



14th EBES CONFERENCE - BARCELONA PROGRAM AND ABSTRACT BOOK

**OCTOBER 23-25, 2014
BARCELONA, SPAIN**

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EBES

Eurasia Business and Economics Society

Eurasia Business and Economics Society (EBES) is a scholarly association for scholars involved in the practice and study of economics, finance, and business worldwide. EBES was founded in 2008 with the purpose of not only promoting academic research in the field of business and economics, but also encouraging the intellectual development of scholars. In spite of the term “Eurasia”, the scope should be understood in its broadest term as having a global emphasis.

EBES aims to bring worldwide researchers and professionals together through organizing conferences and publishing academic journals and increase economics, finance, and business knowledge through academic discussions. To reach its goal, EBES benefits from its executive and advisory boards which consist of well-known academicians from all around the world. Every year, with the inclusion of new members, our executive and advisory boards became more diverse and influential. I would like to thank them for their support.

EBES conferences and journals are open to all economics, finance, and business scholars and professionals around the world. Any scholar or professional interested in economics, finance, and business around the world is welcome to attend EBES conferences. Since 2012, EBES has been organizing three conferences every year: One in Istanbul (possibly in the early summer) and two in Europe or Asia (possibly in January and in fall).

In 2011, EBES began publishing two academic journals. One of those journals, *Eurasian Business Review - EBR*, is in the fields of industry and business, and the other one, *Eurasian Economic Review - EER*, is in the fields of economics and finance. Both journals are published bi-annually and we are committed to having both journals included in SSCI as soon as possible. Both journals are published by *Springer* and currently indexed in the *Cabell's Directory*, *Ulrich's Periodicals Directory*, *RePEc*, *EBSCO Business Source Complete*, *ProQuest ABI/Inform*, *IBSS: International Bibliography of the Social Sciences*, and *EconLit*. In 2011, EBES also started to publish the *EBES Anthology* annually to give opportunity for the papers presented at the EBES conferences.

Furthermore, in 2014 EBES partnered with Springer which has started to publish EER and EBR, along with a new conference proceedings series: *Eurasian Studies in Business and Economics*. The new series includes selected papers from the EBES conferences and expects its first title to be released early next year. The proceedings are already indexed in the Thompson Reuters Proceedings Index and both EBES and the Springer expect that the series will benefit greatly from the partnership.

On behalf of the EBES officers, I sincerely thank you for your participation and look forward to seeing you at our future conferences. In order to improve our future conferences, we welcome your comments and suggestions. Our improvement is only possible with your valuable feedback and support.

I hope you enjoy the conference and Barcelona!

With my very best wishes,

Jonathan Batten, PhD
President

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Welcome to the 14th EBES Conference - Barcelona

We are excited to organize our 14th conference on October, 23rd, 24th, and 25th, 2014 at Hotel Silken Diagonal in Barcelona, Spain. We are honored to have received top-tier papers from distinguished scholars from all over the world. We regret that we were unable to accept more papers than we have. In the conference, 437 papers will be presented and 745 colleagues from 61 countries will attend the conference.

We are pleased to announce that distinguished researchers **Jonathan Batten** and **José-Luis Peydró** will join the conference as keynote speakers.

Prof. Batten is professor of finance in the Department of Banking and Finance at *Monash University*, Australia. He is a well-known academician who has published articles in many of the leading economics and finance journals and currently serves as the editor of *Emerging Markets Review*, associate editor of the *Journal of Banking & Finance*, *Journal of the Asia Pacific Economy*, and *Research in International Business and Finance*.

Prof. Peydró is a prominent academician specialized in the fields of banking, systemic risk, financial crises and monetary policy. He is currently professor at *Universitat Pompeu Fabra*, part-time professor of banking and finance at *Cass Business School, City University* (London), advisor at *Bank of Spain*, and affiliated professor at *Barcelona Graduate School of Economics*. Previously, he was a visiting scholar at the *University of Chicago*, consultant at the *Federal Reserve Board* and *International Monetary Fund*. He also serves as the associate editor of the *Review of Finance* and associate editor of the *Spanish Review of Financial Economics*. His research has appeared in many of the leading economics and finance journals such as *Econometrica*, *Review of Financial Studies*, *Journal of Finance*, *American Economic Review*, and *Journal of International Economics*.

EBES conferences have been an intellectual hub for academic discussion for our colleagues in the areas of economics, finance, and business. Participants have found an excellent opportunity for presenting new research, exchanging information and discussing current issues. We believe that our future conferences will improve further the development of knowledge in our fields. In addition, based on the contribution of the paper to the field, the *EBES Award Committee* has selected one of the papers for the **Best Paper Award**. The Best Paper Award winner will be announced during the conference.

We would like to thank to all presenters, participants, board members, and keynote speakers and are looking forward to seeing you all again at the upcoming EBES conferences.

Best regards,

Ender Demir, PhD
Conference Coordinator

CONFERENCE PROGRAM

THURSDAY, OCTOBER 23 (DAY 1)

REGISTRATION: 08:00-16:00

SESSION I: 08:15-10:15

BANKING I

Room: Do
Chair: Atakan Yalcin

Profits and Risks of Foreign Exchange Mortgage Loans - Case of Poland
Michal Buszko, Nicolaus Copernicus University, Poland

The Relationship between Ownership and Performance in Turkish Commercial Banking Sector from State-Owned Banks Perspective
Kasif Batu Tunay, Marmara University, Turkey and Fatih Yuksel, Marmara University, Turkey

How Much Capital Latvian Commercial Banks Need to Cover their Risks?
Natalia Konovalova, Riga International School of Economic and Administration, Latvia

Political Connections, Bank Performance and Cost of Funding: Evidence from Indonesia
Irwan Trinugroho, Universitas Sebelas Maret, Indonesia

European Stability Mechanism as a Tool for European Integration
Thomas Hatzigayos, University of Macedonia, Greece and Stelios Mavridis, University of Macedonia, Greece

CORPORATE GOVERNANCE I

Room: Re
Chair: Baohua Xin

The Cluster's Competitiveness Perceived by Stakeholders' Indexfokus: The Methodology for Evaluation of the Perceived Competitiveness
Enrique Diaz Moreno, Businessfokus & Navarra Public University, Spain

Convergence in Corporate Governance: A Probit Analysis
Pedro Matos, ISEG and ADVANCE, Portugal; Nicoletta Rosati, ISEG - ULisboa and CEMAPRE, Portugal; and Horacio Faustino, ISEG and SOCIUS, Portugal

An Empirical Research on Executives' Opportunistic Behavior in Implementation of Equity Incentive from the Perspective of Personal Income Taxes
Shufang Xiao, Beijing Institute of Technology, China

Credit Rating and Governance of Thai Microfinance
Seksan Kiatsupaibul, Chulalongkorn University, Thailand and Sunti Tirapat, Chulalongkorn University, Thailand

Corporate Governance and Transparency
Ariadna Dumitrescu, ESADE Business School, Spain

Sustainability Reports and their Assurance Cum Credibility: Theoretical Insights and Initial Empirical Evidence from Four Major UK Retail Banks
Kenneth Edgar D'Silva, London South Bank University, United Kingdom and Jeffrey Ridley, London South Bank University, United Kingdom

SELECTED TOPICS ON ECONOMIC GROWTH

(Special session organized by Professor Selahattin Bekmez, Gaziantep University, Turkey)

Room: Mi

Chair: Selahattin Bekmez

CO2 Emissions, Electricity Consumption and Output in Europe
Berna Balci Izgi, Gaziantep University, Turkey

Price and Income Elasticity of Housing Demand: A Cross Country Analysis
Selahattin Bekmez, Gaziantep University, Turkey and Asli Ozpolat, Gaziantep University, Turkey

Environmental Pollution and Trade Dilemma for Different Income Countries
Selahattin Bekmez, Gaziantep University, Turkey and Ferda Nakipoglu Ozsoy, Gaziantep University, Turkey

Do Defense Expenditures Lead to Growth? A Panel Data Analysis
Selahattin Bekmez, Gaziantep University, Turkey and Mehmet Akif Destek, Gaziantep University, Turkey

The Determinants of Military Expenditures: Evidence from Panel Cointegration Analysis
Selahattin Bekmez, Gaziantep University, Turkey and Mehmet Akif Destek, Gaziantep University, Turkey

SPECIAL SESSION

(Organized by Selcuk University, Turkey)

Room: Fa

Chair: Vural Cagliyan

Sectoral Evaluation on the Relationship of Transformational Leadership and Organizational Wisdom: Example of Metals and Machinery Sectors
Esra Gokcen Kaygisiz, Giresun University, Turkey; Vural Cagliyan, Selcuk University, Turkey; and Mustafa Mete, Gaziantep University, Turkey

An Evaluation of the Relationship of Corporate Entrepreneurship Innovation Strategy: Example of Turkish Sugar Industry
Vural Cagliyan, Selcuk University, Turkey; Esra Gokcen Kaygisiz, Giresun University, Turkey; and Nahit Yilmaz, Ondokuz Mayıs University, Turkey

Guerilla Marketing as an Alternative Marketing Strategy and Review Some of Examples of Application
Emel Celep, Selcuk University, Turkey and Muammer Zerenler, Selcuk University, Turkey

Choosing Staff at Human Resources Administration: Samples of Turkish Banking Sector
Meltem Diktas, Selcuk University, Turkey

Effects of Remanufacturing Activities on Business Performance: The Example of Konya Automotive Supply Industry
Emel Gelmez, Selcuk University, Turkey; Hasan Kursat Gules, Selcuk University, Turkey; and Vural Cagliyan, Selcuk University, Turkey

A Research to Determine the Relationship between Emotional Labor and Burnout
Derya Ozilhan, Selcuk University, Turkey and Emel Gelmez, Selcuk University, Turkey

HUMAN RESOURCES I

Room: Sol

Chair: Daniel John Flint

Human Capital Valuation, Reporting and Linkage with CSR: Survey of Estonian Opinion
Natalja Gurvitsh, Tallinn University of Technology, Estonia; Inna Sidorova, United Kingdom; and Emilia Startseva, Tallinn University of Technology, Estonia

Determinants of Job Performance among Public Sector Managers in Saudi Arabia: An Analysis of the Organizational Factors and Job Attitudes

Mohammad Awwadh Altrasi, Alshaqra University, Saudi Arabia and Wan Khairuzzaman Wan Ismail, UTM IBS/Jazan University, Malaysia

Knowledge Management Paradigm: From the Human Capital Theory to Intellectual Capital Theory

Simona Buta, Stefan cel Mare University of Suceava, Romania

CSR and Coaching - Complementary Methods of Management

Malgorzata Kolodziejczak, University of Lodz, Poland

Needs Perception, Position, and Contentment: An Empirical Study of Myanmar Immigrant Workers in Thailand

Kevalin Puangyoykeaw, Tohoku University, Japan

COFFEE BREAK: 10:00 - 10:30**SESSION II: 10:20-12:20****CORPORATE GOVERNANCE II**

Room: Do

Chair: Ariadna Dumitrescu

Determinants of Corporate Social Reporting in India

Mohammad Talha, King Fahd University of Petroleum & Minerals, Saudi Arabia; S. Benjamin Christopher, NGM College, India; and J.Karthikeyani, Kovai Kalaimagal College of Arts and Science, India

Information as a Driver in Corporate Governance System: Evidence from Ukraine

Leonid Melnyk, Sumy State University, Ukraine; Oleksandr Derykolenko, Sumy State University, Ukraine; and Kateryna Kondrunina, Sumy State University, Ukraine

Internationalization of TMT, Compensation & Firm Performance

Taufiq Arifin, Universitas Sebelas Maret, Indonesia and Revina Setyorini, Universitas Sebelas Maret, Indonesia

The Impact of Corporate Governance on the Efficiency and Financial Performance of GCC National Banks

Lawrence Tai, Zayed University, U.A.E.

Corporate Governance and Risk Taking Behavior in Italian Insurance Market

Andrea Bellucci, University of Perugia, Italy

A Structural Event Study for M&As: An Application in Corporate Governance

Tarcisio da Graca, University of Quebec at Outaouais, Canada and Robert T. Masson, Cornell University, U.S.A.

BANKING II

Room: Re

Chair: Sofia Vale

Determinants of Bank Stock Return in Indonesia: Does the Global Financial Crisis Matter?

