDP, their international activities, their impact in the labor market and other relevant data, (ii) data regarding existing barriers, opportunities and challenges towards SME development in Kosovo as well as (iii) data regarding developmental support for the private sector through government policies and SME development strategic aims.*

*Aiming on creating the environment for supporting sustainable business development and employability optimization, emphasis should be given to: reduction of administrative and regulatory obstacles towards establishing new businesses as well as developing existing ones; improvement of businesses' access to funding opportunities especially for startups; reporting from SMEs in compliance with established standards; integration of prevalent informal economies into the formal economy; promotion of entrepreneurial culture and other alternative solutions for promoting SME growth as a catalyst for economic growth and unemployment reduction.*

**Keywords:** *Economic development, SMEs, Kosovo, policy support, employability.*

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## **LOW BUDGET HOME BASED BUSINESS: A PROPOSAL FOR SUSTAINABLE ENTREPRENEURSHIP FOR BRAZILIAN MEGACITIES (SÃO PAULO)**

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### **ABSTRACT**

*This study aims to analyze the contribution of the creation of daycare centers for seniors (typically non-medical services) and children to promote sustainable development as well as social support in urban centers of megacities in emerging economies of developing countries, like São Paulo/ Brazil. The current scenario presents: longer life expectancy and increasing numbers of older people; the growing presence of women in the market and the hierarchy of companies making more and more difficult for them to take care for small children and elderly as well as the failure of public care structure to respond adequately to citizens' demands . In addition, families are getting smaller which removes potential caregivers within them. Large arrangements for caring can be useful in some contexts, but generally, require commuting from home to the support structure and new public and private investments. The potential reduction of human daily dislocations could improve the environment and life quality in megacities: decreasing CO2 emissions, pollution and the volume of traffic; giving practicality to everyday life of families with dependent members of care and generating new opportunities of small business. In addition, this new residential structures employment might reduce the need to shift the caregivers themselves to their work place,*

*strengthen community bounds and not require immobilization of new properties of the exclusive use for Care centers in highly urbanized areas. The methodology used in this paper is based in the exploratory-descriptive and bibliographical-documentary method.*

**Key words:** *daycare centers, low budget, megacities, developing countries, Sustainable entrepreneurship*

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## **DETERMINANTS OF WORKING CAPITAL AND INVESTMENT FINANCING PATTERNS OF SMES: EVIDENCE FROM TURKEY**

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### **ABSTRACT**

*This paper analyzes the firm level determinants of the financing sources composition of working capital and fixed asset investments of Turkish SMEs with a system of equations approach. Using the cross-sectional data set of 1,278 SMEs for year 2013, we find that larger firms and firms that have an internationally recognized quality certification finance a lower proportion of their working capital with internal funds. The proportion of working capital that is financed with bank loans is higher for these firms. A higher portion of working capital is financed with purchases on credit from suppliers and advances from customers by firms that are larger and firms that are younger. Firms with lower export intensity finance a higher portion of fixed asset investments with internal funds. The proportion of fixed asset investments that is financed with bank loans is lower for older firms. Older firms and firms with a lower percentage of sales made on credit use internal financing more intensively to finance both working capital and fixed asset investments. Firms with a higher percentage of sales made on credit finance a higher portion of their working capital and fixed asset investments with bank loans.*

**Keywords:** *Financing Patterns, Investments, SME, Turkey, Working Capital*

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## **THE ROLE OF HIGHER EDUCATION INSTITUTIONS IN THE DEVELOPMENT OF ENTREPRENEURSHIP COMPETENCES ON THE STUDY PROGRAMS OTHER THAN ECONOMICS**

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### **ABSTRACT**

*“Entrepreneurial Croatia” – that is the name for a strategy of education for entrepreneurship, which gives us a framework for a systematic development of educational entrepreneurship. It also supports a more market-oriented way of thinking, and serves as a preparation for the new economic trends in the development of human resources. Through the initiation and development of entrepreneurial way of thinking and the development of entrepreneurial competences, production and exports are increased as well as the overall employment rate in a particular country. Besides its positive effects on the growth of newly founded firms, entrepreneurial competence also acts positively on the more efficient ways of using the existing creative potentials of knowledge and skills in the society. The interest for educational programs that support and develop entrepreneurial competence is on the rise. The research whose results we are presenting was aimed at determining entrepreneurial competence. The research was done using the structured questionnaire and it included 321 students of The University North, enrolled in study programs that do not belong to the economic study programs nor are connected with them. Descriptive statistical method was used to analyze the data. The results of the research have shown that a higher level of entrepreneurial competence increases the affinity towards*

*entrepreneurial behavior. The results of the research have also shown that teaching in higher education institutions does not significantly develop entrepreneurial competences. Entrepreneurial competence is a key for a higher competitiveness, personal development and sustainable employability of an individual i.e. student. It helps in the creation, recognition and use of opportunities and introducing changes. Entrepreneurial competence makes innovation, survival and growth in a dynamic and competitive environment easier.*

**Keywords:** *higher education institutions, entrepreneurial competences, study programs other than economics, competitiveness.*

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## **THE IMPORTANCE OF FAMILY BUSINESSES IN THE ECONOMY**

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### **ABSTRACT**

*Family businesses belong to a small group, which has a significant share in the domestic business. Among family business there was decidedly smaller number of falls recorded, as well as wrong financial decisions or reduction than for other entities in the same sector. Family businesses contribute to the fact that the Polish economy has one of the better results. The article shows the role and importance of family businesses in the economy based on family companies registered in Ciechanów.*

**Key words:** *family business, specificity of family business, economic impotence of family business.*

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