Linggar Ikhsan Nugroho, Universitas Sebelas Maret, Indonesia

Selection of Short Term Interest Rate Fixation Mortgages in an Emerging Market: A Case of Lithuania

Egle Karmaziene, Stockholm School of Economics - SIFR, Sweden and Julita Varanauskiene, ISM University of Management and Economics, Lithuania

Banks' Risk-taking with Credit Commitments: Comparative European Evidence

Laivi Laidroo, Tallinn University of Technology, Estonia and Kadri Mannasoo, Tallinn University of Technology, Estonia

Nonparametric Goodness-of-fit Tests for Exponentiality

Nika Maglaperidze, Ilia State University, Georgia; Dario Gasbarra, University of Helsinki, Finland; and Marina Chodrishvili, Ilia State University, Georgia

Analyzing the Determinants and Effects of Risk Taking in Turkish Banking System

Etem Hakan Ergec, Eskisehir Osmangazi University, Turkey and Bengul Kaytanci, Anadolu University, Turkey

Local Institutional Development and Cost of Financial Intermediation: Evidence from Indonesia

Irwan Trinugroho, Universitas Sebelas Maret, Indonesia and Moch. Doddy Ariefianto, Indonesia Deposit Insurance Corporation, Indonesia

EDUCATION

Room: Mi

Chair: Thomas Menkhoff

A Job Yet-to-Be-Done: Reinventing How Universities Define Student Needs

Lucian Mihai Gramescu, West University of Timisoara, Romania and Nicolae Bibu, West University of Timisoara, Romania

Detecting the Aspects of e-Library Usage Behavior for a Private University in Kuwait

Muna Khalifah Al-Khabbaz, South Valley University, Egypt

Online Video Clips in Foreign Language Teaching

Jaroslav Kacetl, University of Hradec Kralove, Czech Republic and Magdalena Fiserova, University of Hradec Kralove, Czech Republic

Addressing Intercultural Communication during Experiential Learning: A case of the Durban University of Technology (DUT)

Dayaneethi Veerasamy, Durban University of Technology, South Africa and Nisha Ramlutchman, Durban University of Technology, South Africa

The Evaluation of Changing Values and Dynamics in Higher Education in the Concept of Information Age: Franchising - Higher Education Turning into McDonald's, Full Scale Branch Campus in China and Examples of Funding of the Researches in England

Hasan Kursat Gules, Selcuk University, Turkey; Emine Nihan Cici Karaboga, Konya Necmettin Erbakan University, Turkey; and Kazim Karaboga, Selcuk University, Turkey

Online Distance Learning

Amani Mubark Alkhatir Alarimi, Ministry Manpower Oman Ibra Collage of Technology, Oman

MANAGEMENT I

Room: Fa

Chair: Maria Garbelli

Importance of Hospital Way-Finding System on Patient Satisfaction

Serife Didem Kaya, Konya Necmettin Erbakan University, Turkey; Y. Yalcin Ileri, Konya Necmettin Erbakan University, Turkey; and Aydan Yuceler, Konya Necmettin Erbakan University, Turkey

Time Management and Stress Relationship in terms of Health Sector Employees

Aydan Yuceler, Konya Necmettin Erbakan University, Turkey; Serife Didem Kaya, Konya Necmettin Erbakan University, Turkey; and Yusuf Yalcin Ileri, Konya Necmettin Erbakan University, Turkey

New Product Development and Supplier Management: The Case of Turkish Manufacturing Firms

Hasan Bulbul, Nigde University, Turkey; Vural Cagliyan, Selcuk University, Turkey; Rabia Yilmaz, Nigde University, Turkey; and Emel Gelmez, Selcuk University, Turkey

Business Success Performance of Thai Local Firm with Innovation Management and Social Media Applying

Taninrat Rattanapongpinyo, Silpakorn University, Thailand

Tools and Actions for Increasing the Effectiveness of the Strategy Implementation

Joanna Radomska, Wroclaw University of Economics, Poland

Important Factors to Consider when Renting Apartment in Bangkok

Ukrit Klinjun, Thammasat University, Thailand

EMPIRICAL STUDIES ON EMERGING ECONOMIES

Room: Sol

Chair: Nicoletta Rosati

The Case against Active Pension Funds: Evidence from the Turkish Private Pension System

Umut Gokcen, Koc University, Turkey and Atakan Yalcin, Ozyegin University, Turkey

Factors behind the Pricing of Mutual Funds Investing in Eastern Europe

Gabor Bota, Budapest University of Technology and Economics, Hungary and Mihaly Ormos, Budapest University of Technology and Economics, Hungary

The Informational Contents of VKOSPI for the Event of KOSPI200 Intraday Jump

Taehyuk Kim, Pusan National University, South Korea

Estimating Relative Risk Premium for CEE Countries: The Case of Romania

Bogdan Dima, West University of Timisoara, Romania; Simona Crenguta Pacioaga, West University of Timisoara, Romania; and Marcela Todoni, West University of Timisoara, Romania

The Formation of New Firms: An Ordered Probit Model Approach for Latin American and Caribbean Countries

Jorge Velez Ospina, Universidad Catolica de Colombia, Colombia and Jacobo Campo Robledo, Universidad Catolica de Colombia, Colombia

The Fisher Effect: Albanian Application

Mergleda Hodo, Epoka University, Albania

SESSION III: 12:25-14:25

CORPORATE GOVERNANCE III

Room: Do

Chair: Tarcisio da Graca

Analysis of Ownership Structure of Business Groups in Poland

Edyta Mioduchowska-Jaroszewicz, University of Szczecin, Poland

Corporate Governance in a Large Family Business in Poland

Malwina Szczepkowska, University of Szczecin, Poland

Corporate Social Responsibility Seen through Codes of Conduct in Czech Companies

Jaroslav Kacetl, University of Hradec Kralove, Czech Republic and Ilona Semradova, University of Hradec Kralove, Czech Republic

Internal Governance and Board Evaluation in Italian Listed Companies

Graziella Sicoli, University of Calabria, Italy; Franco Rubino, University of Calabria, Italy; Giovanni Bronzetti, University of Calabria, Italy; Romilda Mazzotta, University of Calabria, Italy; Paolo Tenuta, University of Calabria, Italy; and Rija Maurizio, University of Calabria, Italy

Audit Committee Characteristics and Earning Restatement: Evidence from Indonesia

Sutaryo, Universitas Sebelas Maret, Indonesia

The Effect of Audit Committee Characteristics on Real Earnings Management in Emerging Market: The case of Indonesia

Doddy Setiawan, Universitas Sebelas Maret, Indonesia; Sri Suranta, Universitas Sebelas Maret, Indonesia; and Bandi Bandi, Universitas Sebelas Maret, Indonesia

MARKETING I

Room: Re

Chair: Mario Gonzalez Fuentes

Beloved Brands - Insight into the Formation of Meaningful Experience

Ivi Riivits-Arkonsuo, Tallinn University of Technology, Estonia and Anu Leppiman, Tallinn University of Technology, Estonia

Adjusting Category Management towards Younger Consumers - Key Factors of Beer as a Retail Product Category in Croatia

Blazenka Knezevic, University of Zagreb, Croatia; Petra Skrobot, Croatia; and Mia Delic, University of Zagreb, Croatia

Trying to be Different through Storytelling: Diagnosing and Improving on (un)intentional Corporate and Brand Identity Management

Daniel John Flint, University of Tennessee, U.S.A. and Paola Signori, University of Verona, Italy

Why it is Worth and What is the Key to Support a Desired Corporate Reputation

Migle Matuleviciene, Kaunas University of Technology, Lithuania and Jurgita Stravinskiene, Kaunas University of Technology, Lithuania

Creating a Conceptual Framework for Corporate Brand Positioning

Tiina-Kaisa Kuuru, University of Tampere, Finland and Pekka Tuominen, University of Tampere, Finland

The Effect of Promotional Activities in Businesses on Branding; Case Study of the Brand "TORKU"

Hasan Kursat Gules, Selcuk University, Turkey and Mehmet Akif Cini, Selcuk University, Turkey

FINANCE I

Room: Mi

Chair: Taehyuk Kim

Introduction to the Tunisian Financial Market, the Reluctance Factors

Raoudha Trabelsi, Sfax University, Tunisia and Emna Bouzoutina, Sfax University, Tunisia

Households Financial Behavior - Selected Aspects in the Time of Turbulence

Danuta Dziawgo, Nicolaus Copernicus University, Poland

The Determinants of Household Loan Selection: Evidence from China

Xue Chen, Shenzhen University, China

Household Money Management in Malaysia: The Ethnic Dimension

Selamah Abdullah Yusof, International Islamic University, Malaysia

I Feel Wealthy: A Major Determinant of Portuguese Households' Indebtedness?

Sofia Vale, ISCTE-IUL, Portugal and Francisco Camoes, ISCTE-IUL, Portugal

Common Characteristics of Financial Development on Balkan Region Economies

Erinda Imeraj, Epoka University, Albania

INTERNATIONAL TRADE

Room: Fa
Chair: Lena Sheveleva

Liberalization of Professional Services: Level of Awareness and Readiness of Consultant Engineers in Malaysia

Rokiah Alavi, International Islamic University Malaysia, Malaysia; Ruslan Abdul Aziz, JKR, Malaysia; and Norsiah Mohamad, University Technology Mara (UiTM), Malaysia

Investigating the Long-Run Relationship between the IMF and World Bank Lending and International Economic Activity: An Empirical Assessment for Europe

Can Tansel Tugcu, Nevsehir Haci Bektas Veli University, Turkey and Necati Celik, University of Utah, U.S.A.

Multiproduct Exporters: Learning or Knowing

Kala Krishna, Penn State University, U.S.A. and Lena Sheveleva, Cardiff University, UK

The Eurasian Economic Union - Complimentary or Competitive Structure to the European Union

Katarzyna Czerewacz-Filipowicz, Bialystok University of Technology, Poland

Turkey's Intra-Industry Trade in the Framework of its Free Trade Agreements

Sevilay Kucuksakarya, Anadolu University, Turkey

REGIONAL STUDIES I

Room: Sol
Chair: Lazar Paula

Social-Economic Development of Small West European Peripheral Countries

Elena Efimova, St. Petersburg State University, Russia and Natalia Kuznetsova, St. Petersburg State University, Russia

The European Union Policy towards the Post-Soviet Countries of Central Asia

Agnieszka Konopelko, Bialystok University of Technology, Poland

Regional Income Convergence in Turkey: A Dynamic Spatial Econometric Approach

Pelin Akcagun, Middle East Technical University, Turkey and Nadir Ocal, Middle East Technical University, Turkey

Research of Cluster Structure of Regions of Russia

Tatiana Kudryavtseva, St. Petersburg Polytechnic University, Russia

The Economic Viability of the Territories between the Capital Region and Frontier of Non-members of EU

Nikolajus Markevicius, Mykolas Romeris University, Lithuania

Cultural Identity and Immigration Research about Cultural Identity and Immigrants - Foreigners

Maria Vlachadi, University of Crete, Greece; Amalia Tzakaki, University of Crete, Greece; Chryssoula Pandelaki, University of Crete, Greece; and Maria Stavgianoudaki, University of Crete, Greece

SESSION IV: 14:30-16:30

REGIONAL STUDIES II

Room: Do
Chair: Joanna Dzialo

The Environmental Kuznets Curve on Post-soviet Space: Panel Data Approach

Olga Podkorytova, European University at St. Petersburg, Russia and Yulia Raskina, European University at St. Petersburg, Russia

International Integration: From a Dream to a Political Dogma

Aleksandrs Fedotovs, RISEBA, Latvia and Oksana Sakalosa, College of Business Administration, Latvia

Analysis of Agrarian Structure in Poland in 1921 and 2002 based on the Example of Selected Districts

Damian Walczak, Nicolaus Copernicus University, Poland and Michal Pietrzak, Nicolaus Copernicus University, Poland

Urban Competitiveness and Industrial Characteristics of a Hungarian City, Győr - Economic Analysis of the Top 100 Companies

Veronika Poreisz, Szechenyi Istvan University, Hungary

The Implications of Improving Pan-European Corridors in Serbia on Further Development of National Agriculture Sector

Olgica Boskovic, University of Belgrade, Serbia; Vladan Bozic, University of Belgrade, Serbia; Slobodan Acimovic, University of Belgrade, Serbia; and Veljko Mijuskovic, University of Belgrade, Serbia

Development of Non-oil Sector in the Regions of Azerbaijan: Tendencies and Prospects

Rovshan Nariman Karimov, Institute of Geography of ANAS, Azerbaijan

MANAGEMENT II

Room: Re

Chair: Vichuda Polatoglu

The Rating of Company-stakeholder Relationships: A Tool for Efficient and Dynamics Strategies

Paola Orlandini, University of Milan Bicocca, Italy and Anna De Toni, University of Milan Bicocca, Italy

E-Government Adoption and User's Satisfaction: An Empirical Investigation

Alaa Aldin Alathmay, University of Sharjah, U.A.E.; Kamel A. Fantazy, University of Sharjah, U.A.E.; and Vinod Kumar, Carleton University, Canada

Gendered Nature of Guanxi Networks and Work-life Changes in China

Iiris Aaltio, University of Jyväskylä, Finland; Jiehua Huang, Guangzhou University, China; and Yiyin Yang, Chinese Academy of Social Sciences, China

The Importance of the Evaluation of R & D in Relation to the Competitiveness of the Czech Republic

Ruzena Stemberkova, University of Hradec Kralove, Czech Republic; Linda Lososova, University of Hradec Kralove, Czech Republic; Petr Zdrálek, University of Hradec Kralove, Czech Republic; Pavla Matulova, University of Hradec Kralove, Czech Republic; Petra Maresova, University of Hradec Kralove, Czech Republic; and Kamil Kuca, University of Hradec Kralove, Czech Republic

Managing Sustainability to be Sustainable: The Toyota Case

Maria Garbelli, Università della Svizzera Italiana, Switzerland

Relationships between Organizational Structures and Employee Performance Using Hierarchical Cluster Analysis in Private University

Ahmed Al-Saber, Gulf University for Science and Technology, Kuwait

ACCOUNTING & AUDIT I

Room: Mi

Chair: Lawrence Tai

Earnings Management by Top Chinese Listed Firms in Response to the Global Financial Crisis

Xu-Dong Ji, La Trobe University, Australia

Knowledge Advantage and Stock Price Crash Risk: Evidence from the Office Size of Engagement Auditors

Jeffrey L. Callen Rotman, University of Toronto, Canada; Xiaohua Fang, Georgia State University, U.S.A.; Baohua Xin, University of Toronto, Canada; and Wenjun Zhang, Dalhousie University, Canada

Sustainability of CSR Activities and Firm Value

Seong Ho Bae, Kyungpook National University, South Korea; Kwang Hwa Jeong, Korea University, South Korea; Seok Woo Jeong, Korea University, South Korea; and Woo Jae Lee, Korea University, South Korea

The Status of Implementation of Controlling System in Logistics Companies - Presentation of Selected Results of Empirical Research

Justyna Dobroszek, University of Lodz, Poland

Assessing of Business Subsidiary Operations and Consolidated Financial Statements through a Common Global Accounting Language, IFRS vs. GAAP

Paul Lee, Cleveland State University, U.S.A.

The Effectiveness of the Company and Use of the Managerial Tools

Libuse Svobodova, University of Hradec Kralove, Czech Republic

GROWTH AND DEVELOPMENT I

Room: Fa

Chair: Hock Tsen Wong

Recent Trends in Economic Governance - Promoting Instrument for Economic Growth across Central and Eastern European Countries

Mihut Ioana Sorina, Babes-Bolyai University, Romania

The Common Agricultural Policy's Implications for Food Price Volatility

Larisa Nicoleta Pop, Babes-Bolyai University, Romania

Democratic Participation and Socio-Economic Development

Guner Tuncer, Dumlupinar University, Turkey and Ozer Ozcelik, Dumlupinar University, Turkey

The Role of Institutions in Socio-economic Development

Alise Vitola, Riga Technical University, Latvia and Maija Senfelde, Riga Technical University, Latvia

The Economic Effect of Knowledge-Intensive Services on Economic Growth

Gabriela Liliana Cioban, "Stefan cel Mare" University of Suceava, Romania

FINANCE II

Room: Sol

Chair: Michi Nishihara

The Effects of Political Events on Stock Market with a New Fama-French 3-factor Model

Wenbo Meng, Nankai University, China and Liuling Li, Nankai University, China

Multi-Factor Asset Pricing Models in the South African Stock Market

Uchenna Chukwuzitere Tony Okeke, Coventry University, United Kingdom and Timothy Rodgers, Coventry University, United Kingdom

Two-Beta CAPM: Implications of Asymmetry of Returns

Alexander Bukhvalov, St. Petersburg State University, Russia and Barbara Bukhvalova, BI Norwegian Business School, Norway

Geographic Influences on IPO

Giulia Baschieri, University of Bologna, Italy; Andrea Carosi, University of Sassari, Italy; and Stefano Mengoli, University of Bologna, Italy

On the Separability of the Real and the Financial Decisions

Alfonso Herrero de Egana Espinosa de los Monteros, UNED, Spain; Alberto Munoz, UNED, Spain; and Carmen Soria Bravo, UNED, Spain

Volatility Spillovers and Dynamic Interactions between Stock Markets and Bond Markets in the PIIGS Countries

Resul Aydemir, Istanbul Technical University, Turkey; Bulent Guloglu, Istanbul Technical University, Turkey; and Ercan Saridogan, Istanbul University, Turkey

COFFEE BREAK: 16:15-16:45

SESSION V: 16:35-18:30

MONETARY ECONOMICS**Room:** Do**Chair:** Huseyin Kaya*An Empirical Study of the Correlation between the Monetary Aggregates and the Price Level in Euro Area in the Years 2004 - 2013*

Daniela Majercakova, Comenius University, Slovakia; Ludomir Slahor, Comenius University, Slovakia; and Alexandra Mittelman, Comenius University, Slovakia

Monetary Policy of Inflation Targeting

Sorina Ioana Coroiu, West University of Timisoara, Romania

On the Causal Link between Money and Output Growth: Evidence from Turkey

Ozge Kandemir Kocaaslan, Hacettepe University, Turkey

Monetary Policy Transmission in the Euro zone

Ayla Ogun Binatli, Izmir University of Economics, Turkey and Niloufer Sohrabji, Simmons College, U.S.A.

Fiscal Policy and Term Structure of Interest Rates

Lorant Kaszab, Cardiff Business School, United Kingdom and Ales Marsal, Charles University in Prague, Czech Republic

Inflation Stabilization and Default Risk in a Currency Union

Eiji Okano, Nagoya City University, Japan; Masashige Hamano, Sophia University, Japan; and Pierre Picard, University of Luxembourg, Luxembourg

FINANCE III**Room:** Re**Chair:** Alfonso Herrero de Egana Espinosa de los Monteros*Multiple Stock Dividends in Oman: Signaling or Liquidity Explanations?*

Khamis Hamed Al-Yahyaee, Sultan Qaboos University, Oman

CDS Contracts versus DOOM Put Options: A Robust Relationship?

Fanou Rasmouki, Luxembourg School of Finance, Luxembourg

E.U. versus O.E.C.D. Taxation - An Extended Overview for Direct Taxes and Social Contributions

Lazar Paula, University of Economic Studies, Romania and Filipescu Maria-Oana, University of Economic Studies, Romania

The Relationship between CSR and Firm Risk in Polish Public Companies

Ewa Chojnacka, Nicolaus Copernicus University, Poland

Empirical Study on the Correlation between Banking Profitability and Banking Risk under the Impact of the International Financial Crisis

Alina Georgiana Manta, University of Craiova, Romania; Mihai Nițoi, University of Craiova, Romania; and Roxana Maria Badircea, University of Craiova, Romania

Some New Meanings of Sovereign Debt

Deceanu Liviu, Babes-Bolyai University, Romania

Replication and Revisiting Kendall's 1953 Seminal Paper on Random Walk using South African Data 1986 to 2014

Robert W. Vivian, University of the Witwatersrand, South Africa and Christo J. Auret, University of the Witwatersrand, South Africa

INVESTMENT I

Room: Mi

Chair: Alaa Aldin Alathmay

The adoption of the Internet as a Promotional Tool among Small Businesses

Jeevarathnam Govender, Durban University of Technology, South Africa

Private Equity / Venture Capital Sector Specifics in Certain Groups of Countries within Europe

Elżbieta Ligia Grzegorzczuk, University of Lodz, Poland

Strategic Benefits from Advanced Manufacturing Technology Utilization and Performance of the Company

Libuse Svobodova, University of Hradec Kralove, Czech Republic

The Effect of Economic Resilience on Private Investment in the Selected Malaysian Economic Sectors

Sallahuddin Hassan, Universiti Utara Malaysia, Malaysia and Zalila Othman, Universiti Utara Malaysia, Malaysia

Financial Efficiency of Identified Business Models for the Small Retail Formats in Poland

Iwetta Budzik-Nowodzinska, Czestochowa University of Technology, Poland; Zuzanna Ostraszewska, Czestochowa University of Technology, Poland; and Agnieszka Tylec, Czestochowa University of Technology, Poland

Investing in Human Capital as Strategy to Increase the Competitiveness of the Romanian Economy

Stefania Cristina Curea Neagu, Bucharest University of Economic Studies, Romania and Anca Teodora Serban Oprescu, Bucharest University of Economic Studies, Romania

ACCOUNTING & AUDIT II

Room: Fa

Chair: Xu-Dong Ji

Implementation of Accounting Standards: Financial Reporting in Albania

Sonila Gruda, Epoka University, Albania

Business Processes Intrinsic Accounting Quality Attributes Assessment in Lithuanian Organizations

Kristina Kundeliene, Kaunas University of Technology, Lithuania

The Process of Introducing Forensic Audit in the Public Sector Entities

Svjetlana Vranjes, University of Banja Luka, Bosnia and Herzegovina and Branka Topic-Pavkovic, University of Banja Luka, Bosnia and Herzegovina

Mandatory Auditor Rotation and Cost of Equity Capital: Korean Evidence

Seon Mi Kim, Chonnam National University, South Korea; Sook Min Kim, Korea University Business School, South Korea; Dong Heun Lee, Korea University, South Korea; and Seung Weon Yoo, Korea University Business School, South Korea

Empirical Study Regarding the Influence of Budgetary Transparency on Economical Performance

Maria Violeta Cimpoeu, Bucharest University of Economics Studies, Romania and Valentin Cimpoeu, University Politehnica of Bucharest, Romania

The Different Effect of Investment and R&D on Earnings and Market Value: Evidence from Manufacturing Firms

Georgia Pazarzi, University of Piraeus, Greece and John Sorros, University of Piraeus, Greece

Assets Held for Sale and Discontinued Operations vs. Evaluation of Liquidity - Determination of Ratio or Necessity of Adjustment?

Grazyna Voss, University of Technology and Life Sciences, Poland and Piotr Prewysz-Kwinto, Wyższa Szkoła Bankowa, Poland

PUBLIC ECONOMICS I

Room: Sol

Chair: Christian Breuer

Attitudes to Income Equality and Preferences for Redistribution in Turkey

Ayfer Karayel, Galatasaray University, Turkey

Statistical Analysis for Impacts of Economical Conditions on Housing Markets: An Example on Fragile 5 Countries

Olgun Aydin, Mimar Sinan University, Turkey; Ali Hepsen, Istanbul University, Turkey; and Orhan Vatandas, Reidin.com, Turkey

Subjective Poverty in Poland

Leszek Morawski, University of Warsaw, Poland

Promoting and Implementing European Model

Beatrice Leustean, Politehnica University of Bucharest, Romania

Natural Resource Damage Assessment of Hebei Spirit Oil Spill Accident using a Contingent Valuation Method

Sunyoung Park, Korea University, South Korea and Seung-Hoon Yoo, Seoul National University of Science and Technology, South Korea

Does Emigration Reduce Corruption in the Countries of Origin? Household-level Evidence for the Western Balkans

Artjoms Ivlevs, Bristol Business School, UWE, United Kingdom and Roswitha M. King, Ostfold University College, Norway

FRIDAY, OCTOBER 24 (DAY 2)

REGISTRATION: 08:00-16:00

SESSION I: 08:00-10:00

PUBLIC ECONOMICS II

Room: Do

Chair: Hieyeon Keum

Doing Business in Bulgaria - State Efficiency, Competition and Regulations

Maria Marikina, University of National and World Economy, Bulgaria and Stela Raleva, University of National and World Economy, Bulgaria

Optimal Proportion of Japanese Government Bonds

Ahmad Danu Prasetyo, Keio University, Japan

On the Identification and Macroeconomic Effects of Discretionary Changes in Fiscal Policy

Christian Breuer, Ifo Institute, Germany

Fiscal Contractions in Eurozone in the Years 1995-2013. Can non-Keynesian Effects be Helpful in Future Deleveraging Process?

Adam P. Balcerzak, Nicolaus Copernicus University, Poland; Michal Pietrzak, The Nicolaus Copernicus University in Torun, Poland; and Elzbieta Rogalska, University of Warmia and Mazury, Poland

Measuring Active Aging: Evidence from Russia

Liudmila Zasimova, National Research University Higher School of Economics, Russia and Maria Sheluntcova, National Research University Higher School of Economics, Russia

Spatial Concentration of Public Expenditures: The Case of Turkey

Suleyman Ozcan, Dumlupinar University, Turkey and Guner Tuncer, Dumlupinar University, Turkey

FOREIGN DIRECT INVESTMENT I

Room: Re

Chair: Helmut Birnleitner

Product versus Process Innovation and Firms' Global Engagement

Yong Joon Jang, Kyung Hee University, South Korea and Hea-Jung Hyun, Kyung Hee University, South Korea

Foreign Direct Investment in ASEAN 5: Competing or Complimentary?

Nurul Nadia Mohamad Hamidi, University Malaya, Malaysia and Zarinah Yusof, University Malaya, Malaysia

New Economic Geography and the Provincial Distribution of Foreign Direct Investment in Vietnam

Hien Thanh Hoang, The University of New England, Australia

The Dynamic Effects of Custom Union on Foreign Direct Investment: A Panel Data Analysis

Yagmur Saglam, Dokuz Eylul University, Turkey and Pinar Dursun, Dokuz Eylul University, Turkey

Intra-EU Capital Movements: Experiences of 10 Years of Poland's EU Membership

Janina Witkowska, University of Lodz, Poland

INSTITUTIONAL FACTORS OF THE GLOBAL ECONOMIC CRISIS ELIMINATION

(Special session organized by Volgograd State Technical University, Russia)

Room: Mi

Chair: Elena Popkova

The European Economic Crisis: The Continental Threats for the System of Higher Education in Europe
Irina Morozova, Volgograd State Technical University, Russia and Tatiana Litvinova, Volgograd State Agrarian University, Russia

Overcoming the 'Underdevelopment Whirlpools' on the Basis of Ecologically Pure Industrial Production
Elena Popkova, Volgograd State Technical University, Russia

Reshoring as a Modern Form of Economic Competition between Developed and Emerging Countries
Larisa Shakhovskaya, Volgograd State Technical University, Russia and Yana Matkovskaya, Volgograd State Technical University, Russia

Formation of Marketing Mobility of Russian Institutions of Higher Education in the Market of Additional Educational Services
Olga Konina, Volgograd State Technical University, Russia

Prospects of Risk Management on Small Trade Enterprises
Elena Lopatina, Volgograd State Technical University, Russia

Integrated Systems of Marketing Information as the Element of Modern Organization's Management
Dmitry Bogdanov, Volgograd State University, Russia

MARKETING II

Room: Fa

Chair: Shigeru Matsumoto

The Use of Social Media in the Marketing Communication of Polish Micro, Small and Medium Enterprises of ICT Sector
Anna Scheibe, Adam Mickiewicz University, Poland

Customer Brand Engagement through Social Networks: The Case of Lithuanian Mobile Service Providers
Rita Kuvykaite, Kaunas University of Technology, Lithuania; Karolina Sebeckyte, Vilnius University, Lithuania; and Aiste Dovaliene, Kaunas University of Technology, Lithuania

E-shop Offer as Tool Creating Value for Customer
Marcin Lewicki, Poznan University of Economics, Poland

The Role of User Generated Content in Enhancing Internet User's Brand Engagement
Farzana Quoquab, UTM International Business School, Malaysia; Morteza Zeinali, UTM International Business School, Malaysia; Nomahaza Mahadi, UTM International Business School, Malaysia; and Wan Khairuzzaman Wan Ismail, UTM IBS/Jazan University, Malaysia

The Effects of Online Consumer Reviews on Consumer Purchasing Intention
Merve Yanar Gurce, Gedik University, Turkey and Muzeyyen Benli, Yildiz Technical University, Turkey

Methodological Framework for Private Labels Performance Evaluation
Dilyara Akbulatova, National Research University Higher School of Economics, Russia

MANAGEMENT III

Room: Sol

Chair: Gregory John Lee

Corporate Social Responsibility and Brand Management in Croatian SMEs - Case Study
Tihomir Vranesevic, University of Zagreb, Croatia and Pavao Vranesevic, University of Zagreb, Croatia

Revisiting the Role of Manager Intelligence: An Implicit Leadership Theory and LMX Approach

Gregory John Lee, University of the Witwatersrand, South Africa and Althea Jansen, University of the Witwatersrand, South Africa

Gender and Management - Changing Perceptions and Attitudes

Angela On, Petru Maior University Tirgu-Mures, Romania

Competencies Requirements for Sales People in Modern Organizations

Maciej Malarski, University of Lodz, Poland

Leading Change: A Stakeholder Approach to Innovation: The Case of a Business School's Transformation

Michael Nastanski, Saint Leo University, U.S.A. and David Felsen, Saint Leo University, U.S.A.

The Determinants and Influence of Process Maturity on Organizational Performance

T. Bartosz Kalinowski, University of Lodz, Poland

COFFEE BREAK: 09:50-10:20**SESSION II: 10:05-12:05****PUBLIC ECONOMICS III**

Room: Do

Chair: David Felsen

International Tax Competition and Tax Havens - Comparative Analysis based on Selected Countries

Joanna Dzialo, University of Lodz, Poland

Differential Value Added Tax (VAT) vs. a Flat Rate VAT - Impacts on Inequality and Efficiency

Joseph Gabbay, Ariel University, Israel

Tax Challenges in the Global Economy

Jolanta Galuszka, University of Economics in Katowice, Poland

Funded Pension Systems of Russia and Kazakhstan: Cross out or Improve?

Karen Tumanyants, Volgograd State University, Russia and Anna Elkina, Volgograd State University, Russia

The Propensity to Tax Competition: The Case of the Implementation of Tax Policy by Polish Local Governments

Artur Walasik, University of Economics in Katowice, Poland

Social Pension Scheme: A Calibration Analysis for Malaysia

Abdelhak Senadjki, Universiti Tunku Abdul Rahman, Malaysia and Saidatulakmal Mohd, Universiti Sains Malaysia, Malaysia

EXCHANGE RATES

Room: Re

Chair: Wai Ching Poon

The Effect of Exchange Rate Uncertainty on Non-oil Exports in Iran

Mozhdeh Borzui, Azad University, Iran and Karim Emami, Iran

The Chinese Renminbi as an International Anchor Currency: A Tale of 64 Currencies

Jyh-Dean Hwang, National Taiwan University, Taiwan

Exports of Malaysia to the United States: Evidence from Exchange Rate Volatility Estimated by the PGARCH(1,1) Model

Hock Tsen Wong, Universiti Malaysia Sabah, Malaysia

Exchange Rate Volatility Exposure on Corporate Cash Flows and Stock Prices: The Case of Poland
Lucie Tomanova, Silesian University in Opava, Czech Republic

Fear of Floating: The Case of Turkey
Selin Zengin, Hacettepe University, Turkey

The Impacts of Exchange Rate Volatility on International Trade Flows: Evidence from 30 Countries
Thi Dieu Linh Huynh, The University of New England, Australia

SMEs & ENTREPRENEURSHIP

Room: Mi

Chair: Oleksandr Talavera

Organizational Learning in Asian Small and Medium-Sized Enterprises: Case Studies from Singapore
Thomas Menkhoff, Singapore Management University, Singapore

The Using Level of R&D towards Direct Supports of SMEs: An Exploratory Study in Turkey
Filiz Giray, Uludag University, Turkey; Mehmet Cinar, Uludag University, Turkey; and Simla Guzel, Uludag University, Turkey

Competence of Construction Project Managers in SMEs in Poland and Malaysia
Krzysztof Dziekonski, Bialystok University of Technology, Poland; Arkadiusz Jurczuk, Bialystok University of Technology, Poland; and Amran Rasli, Universiti Teknologi Malaysia, Malaysia

Practical use of the Financial Management of Small and Medium-Sized Enterprises in the Czech Republic Conditions
Eva Hamplova, University of Hradec Kralove, Czech Republic and Katerina Provaznikova, University of Hradec Kralove, Czech Republic

Regional Subsidies for Industrial Development: Time for Indirect Subsidies?
Anu Tokila, University of Jyvaskyla, Finland

Creating Additional Benefits in Enterprises by Private Equity Funds: Results of Researches
Ilona Falat Kilijanska, Wroclaw University of Economics, Poland

MARKETING III

Room: Fa

Chair: Caroline SL Tan

When does it Matter? A Study on Eco Labels and Japanese Consumers' Product Choice
Caroline SL Tan, University of Tsukuba, Japan

Understanding Economics and Marketing of Ecomuseums
Angela Besana, IULM University, Italy and Annamaria Esposito, IULM University, Italy

Attitudes of the First Representatives of Generation Z toward Corporate Social Responsibility Projects and Their Purchasing Intention for Socially Responsible Companies' Products
Derman Kucukaltan, Arel University, Turkey; Cagla Ariker, Istanbul Kultur University, Turkey; and Andac Toksoy, Istanbul Kultur University, Turkey

CLV Model Selection for Segmentation Perspective
Mohamed Ben Mzoughia, University of Tunis, Tunisia and Mohamed Limam, Dhofar University, Oman

Market Penetration of Imported Agricultural Commodities: A Hedonic Analysis of Japanese Wine Market
Vincent Hoang, Queensland University of Technology, Australia; Takao Iida, Sapporo University, Japan; Shigeru Matsumoto, Aoyama Gakuin University, Japan; Natsuki Watanabe, The University of Tokyo, Japan; and Clevo Wilson, Queensland University of Technology, Australia

Relations between Consumer Ethnocentrism, Cosmopolitanism and Materialism: Lithuanian Consumer Profile

Zaneta Piligrimiene, Kaunas University of Technology, Lithuania and Gintare Kazakauskiene, Kaunas University of Technology, Lithuania

INVESTMENT II

Room: Sol

Chair: Ayse Belma Ozturkkal

Development of Public Market of Corporate Bonds in Poland

Piotr Prewysz-Kwinto, Wyższa Szkoła Bankowa, Poland and Grazyna Voss, University of Technology and Life Sciences, Poland

Market Inefficiencies and Forecastability of Spot Rates in the Shipping Sector

Nils Wittmann, TU Dortmund University, Germany and Marcus Eppinger, University of Hamburg, Germany

Equity Risk Premium in South Africa 1986 to 2014

Christo J. Auret, University of the Witwatersrand, South Africa and Robert W. Vivian, University of the Witwatersrand, South Africa

Are the Stock Markets "Rigged"? High Frequency Trading and Our Electronic Financial Markets

Steven McNamara, American University of Beirut, Lebanon

The Effect of Market Volatility on Mutual Fund Flow: Evidence from Thailand

Suparatana Tanthanongsakkun, Chulalongkorn University, Thailand

The Region of Southeast Europe: The Island of Missing Gas Connectivity and its European Implications

Monika Moraliyska Ivanova, University of National and World Economy, Bulgaria

BEST PAPER AWARD CEREMONY: 12:10-12:15

Room: Sol

KEYNOTE SPEAKER: 12:15-12:45

Room: Sol

The Role of Emerging Market Currencies in the Global Financial System

Jonathan Batten, EBES & Monash University, Australia

SESSION III: 12:50-14:50

MARKETING IV

Room: Do

Chair: Lorrie McGovern

Can the Big Data Analysis as the Method of Marketing really Fulfill Consumers' Needs?: Relationship with Big Data Analysis and the Buying Behavior of Consumers

Youngmi Kang, Meiji University, Japan

Linking Customer Loyalty to Customer Satisfaction and Store Image

Smitha Siji, Rajagiri Centre for Business Studies, M G University Kottayam, India

Evaluation of Fast Food Restaurant Customers within Online Shopping Websites: The Case of Groupon

Yetkin Bulut, Ondokuz Mayıs University, Turkey and Mustafa Guchan Buyuran, Ondokuz Mayıs University, Turkey

Fostering Effective Cooperation between Marketing and Sales

Daniela Kolouchova, University of Economics, Czech Republic and Jan Rozek, University of Economics Prague, Czech Republic

Mission-Objectives Matrix MOM as an Innovative Tool of Marketing Strategy Audit

Kakhaber Djakeli, Caucasus International University, Georgia

The Effect of Self Congruity Dimensions on Customers' Switching Intention: Lessons Learned from Malaysian Hotel Industry

Farzana Quoquab, UTM International Business School, Malaysia; Reza Saleki, Universiti Teknologi Malaysia, Malaysia; and Wan Khairuzzaman Wan Ismail, UTM International Business School, Malaysia

Satisfaction, Trust and Habit - which is the most Important Factor Affecting Customer Loyalty?

Iuliana Claudia Bobalca, Alexandru Ioan Cuza University of Iasi, Romania

PUBLIC ECONOMICS IV

Room: Re

Chair: Joseph Gabbay

A Comparative Analysis of the Historical Developments in the Post-Keynesian Economics

Ozlen Hic Birol, Istanbul University, Turkey and Aysen Hic Gencer, Istanbul Aydin University, Turkey

Construction of a Cultural Policy Index in High-Dimensional Settings: Longitudinal Dimensions

Andrej Srakar, University of Ljubljana, Slovenia; Miroslav Verbic, University of Ljubljana, Slovenia; and Vesna Copic, University of Ljubljana, Slovenia

Collusions in the Russian Markets: What is the Role of Authorities?

Luibov Antosik, Volgograd State University, Russia

The Impact of the Economic Transformation on the Development of Economic Freedom - Case of Poland

Anna Stepniak-Kucharska, University of Lodz, Poland

Using Computer Methods to Identify the Factors Affecting the Management of an Urban Parking Lot

Michal Janicki, OveArup&Partners International Limited Sp. z o.o., Poland; Czeslaw Kolanek, International University of Logistics and Transport in Wroclaw, Poland; Katarzyna Topolska, Wroclaw School of Banking, Poland; and Mariusz Topolski, Wroclaw School of Information Technology, Poland

SMEs I

Room: Mi

Chair: Irene Fafaliou

Situation of Small and Medium-sized Enterprises in Poland in the Years of Economic Downturn

Dominika Kordela, University of Szczecin, Poland

An Analysis of the Macroeconomic Conditions Required for SME Lending: The Case of Turkey

Hatice Jenkins, Eastern Mediterranean University, North Cyprus and Monir Hossain, Eastern Mediterranean University, North Cyprus

Internal Factors of the Development of Small and Medium-sized Enterprises. Case Study of Poland

Renata Lisowska, University of Lodz, Poland

Financial Performance of Italian SMEs in the Veneto Region: Effect of the 2007 World Financial Crisis

Paolo Roffia, University of Verona, Italy

Financial Inclusion: The Impact of ICT on Broadening Access to Financial Services

Dipinder Singh Randhawa, SIM University, Singapore

BEHAVIORAL FINANCE**Room:** Fa**Chair:** Christoph Buehren*Domestic Investors Trading Behavior: Empirical Evidence from Malaysian Equity Market*

Ros Zam Zam Sopian, National University of Malaysia, Malaysia

Financial Inclusion and Financial Choices in Turkey: Demographic, Political, Religious Level

Ayse Belma Ozturkkal, Kadir Has University, Turkey and Nurhan Davutyan, Kadir Has University, Turkey

Behavioral Economics and Decision-Making

Alina-Maria Neațu, The Bucharest Academy of Economic Studies, Romania

Behavioral Biases of Individual Investors: The Effect of Anchoring

Salma Zaiane, FSEG Tunis, Tunisia

Short - termism: Empirical Evidence and Policy Recommendations

Vedat Akgiray, Bogazici University, Turkey; Ali Coskun, Bogazici University, Turkey; and Emrah Sener, Ozyegin University, Turkey

Imagine Being a Nice Guy: A Note on Hypothetical vs. Incentivized Social Preferences

Christoph Buehren, University of Kassel, Germany and Thorben Kundt, Helmut-Schmidt-University (HSU), Germany

INDUSTRIAL ORGANIZATION I**Room:** Sol**Chair:** Irene Daskalopoulou*The Influence of the Global Economic Crisis on Technical Efficiency: Russian Plastic and Rubber Production*

Irina Ipatova, National Research University Higher School of Economics, Russia

Economics and Profiling of Contemporary Creativity

Angela Besana, IULM University, Italy

Degree of the Strategy Implementation vs. the Concept, Time Horizon and Update of the Strategy

Letycja Soloducho-Pelc, Wroclaw University of Economics, Poland

Confronting the Challenge Imposed on Free Zone Egyptian Garment Exporters to Increase their Profitability

Adel Saladin El Geiheini, Faculty of Engineering, Egypt; Raafat M., Faculty of Engineering, Egypt; and El Golmy S., Faculty of Engineering, Egypt

Investigating Potential Strategies for Increasing the Competiveness for the Romanian Jewelry Companies

Raluca Daniela Rizea, The Bucharest University of Economic Studies, Romania

Engagement in Asymmetric Markets: Causes and Consequences

Basak Dalgic, Hacettepe University, Turkey and Burcu Fazlioglu, TOBB-ETU University, Turkey

SESSION IV: 14:50-16:45**MANAGEMENT IV****Room:** Do**Chair:** Nevenka Cavlek*Service Quality Assessment in Retail Industry: Some Evidence from Supermarkets in Greece*

Athanasia Karakitsiou, Lulea University of Technology, Sweden

The Effects of ISO 9001 Quality Management System upon Firms and Employees
Mehmet Emin Demir, Selcuk University, Turkey

Core Technology Analysis based on Public Big Patent Data: Fuel-cell Vehicle
KyungBae Park, Kyungpook National University, South Korea; Sung Ho Ha, Kyungpook National University, South Korea; Weina Liu, Kyungpook National University, South Korea; and Won Sakong, Kyungpook National University, South Korea

ERP Product and End User Interaction: An Experimentation of User Perceptions
Ayse Hepkul, Anadolu University, Turkey and Vichuda Polatoglu, Anadolu University, Turkey

Exploring Knowledge Sharing Practices: A Study on the Omani Banking Sector
Tareq Mohammad Alhousary, Dhofar University, Oman

Enterprise Database Platforms
Krassimira Shvertner, Sofia University, Bulgaria

GROWTH AND DEVELOPMENT II

Room: Re
Chair: Eiji Okano

Reaction of Interest Rate on Inflation Gap, Output Gap and Exchange Rate
Wai Ching Poon, Monash University, Malaysia

Sustainability, Consumption, and Technology
Mustafa Akan, Halic University, Turkey

«New normal», Output Gap and Multivariate Kalman Filter
Alexander Apokin, CMASF, Russia and Irina Ipatova, National Research University Higher School of Economics, Russia

Trust and Delegation: Theory and Evidence
Nurullah Gur, Istanbul Commerce University, Turkey and Christian Bjornskov, Aarhus University, Denmark

Reindustrialization by Encouraging Start-ups
Nikolay Sterev, University of National and World Economy, Bulgaria; Diana Kopeva, University of National and World Economy, Bulgaria; and Dimitar Blagoev, University of National and World Economy, Bulgaria

The Benefits of Informality: Street Markets and Economic Mobility?
Dipinder Singh Randhawa, SIM University, Singapore and Niti Pawakapan, Chulalongkorn University, Thailand

MARKETING V

Room: Mi
Chair: Doris Berger Grabner

A Study on Backward Business Partner Networking Advantage and Pareto Distribution Network Accessibility as a Bridging Process for Marketing Performance: Indonesian Evidence
Augusty Tae Ferdinand, Diponegoro University, Indonesia and Maklon Killa, Wira Wacana School of Economics, Indonesia

Marketing of Personal Transformation via Consumption, Materialism, and Sustainability
Ioannis Pantzalis, Saint Leo University, U.S.A. and Lorrie McGovern, Saint Leo University, U.S.A.

Sentiment Classification in Multiple Languages - Fifty Shades of Customer Opinions
Tomas Kincl, University of Economics, Czech Republic; Michal Novak, University of Economics, Czech Republic; and Jirí Pribil, University of Economics, Czech Republic

Marketing Planning and Performance: The Case of Transitional Economy

Tamara Jovanov Marjanova, Goce Delcev University of Stip, Macedonia; Riste Temjanovski, Goce Delcev University of Stip, Macedonia; and Snezana Ristevska - Jovanovska, University "Ss. Cyril and Methodius", Macedonia

Explaining Consumer Acculturation among Immigrants through Homeownership: Evidence from Spain

Mario Gonzalez Fuentes, Trinity University, U.S.A. and Carlos Iglesias-Fernandez, University of Alcala, Spain

Analysis of the Relationship between Emotions, Price and Expectations in the Valuation of Hotels by E-customers

Jorge Pelegrin-Borondo, University of La Rioja, Spain; Mario Arias-Oliva, Rovira i Virgili University, Spain; and Alicia Izquierdo-yusta, University of Burgos, Spain

SMEs II

Room: Fa

Chair: Dipinder Singh Randhawa

Growth Traps in Polish Micro and Small Businesses

Jaroslaw Ropega, University of Lodz, Poland

E-business in Micro Enterprises - Lessons Learned

Samo Bobek, University of Maribor, Slovenia; Irena Sisovska, University of Maribor, Slovenia; Simona Sternad, University of Maribor, Slovenia; and Monika Mravljak, University of Maribor, Slovenia

Innovativeness SMSs of Polish Regions on the Example of the Lodz Region

Malgorzata Jablonska, University of Lodz, Poland

Open Innovation Practices by Turkish Small and Medium Sized Firms

Hasan Kursat Gules, Selcuk University, Turkey and Muammer Zerenler, Selcuk University, Turkey

Exporting and Profitability of Italian SMEs in a Downturn Period: The S-curve Hypothesis and Moderating Effects of Technology Investments

Silvia Cantele, University of Verona, Italy

Savings of Households Run by Self-Employed Persons in Rural Areas in Poland

Dorota Krupa, Nicolaus Copernicus University, Poland and Damian Walczak, Nicolaus Copernicus University, Poland

INVESTMENT III

Room: Sol

Chair: Jonathan Batten

Pricing Anomalies and Costs of Arbitrage: A Possible Explanation of Persistence on the Cross-section of Shares Listed on the JSE

Daniel Page, University of the Witwatersrand, South Africa and James Britten, University of the Witwatersrand, South Africa

Are Discounted Incomes Modal and Capitalization Method Reliable in Real Estate Appraisal?

Nurgun Komsuoglu Yilmaz, Istanbul Aydin University, Turkey and Dilara Dincyurek, Yildiz Technical University, Turkey

Diversification Benefits on Eastern European Equity Markets

Cristiana Doina Tudor, Bucharest Academy of Economic Studies, Romania; Andrei Anghel, Bucharest Academy of Economic Studies, Romania; and Maria Tudor, Bucharest Academy of Economic Studies, Romania

The Value Relevance of the Operational Leases

Claudio Antonio Figueiredo Pais, ISCTE-IUL, Portugal

Measuring Performance in Risk Premium Generation: Notional Returns and Qualitative Asset Classification

Maria-Teresa Bosch-Badia, Universitat Autònoma de Barcelona, Spain; Joan Montllor Serrats, Universitat Autònoma de Barcelona, Spain; and Maria-Antonia Tarrazon-Rodon, Universitat Autònoma de Barcelona, Spain

The Cross-Section of Expected Stock Returns in Brazil

Gyorgy Varga, FCE Consulting, Brazil and Ricardo Brito, Insper, Brazil

COFFEE BREAK: 16:40-17:10

SESSION V: 16:50-18:45

FINANCE IV

Room: Do

Chair: Vedat Akgiray

Corporate Cash Holdings and Financial Crisis: Evidence from Jordan

Asmaa Al-Amarneh, Applied Science Private University, Jordan

The Responsiveness of Corporate Investments to Changes in Corporate Income Taxation during the Current Financial Crisis: Empirical Evidence from Slovenian Firms

Matjaz Crnigoj, Institute for Economic Research, Slovenia

Firm's Optimal Decisions of Downsizing, Debt Restructuring, and Default

Michi Nishihara, Osaka University, Japan and Takashi Shibata, Tokyo Metropolitan University, Japan

The Correlation between Economic added Value and Profitability Indicators: Case Study on the Romanian Companies Listed at BSE

Ganea Mirela, University of Craiova, Romania

The Adaptive Market Hypothesis: Beyond a Static view of Market Efficiency

Yudhvir Seetharam, University of the Witwatersrand, South Africa; Christo J. Auret, University of the Witwatersrand, South Africa; and Turgay Celik, University of the Witwatersrand, South Africa

Ramadan Effect: Evidence from Turkey

Ender Demir, Istanbul Medeniyet University, Turkey and Deniz Yalcin, Istanbul Bilgi University, Turkey

ENTREPRENEURSHIP

Room: Re

Chair: Iiris Aaltio

Culture and Other Determinants of Venture Capital Investments

Pascal Gantenbein, University of Basel, Switzerland and Christophe Volonte, University of Basel, Switzerland

How does Social Entrepreneurship Differ from Commercial Entrepreneurship?: A Process Perspective

Chul Woo Moon, Sungkyunkwan University, South Korea; You Sang Koh, Sungkyunkwan University, South Korea; and Sang Kyun Kim, Sungkyunkwan University, South Korea

Heterogeneous Self-Employment and Work Values: The Case of Russian-Language Internet Freelancers

Andrey Shevchuk, Higher School of Economics, Russia and Denis Strebkov, NRU Higher School of Economics, Russia

Empowering Female-owned SMEs with ICT in Selected Arab Countries and Brazil

Mona Farid Badran, Cairo University, Egypt

On the 'Optimal' Corruption: An Analysis of Societal and Business Ethics in Greece

Irene Daskalopoulou, University of Peloponnese, Greece

Sustainable Reporting - Evidence from Croatia

Nidzara Osmanagic Bedenik, University of Zagreb, Croatia and Ivan Strugar, University of Zagreb, Croatia

MARKETING VI

Room: Mi

Chair: Tomas Kincl

Does One Year Difference in Education Lead to Different Web Credibility Assessment?

Oana Carmen Tugulea, Alexandru Ioan Cuza University of Iasi, Romania

Cross-Cultural Issues in Social Networking Sites: Review of Research

Elena Vitkauskaite, Kaunas University of Technology, Lithuania

Does a Global Young Consumer Exist? A Comparative Study of South Korea and Poland

Katarzyna Dziewanowska, University of Warsaw, Poland and Agnieszka Kacprzak, University of Warsaw, Poland

A Study on the Socio-Psychological Factors influencing the Brand Addiction of Consumers

Jieun Lee, Kyungpook National University, South Korea and Soram Heo, Pusan National University, South Korea

The Influence of Product Presentation on Product Sales: An Eye-tracking Study in the Wholefood Sector

Doris Berger Grabner, IMC FH Krems, Austria

Moderating Effects of the Consumer Experience on the Precedents of the Behavioral Intention to Purchase in the Searching Process

Ana-Maria Argila-Irurita, University of Barcelona, Spain and Francisco-Javier Arroyo-Canada, University of Barcelona, Spain

FOREIGN DIRECT INVESTMENT II

Room: Fa

Chair: Selahattin Bekmez

Export Spillovers from Foreign Direct Investment: Evidence from Turkey

Burcu Fazlioglu, TOBB Economics and Technology University, Turkey and Basak Dalgic, Hacettepe University, Turkey

Thai Outward Direct Investment: Trends, Patterns and Determinants

Tientip Subhanij, Bank of Thailand, Thailand and Chitchanok Annonjarn, Bank of Thailand, Thailand

The Impact of Foreign Direct Investment on Economic Growth of Jordan

Hadeel Yaseen, Applied Science University, Jordan

The Mergers and Acquisitions in Hungary between 1997 and 2013

Laszlo Zoltan Kucseber, Szechenyi Istvan University RGDI, Hungary

Influence of Macro-Economic Factors Related to the Expansion Process of Business Entities Managers Allocate to their Decisions in Terms of Country Selection

Helmut Birnleitner, University of Applied Sciences Kufstein, Austria

MANAGEMENT V

Room: Sol

Chair: Michael Nastanski

Creating Value within Romanian Companies

Adrian Budica, University of Craiova, Romania

Values in Postmodern Management

Eneken Titov, Estonian Entrepreneurship UAS, Estonia

Comovement as a Measure of Stock Price Informativeness: The Case of Social Media

Yana Shigina, National Research University Higher School of Economics, Russia and Alexander Kostrov, National Research University Higher School of Economics, Russia

The Use of Online Technology in the Inbound Commerce

Andrzej Szymkowiak, Poznan University of Economics, Poland

Methodological Assumptions for Creating a Model of Business Performance

Tomasz Czapla, University of Lodz, Poland and Maciej Malarski, University of Lodz, Poland

The Impact of Leadership Style as a Moderator Variable on the Relationship between Leadership Practices and Organizational Performance: Analytical Study on Jordanian Commercial Banks

As'ad, H. Abu-Rumman, Applied Science Private University, Jordan; Anas Yahya Al Hadid, Applied Science Private University, Jordan; and Faisal Al Bourini, Applied Science Private University, Jordan

SATURDAY, OCTOBER 25 (DAY 3)

REGISTRATION: 08:00-16:00

SESSION I: 08:00-10:00

POLITICAL ECONOMY

Room: Do
Chair: Jonathan Batten

Crimea Crisis and European Neighborhood Policy: Revisiting Energy Security Dilemma between EU and Russia

Dina Fakhry Ishak Jaccob, Cairo University, Egypt

Overcoming Asian Paradoxes: Towards the Prosperity and Peace in the Region
Hieyeon Keum, University of Seoul, South Korea

Is China in Security Dilemma?

Ling Li, Military Economics Academy, China; Ruixing Huang, Military Economics Academy, China; and Dewei Wang, Military Economics Academy, China

The Transatlantic Trade and Investment Partnership: U.S.-EU-Turkey
Erjada Progonati, Hitit University, Turkey

The New BRICS Development Bank in Comparative and Historical Perspective
David Felsen, Saint Leo University, U.S.A. and Lorrie McGovern, Saint Leo University, U.S.A.

Soft Power Concept and Soft Power Index

Murat Cetin, Istanbul University, Turkey and Kiymet Yavuzaslan, Istanbul University, Turkey

ECONOMICS OF INNOVATION

Room: Re
Chair: Steven McNamara

Scientific Linkage between Patents and Firm Productivity: Panel Data Evidence from Taiwanese Electronics Firms

Jong-Rong Chen, National Central University, Taiwan; Kamhon Kan, Academia Sinica, Taiwan; and I-Hsuan Tung, National Central University, Taiwan

A Comparative Study on Sino-US Science and Technology Innovation Policies

Geng Zhe, Beijing University of Technology, China and Zhang Yong'an, Beijing University of Technology, China

Innovational Systems of National Economic Management

Viktoriya Ostrovskaya, FSAEE HPE 'North Caucasus State University, Russia

The Effect of Patent Grant on the Geographic Reach of Patent Sales

Kyriakos Drivas, Agricultural University of Athens, Greece; Irene Fafaliou, University of Piraeus, Greece; Elpiniki Fampiou, University of Piraeus, Greece; and Demetrius Yannelis, University of Piraeus, Greece

Financial Barriers to Innovation: A European Perspective

Nuria Arimany Serrat, Universitat de Vic, Spain; Xavier Ferras Hernandez, Universitat de Vic, Spain; Joan Freixanet Solervicens, Universitat Pompeu Fabra, Spain; Petra Nylund, Universitat de Vic, Spain; and Eric Viardot, EADA Business School, Spain

HUMAN RESOURCES II

Room: Mi

Chair: Nidzara Osmanagic Bedenik

The Impact of Transformational Leadership on Organizational Innovation Moderated by Innovative Behaviors

Wan Khairuzzaman Wan Ismail, UTM International Business School, Malaysia; Mozhdeh Mokhber, UTM International Business School, Malaysia; Siti Zaleha Abdul Rasid, UTM International Business School, Malaysia; and Qamrul Islam, Jazan University, Saudi Arabia

Job Stressors as the Catalysts of Employees' Turnover Intention: A Study of Malaysian Oil and Gas Industry

Farzana Quoquab, UTM International Business School, Malaysia; Atefeh Jamshidian, UTM International Business School, Malaysia; Nomahaza Mahadi, UTM International Business School, Malaysia; and Siti Zaleha Abdul Rasid, UTM International Business School, Malaysia

The Mediating Role of Cynicism on Authentic Leadership and Organizational Identification Relationship

Ilge Kurt, Nisantasi University, Turkey

Human Resource Management in Romania: Strategic or Utopia?

Ruxandra Ciulu, 'Alexandru Ioan Cuza' University of Iasi, Romania; Carmen Claudia Arustei, 'Alexandru Ioan Cuza' University of Iasi, Romania; and Andreea Apetrei, Catholic University of Valencia, Spain

Structural Levels and Phases in the Process of Social Adaptation of Laid-off Bulgarian Army Servicemen and their Family Members

Venelin Terziev, University of Agribusiness and Regional Development, Bulgaria and Sevdalina Dimitrova, Vasil Levski National Military University, Bulgaria

MANAGEMENT VI

Room: Fa

Chair: Gregory John Lee

Impact of Culture on Entrepreneurial Characteristics: Women's Status in Turkey

Gunes Nezire Zeytinoglu, Anadolu University, Turkey

Moving beyond Ethics: "The Story of Truth Oriented Governance"

Ali Asghar Pourezzat, University of Tehran, Iran; Khadijeh Rouzbehani, University of Tehran, Iran; and Ghazaleh Taheriattar, University of Tehran, Iran

The Effects of Corporate Culture on Ethical Behaviors

Halit Buluthan Cetintas, Ataturk University, Turkey

A Framework for Evaluating Corporate Social Responsibility

Rimante Hopeniene, Kaunas University of Technology, Lithuania and Vytaute Eismontaite, Kolping University of Applied Science, Lithuania

Does Access to Finance Matter in Microenterprise Growth? Evidence from Bangladesh

Rubaba Ali, University of Maryland, College Park, U.S.A.; Shahidur Khandker, World Bank, U.S.A.; and Hussain Samad, World Bank, U.S.A.

GROWTH AND DEVELOPMENT III

Room: Sol

Chair: Hatice Jenkins

An Investigation of Cointegration and Causality between Public Debt and Economic Growth: Panel Evidence from G-7 Countries

Serdar Ozturk, Nevsehir Haci Bektas Veli University, Turkey; Ali Sozdemir, Cumhuriyet University, Turkey; and Ebru Topcu, Nevsehir Haci Bektas Veli University, Turkey

Influence of Fiscal Decentralization on Economic Development in the European Union: Generalized Method of Moments Approach

Irena Szarowska, Silesian University in Opava, Czech Republic

Debt and Economic Growth in the European Union: What Causes what?

Candida Ferreira, ISEG, ULISBOA and UECE, Portugal

Modeling of Evolutionary Processes in Economics: Multi-agent Approach

Kateryna Kononova, Karazin Kharkiv National University, Ukraine

Minimum wage policy and country's efficiency

Mohd. Zaini Abd Karim, Universiti Utara Malaysia, Malaysia; Sallahuddin Hassan, Universiti Utara Malaysia, Malaysia; and Sok-Gee Chan, University of Malaya, Malaysia

SSA Model Based View on FDI, Fixed Investments and Consumer Consumption for Economic Growth: Take NingBo as a Case

Yue Guo, Ningbo University of Technology, China; Zhu Zhanfeng, Ningbo University of Technology, China; and Zhou Jiani, Jiangxi Vocational College of Finance and Economics, China

COFFEE BREAK: 09:50-10:20

SESSION II: 10:05-12:05

RISK MANAGEMENT**Room:** Do**Chair:** Thomas Ilin*The Relationship between Strategy, Perceived Environment Uncertainty and Enterprise Risk Management Implementation*

Siti Zaleha Abdul Rasid, UTM International Business School, Malaysia; Bahareh Hossein Nezhad Nedaei, Universiti Teknologi Malaysia, Malaysia; Saudah Sofian, Universiti Teknologi Malaysia, Malaysia; Rohaida Basiruddin, UTM IBS, Malaysia; and Wan Khairuzzaman Wan Ismail, UTM International Business School, Malaysia

Dynamics of Economies and Risk of Bankruptcy of Firms

Iancu Eugenia, Stefan cel Mare University, Romania

Probability of Default Evaluation in Residential Mortgage Lending

Alexander Karminsky, National Research University Higher School of Economics, MGIMO-University, Russia and Agatha Poroshina, National Research University Higher School of Economics, Russia

Analysis of the Available Forms of Protection against the Adverse Impact of Weather Risk in the World

Dorota Michalak, University of Lodz, Poland

Identifying SIFI Determinants for Global Banks and Insurance Companies

Maiya Vasilievna Anokhina, National Research University Higher School of Economics, Russia; Henry Penikas, National Research University Higher School of Economics, Russia; and Victor Petrov, National Research University Higher School of Economics, Russia

The Risk of Bankruptcy - Interdisciplinary Research

Iancu Eugenia, Stefan cel Mare University, Romania; Irina Cibotariu, Stefan cel Mare University, Romania; Rozalia Kicsi, Stefan cel Mare University, Romania; and Colomeischi Tudor, Stefan cel Mare University, Romania

MANAGEMENT VII**Room:** Re**Chair:** Mari Kooskora*International Diversification or Firm Resources? Examining Their Effects on Firm Performance Risk*

Nejat Capar, Meliksah University, Turkey

National Currency Changeover to Euro: Case of Micro Enterprises of Trading Sector
Ilmars Kreituss, RISEBA University, Latvia and Madara Pavare, RISEBA University, Latvia

Comparative Research on Leadership Profile of Estonian and Finnish Female Top Executives
Mari Kooskora, Estonian Business School, Estonia and Marta Piigli, Estonian Business School, Estonia

A Business Approach to Information Systems of Italian Public Administration - From Governance to E-government
Ubaldo Comite, University of Calabria, Italy

Analyzing Relationships between Organizational Cynicism and Organizational Silence: A Comparative Study on Textile and Food Sectors
Sabire Sen, Usak University, Turkey

University Students' Perceptions and Attitudes about Entrepreneurship and their Intentions to Startup Businesses: Literature Review
Adil Hasan Khalid, Sohar University, Oman

HUMAN RESOURCES & EDUCATION

Room: Mi
Chair: Ivan Etzo

Students Workload: Differences among Study Branches and Higher Education Institutions in Latvia
Ieva Brence, RISEBA University, Latvia and Inara Kantane, Latvian Academy of Sciences, Latvia

Financial Literacy Enhancement as a Task of Latvian Population Financial Education
Andris Sarnovics, BA School of Business and Finance, Latvia; Inese Mavlutova, BA School of Business and Finance, Latvia; Liga Peiseniece, BA School of Business and Finance, Latvia; and Santa Berzina, BA School of Business and Finance, Latvia

Career Choice Motivation among Students in the North-Western Hungarian Vehicle Industrial District
Szabolcs Ramhap, Szechenyi Istvan University, Hungary

Connecting the Learning and Real-Life Outcomes of Enterprise Education
Inna Kozlinska, University of Tartu/University of Turku, Estonia/Finland and Tõnis Mets, University of Tartu, Estonia

Work Environment, Stress and Burnout among Egyptian Teachers
Sahar Mohamed Badawy, The British University in Egypt (BUE), Egypt

BANKING III

Room: Fa
Chair: Robert W. Vivian

Ecological Evolution of Financial Market
Leszek Dziawgo, Nicolaus Copernicus University, Poland

Impression Management through Banks' Annual Report Graphs
Laivi Laidroo, Tallinn University of Technology, Estonia and Nele Tamme, Tallinn University of Technology, Estonia

A securitization Fund in the Securitization Process in Poland
Dorota Krupa, Nicolaus Copernicus University, Poland and Michal Buszko, Nicolaus Copernicus University, Poland

Comparing the Financial Performance of Banks in Turkey with the Aid of PROMETHEE Method
Fusun Gokalp, Celal Bayar University, Turkey

Adjusting for Revaluation of Currency and Securities in the Empirical Analysis of Comparative Bank performance

Mikhail Mamonov, Higher School of Economics, Center for Macroeconomic Analysis and Short-term Forecasting, Moscow, Russia and Andrei Vernikov, Higher School of Economics, Russia

Relationship between R&D and Firm Value in an Emerging Financial Market: Evidence from Turkey

Hasan Ayaydin, Anadolu University, Turkey and Ibrahim Karaaslan, Anadolu University, Turkey

Eurasian Banks' National Culture: Effect on Loan Losses Provisions and Risk-Weighted Assets

Ana Isabel Lopes, ISCTE-IUL, Portugal

TOURISM I

Room: Sol

Chair: Nevenka Cavlek

Outbound Leisure Tourism Market of Saudi Arabia

Mourad Mansour, King Fahd University of Petroleum and Minerals, Saudi Arabia and Alhassan G. Mumuni, Western Michigan University, U.S.A.

Public Relations in the Tourism Sector

Andreanna Tragouda, Technological Institute of Central Macedonia, Greece

Competitiveness of Turkish Tourism and Travel Sector in the Context of Sustainable Development: A Meso-Level Comparison with the Euro-Mediterranean Countries

Meltem Caber, Akdeniz University, Turkey

Entrepreneurial Activities as a Factor of Ecotourism Development: The Case of the Plitvice Lakes National Park, Croatia

Nevenka Cavlek, University of Zagreb, Croatia; Vanja Budimski, University of Zagreb, Croatia; and Danijela Ferjanic Hodak, University of Zagreb, Croatia

The Importance of Electronic Commerce in Tourism Sector

Ibrahim Bas, Selcuk University, Turkey

KEYNOTE SPEAKER: 12:10-12:40

Room: Sol

Systemic Risk, Financial Crises and Macroprudential Policy

Jose-Luis Peydro, Universitat Pompeu Fabra Barcelona, Spain

SESSION III: 12:40-14:35**HUMAN RESOURCES III**

Room: Do

Chair: Siti Zaleha Abdul Rasid

The Impact of Mother and Mother-in-laws' Work Experience on Married Women's Labor Force Participation

Joseph Lee, National Central University, Taiwan

The impact of globalization on the changes in industrial relations and development of employee participation - evidence from Poland

Katarzyna Skorupinska, University of Lodz, Poland

Human Resources Management of the East and West Companies: The Case of Spain versus Japan

Pilar Curoso Vila, University of Girona, Spain; Pilar Ficapal Cusi, Open University of Catalonia, Spain; and Joan Torrent Sellens, Open University of Catalonia, Spain

The Investigation of Emotional Labor as an Intervening Variable in the Relationship between Emotional Display Rules, Burnout and Job Satisfaction

Fusun Bulutlar, Yeditepe University, Turkey and Zeliha Nil Ozbingol, Yeditepe University, Turkey

The impact of immigrants' settlements on Italian firms

Ivan Etzo, University of Cagliari, Italy; Carla Massidda, University of Cagliari, Italy; and Romano Piras, University of Cagliari, Italy

The impact of international migration and remittances on Female Labor Force Participation in the Western Balkans

Esmeralda Shehaj, University of Tirana, Albania; Ardiana Gashi, University of Tirana, Albania; Artane Rizvanolli, University of Tirana, Albania; Hyrije Abazi-Alili, University of Tirana, Albania; and Viktorija Atanasovska, University of Tirana, Albania

ENERGY STUDIES

Room: Re

Chair: Meltem Ucal

Forecasting Oil Price with Many Predictors

Huseyin Kaya, Bahcesehir University, Turkey

Willingness to Pay for Improvement of Energy Efficiency in Residential Buildings: A Choice Experiment Study

Hyo-Yeon Choi, Korea University, South Korea and Seung-Hoon Yoo, Seoul National University of Science and Technology, South Korea

Competition in Russian Oil Market: Recent Trends and Further Development

Ekaterina Sokolova, St. Petersburg State University, Russia

Representation of Non-energy Processes in Modeling of Energy Sector Development

Arvydas Galinis, Lithuanian Energy Institute, Lithuania and Vidas Lekavicius, Lithuanian Energy Institute, Lithuania

Analysis of Awareness and Climate Change Impact in Energy Efficiency of Household Appliances

Meltem Ucal, Kadir Has University, Turkey

LABOR ECONOMICS

Room: Mi

Chair: Sung Soo Lim

Controversies about Labor Costs in Poland

Anna Krajewska, University of Lodz, Poland and Stefan Krajewski, University of Lodz, Poland

Economic Crisis - Unemployment and Occupation of Immigrants

Maria Vlachadi, University of Crete, Greece and Kostas Sourmelakis, University of Crete, Greece

Recent Developments in Agricultural Worker Supply: Reasons behind its Scarcity in Rural India

Shayequa Zeenat Ali, Jawaharlal Nehru University, India

National and non-National Labor Demand and Policy Implications in Saudi Arabia

Ahmad Sulaiman Binobaid, King Saud University, Saudi Arabia

Labor Force Participation of Elderly in Malaysia: Evidence from Household Income Expenditure Survey

Saidatulakmal Mohd, Universiti Sains Malaysia, Malaysia

The Development of Unemployment in the European Union's Labor Market Due to the Recent Economic Crisis, Using Cluster Analysis

Tomas Pavelka, University of Economics, Prague, Czech Republic and Tomas Loster, University of Economics, Prague, Czech Republic

Informality and Poverty: A Causality Dilemma with Application to Egypt

Hanan Hussien Ramadan Nazier, Cairo University, Egypt and Racha Ramadan Mohamed, Cairo University, Egypt

GROWTH AND DEVELOPMENT / INTERNATIONAL TRADE

Room: Fa

Chair: Ayla Ogus Binatli

Competitiveness of Russian Pharmaceutical Industry

Svetlana Bekareva, Novosibirsk State University, Russia

Price Setting in Online Markets: Evidence from a Major Shopping Platform

Yuriy Gorodnichenko, UC Berkeley, U.S.A.; Viacheslav Sheremirov, FRB Boston, U.S.A.; and Oleksandr Talavera, University of Sheffield, United Kingdom

The Monetary Policy Effects in Transition Economies: An Empirical Analysis

Gilson Pina, University of Minho, Portugal

Wheat or Strawberries? Intermediated Trade with Limited Contracting

Kala Krishna, Penn State University, U.S.A. and Lena Sheveleva, Cardiff University, UK

The Impact of Exchange Rate Uncertainty on Exports of Malaysia

Alam Khan, University of Malaya, Malaysia; Zarinah Yusof, University Malaya, Malaysia; and Muhammad Shoaib, Kohat University of Science & Technology, Pakistan

International Competitiveness of Olive Oil Sector: The Case of International Olive Council (IOC)

Ozer Ozcelik, Dumlupinar University, Turkey; Guner Tuncer, Dumlupinar University, Turkey; and Berna Turkecul, Ege University, Turkey

TOURISM II

Room: Sol

Chair: Mourad Mansour

Ten Essential Steps to Boost the Romanian Tourism Sector

Bogdan Andrei Budica, University of Craiova, Romania; Adrian Budica, University of Craiova, Romania; Ilie Budica, University of Craiova, Romania; and Tudor Florin, University of Craiova Romania, Romania

The Impact of Technological Changes and Use of Internet on the Distribution Channels in Tourism and Hospitality - Case Study of Four Star Independent City Hotel "IN" in Belgrade

Branislava Hristov, Belgrade University, Serbia; Igor Kovacevic, Belgrade University, Serbia; and Bojan Zecevic, Belgrade University, Serbia

Tour Operating Business: Survival or Revival?

Nevenka Cavlek, University of Zagreb, Croatia; Antonio Vlahov, University of Zagreb, Croatia; and Vera Krnajski Hrsak, University of Zagreb, Croatia

Enotourism - a new profitable business? Poland's case

Elzbieta Szymanska, Bialystok University of Technology, Poland and Katarzyna Jesiotr, Bialystok University of Technology, Poland

Economic Effects of European Capital of Culture Maribor 2012: An Ex-Post Econometric Verification Approach

Andrej Srakar, University of Ljubljana, Slovenia

Health Tourism and Customer Satisfaction at the Konya-Ilgin Thermal Spring Businesses

Abdullah Tarinc, Selcuk University, Turkey

SESSION IV: 14:40-16:35

MANAGEMENT VIII**Room:** Do**Chair:** Olen Gunnlaugson

Problems and Constraints in the Implementation of the Process Approach in an Organization
Alicja Gebczynska, Wroclaw School of Banking, Poland

The Cultural Heritage Preservation and Promotion through Development of Creative Industries
Martynas Radzevicius, Vilnius University, Lithuania

How to Attract Investments to Agricultural Enterprises in Latvia: Manager's Perspective
Inese Mavlutova, BA School of Business and Finance, Latvia and Andris Sarnovics, BA School of Business and Finance, Latvia

Hayek's Influence on Peter F. Drucker's Post-Capitalist Society
Sevinc Soyocak Ozalp, Hitit University, Turkey

Combating Economic Depression by IMF Conditionality - The Bitter Pill
Jugal Kishore Goyal, Jagan Institute of Management Studies, India

Empowering Authentic Leadership Development in a VUCA World
Olen Gunnlaugson, Laval University, Canada

FINANCE AND EMPIRICAL STUDIES ON EMERGING ECONOMIES**Room:** Re**Chair:** Suparatana Tanthanongsakkun

Fiscal Preconditions for Successful Inflation Targeting: the Case of Serbia
Milutin Jasic, Belgrade University, Serbia

Efficient Market Hypothesis in Central and Eastern European Stock Markets
Claudiu Botoc, West University of Timisoara, Romania

Public Policy, Quality of Institution and Economic Growth in Central and Eastern European Countries
Bogdan Dima, West University of Timisoara, Romania and Dorin Madalin Dogaru, West University of Timisoara, Romania

Asymmetric Risks of Momentum Strategies
Victoria Dobrynskaya, National Research University Higher School of Economics, Russia

The Evolution of Personal Income Tax in the European Union during Economic Global Crisis Period
Nicoleta Mihaela Florea, University of Craiova, Romania and Raducu Buziernescu, University of Craiova, Romania

Factors Affecting a Fluctuation of Housing Prices
Leonid M. Grigoryev, National Research University Higher School of Economics, Russia and Iulia Litvinenko, National Research University Higher School of Economics, Russia

ACCOUNTING & AUDIT III**Room:** Mi**Chair:** Paul Lee

New Evidence about Property Companies Valuation - The Impact of Fair Value Application on Company's Fundamental Value
Alexander Müller, Complutense University Madrid, Spain and Esther Fidalgo, Complutense University Madrid, Spain

Principle Based Agricultural Business Accounting Policy Formation

Neringa Stonciuviene, Aleksandras Stulginskis University, Lithuania; Danute Zinkeviciene, Aleksandras Stulginskis University, Lithuania; and Lina Martirosianiene, Aleksandras Stulginskis University, Lithuania

Earnings Management and the Effect of Leverage and Taxation: Empirical Evidence from Italian Non-Listed Firms

Gaetano Matonti, University of Salerno, Italy; Aurelio Tommasetti, University of Salerno, Italy; and Jon Tucker, University of the West of England, United Kingdom

Transition from Tax Records to Double-entry Bookkeeping in the Czech Republic

Libuse Svobodova, University of Hradec Kralove, Czech Republic

What do we know about fraud in small and medium enterprises (SMEs)?

Abdoulaye Nguilla Sow, University Teknologi Malaysia, Malaysia; Rohaida Basiruddin, University Teknologi Malaysia, Malaysia; and Siti Zaleha Abdul Rasid, University Teknologi Malaysia, Malaysia

Trade Influence of Iran and Turkey in Central and Western Asia Markets

S. Mahnaz Hosseini P.K., Institute for Trade Studies and Research, Iran and Mohammad Reza Abedin Moghanaki, Institute for Trade Studies and Research, Iran

ECONOMICS OF INNOVATION & ENERGY STUDIES

Room: Fa

Chair: Jong-Rong Chen

Development of Business Clusters and Innovativeness of the EU Economies

Szczepan Figiel, University of Warmia and Mazury in Olsztyn, Poland and Dominika Kuberska, University of Warmia and Mazury in Olsztyn, Poland

Economic and Social Implications of the Internet of Things in Europe in relation to Business

Jaroslav Kacetl, University of Hradec Kralove, Czech Republic and Petra Maresova, University of Hradec Kralove, Czech Republic

Innovation: Antecedents and Consequences

Bilal Erdem, Selcuk University, Turkey

Does Income Inequality Affect the Environmental Kuznets Curve of Carbon Dioxide Emissions in China? Evidence from Dynamic Panel Data Analysis

Tingting Li, University of Science and Technology of China, China

The Determinants of CO₂ Emissions in the Former Soviet Union: Empirical Analysis

Yulia Raskina, European University at St. Petersburg, Russia

A Structural Decomposition Analysis of CO₂ Main Drivers for the Spanish Economy

Jose M. Cansino, University of Seville, Spain; Manuel Ordoñez, University of Seville, Spain; and Rocio Roman, University of Seville and Centra, Spain

HUMAN RESOURCES IV

Room: Sol

Chair: Wan Khairuzzaman Wan Ismail

Workplace Internet Leisure: Does It Affect Employee Productivity?

Farzana Quoquab, UTM International Business School, Malaysia; Nomahaza Mahadi, UTM International Business School, Malaysia; Siti Halimah Hamid, UTM International Business School, Malaysia; and Wan Khairuzzaman Wan Ismail, UTM IBS/Jazan University, Malaysia

Does it make a difference? The Development of a Performance Appraisal based on Data Envelopment Analysis and Employee's Responses to it

Manuela Koch Rogge, Hochschule Harz, Germany

The Role of Contextual Factors on the Perceived Content of the Psychological Contract: Police Officers versus Academics

Angelique Pereira, Crystal Cork - Portugal, Portugal; Miguel Araújo, Public Security Police - Portugal, Portugal; Ana Paula Ferreira, University of Minho, Portugal; and Regina Leite, University of Minho, Portugal

How Destructive Social Aspects Inhibits Innovation in Organization

Agnieszka Wojtczuk-Turek, Warsaw School of Economics, Poland and Dariusz Turek, Warsaw School of Economics, Poland

SHRM Practices and Firm Performance: Is it a Potential Leverage in Competitiveness?

Loo-See Beh, University of Malaya, Malaysia and Leap-Han Loo, University of Malaya, Malaysia

HR Role in using KM Strategies to Drive Value within Organizations

Otilia Maria Bordeianu, Stefan cel Mare University, Romania

COFFEE BREAK: 16:20-16:50

SESSION V: 16:40 18:35

FINANCIAL CRISIS

Room: Do

Chair: Jan Frait

The Uncertainty of Systemic Risk

Thomas Ilin, Cranfield University, United Kingdom and Liz Varga, Cranfield University, United Kingdom

Anatomy of the 2009 Eurozone Sovereign Debt Crisis: Kindleberger-Minsky Paradigm

Amir Nasry Rofael Armanious, Macquarie University, Australia

A Regime Switching Analysis of Contagion from the U.S. Subprime Mortgage-Backed Securities Market

Lisa Sheenan, Central Bank of Ireland, Ireland and Thomas Flavin, NUI Maynooth, Ireland

Internal Innovativeness and Management of Current Finances of Enterprises in Poland

Małgorzata Okręglicka, Czestochowa University of Technology, Poland

The Determinants of Banking Crises: The case of Eurozone countries

Didar Erdinc, American University in Bulgaria, Bulgaria and Julija Prodani, American University in Bulgaria, Bulgaria

Consumer Debt and Financial Fragility in Italy

Barbara Cavalletti, University of Genoa, Italy; Corrado Lagazio, University of Genoa, Italy; Daniela Vandone, University of Milan, Italy; and Elena Lagomarsino, University of Genoa, Italy

Paradox of Financial Instability and Credit Risk Formation

Jan Frait, Czech National Bank, Czech Republic

INDUSTRIAL ORGANIZATION II

Room: Re

Chair: Kala Krishna

Harmonization of Serbia's Industrial Policy with the Common Industrial Policy of the EU

Milena Lutovac, Belgrade University, Serbia

Monopolistic Margins in the Polish Food Sector

Szczepan Figiel, University of Warmia and Mazury in Olsztyn, Poland and Justyna Kufel, IAFE-NRI, Warsaw, Poland

Environmental Management Practices in Polish Enterprises

Oksana Seroka-Stolka, Czestochowa University of Technology, Poland

Multi-sided Platforms and Emerging Markets: A Case of Russia
Sergey Yablonskiy, St. Petersburg State University, Russia

Assessment of logistics companies in the global market
Sylwia Legowik-Swiącik, Czestochowa University of Technology, Poland; Beata Skowron-Grabowska, Czestochowa University of Technology, Poland; and Agnieszka Wojcik-Mazur, Czestochowa University of Technology, Poland

Nonlinear Model of Military Expenditure Convergence: Evidence from ESTAR Nonlinear Unit Root Test
Mehmet Huseyin Bilgin, Istanbul Medeniyet University, Turkey; Lau Chi Keung Marco, Northumbria University, UK; and Ender Demir, Istanbul Medeniyet University, Turkey

HEALTH ECONOMICS

Room: Mi

Chair: Sung Soo Lim

European Healthcare Systems - a Comparative Approach
Viorela Ligia Vaidean, Babes-Bolyai University Cluj-Napoca, Romania

In Times of Sickness: The Labor-Supply Response of Family Members
Sung Soo Lim, American University in Dubai, U.A.E.

Education Affects Health: Empirical Evidence from Turkey
Furkan Besel, University of Sakarya, Turkey and Fatih Yardimcioglu, University of Sakarya, Turkey

Financial Repercussions in Relation to Immigration Policy Research about Immigration and the Financial Repercussions
Maria Vlachadi, University of Crete, Greece; Amalia Tzakaki, University of Crete, Greece; Chryssoula Pandelaki, University of Crete, Greece; and Maria Stavgianoudaki, University of Crete, Greece

The use of simulation modeling in the analysis of the Economic aspects of diseases in old age
Petra Maresova, University of Hradec Kralove, Czech Republic; Hana Tomaskova, University of Hradec Kralove, Czech Republic; and Kamil Kuca, UHK, Czech Republic

Application of Stochastic Cooperative Games in Researches of Processes of Interaction of Economic Agents
Pavel Konyukhovskiy, St. Petersburg State University, Russia

MANAGEMENT IX

Room: Fa

Chair: Ender Demir

The Rethink of Design in the Post-industrial Era
Tong Wu, Northwestern Polytechnical University, China and Dengkai Chen, Northwestern Polytechnical University, China

Challenges of a Financial Model for a PPP-Project
Ali Turhani, Faculty of Economy, UAXH, Albania

The Specific of Cartel Markets in the Countries of Developing Culture of Competition
Jurgita Bruneckiene, Kaunas University of Technology, Lithuania and Irena Pekarskiene, Kaunas University of Technology, Lithuania

On Crowdsourcing as a Form of Innovation of Enterprises: Case Study for Poland
Katarzyna Lukasik, Czestochowa University of Technology, Poland; Katarzyna Brendzel-Skowera, Czestochowa University of Technology, Poland; and Helena Koscielniak, Czestochowa University of Technology, Poland

The Impact of Organizational Culture on Knowledge Management in the Light of Empirical Studies

Katarzyna Lukasik, Czestochowa University of Technology, Poland; Katarzyna Brendzel-Skowera, Czestochowa University of Technology, Poland; and Helena Koscielniak, Czestochowa University of Technology, Poland

Enterprise Innovation Management in the Selected Countries of Central and Eastern Europe

Aneta Pachura, Czestochowa University of Technology, Poland; Piotr Tomski, Czestochowa University of Technology, Poland; and Piotr Kuras, Czestochowa University of Technology, Poland

ABSTRACT BOOK

THURSDAY, OCTOBER 23 (DAY 1)

REGISTRATION: 08:00-16:00

SESSION I: 08:15-10:15

BANKING I**Room:** Do**Chair:** Atakan Yalcin**Profits and Risks of Foreign Exchange Mortgage Loans - Case of Poland****Michal Buszko**

Nicolaus Copernicus University, Poland

Abstract

This paper describes phenomenon of using foreign currency mortgage loans for housing purposes in Poland. Such phenomenon appeared also in other developing countries of CEE (e.g. Hungary, Romania, Croatia, Serbia, and Bulgaria) but it has various scale, scope and consequences for financial sector and households. The aim of this paper is to present the major issues of foreign currency mortgage loans in Poland, the conditions and reasons of their spreading, their relative benefits and costs for borrowers and characteristics of risk created by such loans for whole banking system in Poland. The author intends to share the experience of Poland, which may be useful to solve problems of foreign currency loans in other CEE countries. In the paper, the author will enclose the results of literature studies as well as results of statistical data analysis for Polish financial system, mortgage loans market, as well as foreign exchange rates. The paper will contain also the author's model of repayment of foreign exchange mortgage loans (CHF and EUR) in Poland indicating benefits and risks of such crediting versus PLN loans. The results of the author's research in general demonstrate that foreign exchange mortgages benefits, costs and risk for borrowers as well as for whole banking system depends primarily on the exchange rate at the moment of beginning of the process of crediting. The main conclusion from the research is that foreign currency mortgage loans are relatively beneficial for Polish borrowers and banks, but they create significant potential risk to the economic safety of the Polish households as well as whole banking system.

Keywords: Foreign Currency Loans, Foreign Exchange, Systemic Risk**JEL Classification:** E42, F31, G21

The Relationship between Ownership and Performance in Turkish Commercial Banking Sector from State-Owned Banks Perspective**Kasif Batu Tunay**

Marmara University, Turkey

Fatih Yuksel

Marmara University, Turkey

Abstract

In this study, we empirically analyzed the relationship between ownership structure and performance of commercial banks through particular state-owned banks in Turkey. Data collected from 31 commercial banks, three of which state-owned banks, are estimated via system dynamic panel data method during the period 2002-2013. The findings show that ownership affects performance, but this effect varies according to performance measure changes. In this context, it has been determined that foreign and state-owned banks are more successful in terms of profitability than domestic private banks. However private banks have also been observed to be superior to their competitors in terms of alternative performance measures.

Keywords: State-owned banks, Ownership, Performance, Dynamic Panel Data

How Much Capital Latvian Commercial Banks Need to Cover their Risks?**Natalia Konovalova**

Riga International School of Economic and Administration, Latvia

Abstract

Regulation of banking activity under economic insecurity conditions is one of key problems in our times and is acquiring a particular importance both for banks themselves and their shareholders and also for customers and depositors. Instability of economic situation gives birth to increasing risks faced by world banking system. And therefore in order to ensure reliable operation of commercial banks and prevent their vulnerability to economic insecurity, the supervisory bodies are continuously improving the methods of and approaches towards the management of bank risks accenting a paramount importance of own capital adequacy. A problem of how much capital Latvian commercial banks need to cover their risks remains one of most important in regulation and assessment of banking activity. Meanwhile, the principal direction to improve the capital adequacy ratio is the growth in its flexibility when determining the value of risks inherent to various bank organizations. In the present research author carries out the analysis of risks inherent in activity of Latvian commercial banks, identifies the risk pattern within own capital of banks, discovers factors having impact upon the risk pattern as well as estimates the amount of capital necessary to cover risks in various groups of commercial banks. The aim of the research is the evaluation of capital adequacy of Latvian commercial banks and correspondence of capital adequacy calculations to Basel Committee on Banking Supervision rules based on analysis of financials statements, identification of capital adequacy problems and developing recommendations on improving bank capital adequacy according to the effective and the planned Basel Committee on Banking Supervision requirements. The

study is methodologically basing on the observation and collection of financial information about activity of commercial banks, the analysis and synthesis of acquired data, the method of comparison between economic groupings, the ratio method as well as the method of graphic display of statistic information. The study employs the official statistical data of the Association of Latvian Commercial Banks, the commercial banks supervisory body (Financial and Capital Market Commission) as well as annual financial reporting of Latvian commercial banks.

Keywords: Capital Adequacy, Risk Adjusted Assets, Credit Risk, Market Risk, Operational Risk, Buffer Capital

Political Connections, Bank Performance and Cost of Funding: Evidence from Indonesia

Irwan Trinugroho

Universitas Sebelas Maret, Indonesia

Abstract

This paper investigates the impact of having political connections on bank performance and cost of funding by studying Indonesian banks for the 2002-2008 period. Political connections could improve bank performance, more so in an unsophisticated environment. It is also supposed that politically connected banks have a lower cost of funding than that of non-politically connected banks. We estimate our empirical model using static and dynamic panel methods. Our results confirm our hypotheses that political connections improve performance and decrease cost of funding. Some implications are discussed.

Keywords: Political Connections, Bank Performance, Cost of Funding, Indonesia

European Stability Mechanism as a Tool for European Integration

Thomas Hatzigayos

University of Macedonia, Greece

Stelios Mavridis

University of Macedonia, Greece

Abstract

This paper discusses the European Stability Mechanism (ESM) with respect to the reasons for its establishment, its legal basis, its function and its operation first in order to save the euro and the problematic European member economies from the crisis and second to promote the regional development in the European Union member economies, from a legal point of view. In conclusion, despite the operational problems of this new institution and the involvement of the IMF in the Eurozone affairs, the ESM is a significant institutional progress towards the attainment of the broader target, which is the European integration.

CORPORATE GOVERNANCE I

Room: Re

Chair: Baohua Xin

The Cluster's Competitiveness Perceived by Stakeholders' Indexfokus: The Methodology for Evaluation of the Perceived Competitiveness

Enrique Diaz Moreno

Businessfokus & Navarra Public University, Spain

Abstract

Indexfokus gives a chance to the Stakeholders to participate in the competitiveness evaluation of an economic sector, cluster or territory. As the Stakeholder Theory suggests, managing and to take into account the Stakeholders' interest to the design of the strategy, is the best way to obtain and defend competitive advantages and to create value for the organizations. To design and create a neuronal network of professional people related to the organization and the market is very valuable for it. Indexfokuss has been developed in cloud computing as a management tool to do it.

Keywords: Competitiveness, Cluster, Stakeholders

Convergence in Corporate Governance: A Probit Analysis

Pedro Matos

ISEG and ADVANCE, Portugal

Nicoletta Rosati

ISEG - ULisboa and CEMAPRE, Portugal

Horacio Faustino

ISEG and SOCIUS, Portugal

Abstract

In this paper a binomial probit model and an ordered probit model are used to investigate the evolution of the corporate governance models in Europe, considering the institutional-specific effects. The empirical analysis, based on the official Deminor governance ratings for a sample of 198 European firms belonging to the FTSE Eurofirst 300 index, evaluated in 2000 and in 2003, suggests that despite country-specific characteristics there is a tendency for convergence, and that the probability of

increasing the rating is higher in the Anglo-Saxon model. Most empirical studies in this field use Normal linear probability models, which do not guarantee that the estimated probabilities will fall in the unit interval. This common approach is here corrected, using a non-linear model based on the probit function. Moreover, not only the probability of increasing the rating, but also the probability of the increase falling into a specific class is estimated, giving further insight not only about the sign but also of the size of the variation. Both these improvements make the approach novel and a relevant contribution in the field. Objectives: Evaluate if the variation of the companies' rating differs in different governance models. Methods and models: Analyse firms' governance ratings over two time periods, studying the sign (negative vs non-negative) and size of the changes in ratings classes, explained as a function of the legal system (Anglo-Saxon vs continental), the firm's sales and the previous rating. The probabilities of the change in rating taking up a specific sign or size are estimated by a binomial probit model and an ordered probit model, respectively. Results: All explanatory variables are highly significant in explaining the probabilities of the ratings' variations. The higher the value of the initial rating, the lower the probability of increasing the rating in the following time period, for any corporate governance model, although the probability of increasing the rating is higher in the Anglo-Saxon legal system. The probability of keeping the same rating is larger for continental systems, but the probabilities of large increases are higher for the Anglo-Saxon model. Larger firms have higher probabilities of achieving large increases. Conclusions: despite country-specific characteristics there is a tendency for convergence, although the evidence is that the process is slow

Keywords: Corporate Governance, Convergence, Ordered Probit Model, Rating

An Empirical Research on Executives' Opportunistic Behavior in Implementation of Equity Incentive from the Perspective of Personal Income Taxes

Shufang Xiao

Beijing Institute of Technology, China

Abstract

We investigated executives' opportunistic behaviors caused by the potential increase in personal income taxes due to exercise of stock options and selling restricted stocks. We found that the stocks of the companies exercising options have significant negative abnormal returns before and on the exercise dates and significant positive abnormal returns after the exercise dates. Executives were more likely to deliberately choose a date with lower stock price to exercise stock options, also known as the exercise backdating. It indicates that executives tend to exercise their stock options when stock prices are lower in order to save personal income taxes. The managerial power is the main factor causing executives' above opportunistic behavior, which is proved by the evidences that the probability of exercise backdating is positively correlated with the combined role of directors and executives and the board size, and negatively correlated with the option ownership concentrations. No evidences are found that executives implement opportunistic behavior on the dates of registration and unlock of restricted stocks in order to save personal income taxes, probably because of the lower cost of exercising restricted stocks and lower risk of holding the stock shares compared to stock options. It is also difficult in practice for the executives to select the unlock date due to the fixed period between unlock date and grant date of restricted stocks.

Keywords: Equity Incentive, Opportunistic Behavior, Personal Income Taxes, Managerial Power

Credit Rating and Governance of Thai Microfinance¹

Seksan Kiatsupaibul

Chulalongkorn University, Thailand

Sunti Tirapat

Chulalongkorn University, Thailand

Abstract

Creditworthiness and governance play important roles in the development of microfinance. Using unique field survey data from the Community Development Department (CDD) of Thailand's Ministry of Interior for the period 2009–2011, this study examines the impacts of governance on the creditworthiness of two distinct microfinance institutions: the National Village and Urban Community Funds (established through government policy) and Savings Groups for Agricultural Production (established by the community). By incorporating governance covariates in the credit-scoring models, the results show that the impacts of governance are not in line with the common beliefs about the National Village and Urban Community Funds. Most governance variables have signs opposite to what was expected. In contrast, for the Savings Groups for Agricultural Production, the effects of governance are as expected. Additional tests based on the receiver operating characteristic (ROC) also show that corporate governance information provides additional value only in the case of the Savings Groups for Agricultural Production. Overall, our study suggests that traditional governance mechanisms may not be effective for all types of organizations. Designing an effective governance structure is more complicated than simply following best practices and checklists, especially for those with a political agenda.

Keywords: Governance, Credit, Microfinance, Thailand

JEL Classification: G24, G34

¹ Partial financial support from the Ratchadaphiseksomphot Endowment Fund of Chulalongkorn University (RES560530195-HS) is acknowledged.

Corporate Governance and Transparency

Ariadna Dumitrescu
ESADE Business School, Spain

Abstract

In this paper, I analyze how corporate governance affects the performance of financial markets. I model the interaction between a firm's manager and its shareholders, and highlight the role played by the dividend report in information revelation and information transmission. My model shows that corporate governance mechanisms such as investor protection laws and ownership dispersion affect the market liquidity of the firm's stock. Thus, high monitoring costs and low ownership concentration increase market liquidity. Moreover, the effect of governance provisions that are aimed at improving financial transparency depends on the other corporate governance characteristics of the firm. Hence, disclosure of information by management associated with poor governance mechanisms may lead to an increase in the uncertainty about the liquidation value of the firm and therefore to a decrease in market liquidity.

Keywords: Corporate Governance, Transparency

Sustainability Reports and their Assurance Cum Credibility: Theoretical Insights and Initial Empirical Evidence from Four Major UK Retail Banks

Kenneth Edgar D'Silva
London South Bank University, United Kingdom

Jeffrey Ridley
London South Bank University, United Kingdom

Abstract

Context and objectives: Sustainability reporting embraces theory, systems and themes grounded in economics, governance, sociology and environmental science - themes that impact upon an organization's stakeholders and their needs. Rightly, sustainability reports are being scrutinized, evaluated and enhanced. However less attention is afforded their assurance – examining what is being assured (focus), by whom is it assured (provider) and to which level (quality) is it assured. But such credible assurances are critical for the organization's reputation, investment, operations and stakeholders. Thus key objectives are to empirically examine-evaluate, from the above perspectives, the current sustainability and related assurance reports of four major UK retail banks, each with significant international operations. Empirical methods, data and analysis: Selection of the four banks is influenced by the fact that banks are of overall importance, benefit and consequence to all classes of business. The recent global banking-economic malaise only serves to heighten that importance. The empirical data analysis and interpretation is predicated on a review of relevant (research-professional) literature on sustainability and its reporting. It is undertaken to assess the proposition that such reporting evidences recurrence (to varying degrees) of the four identified themes. In that sense, a thematic analysis is employed while concurrent alertness to, and identification of, frequently recurring terms within these reports employs a form of content analysis. Findings-results: The above analyses of the reports reveal reasonable accordance with the four-themed proposition, while also indicating variation in the form and nature of assurances attached to the sustainability reports. Conclusions and policy implications: The findings suggest a tentative theory of sustainability reporting and point to a need for greater clarity in terms of good sustainability reporting policy-practice. Concurrently, they also support the view that sustainability reports be “appropriately” assured thus giving due credibility to all stakeholders - the “stake-holder-credo theory”. Operationalized, such policies are of much value to businesses when reporting their contribution to the planet's sustainability- whether reported upon separately or within audited financial statements that apply a model that integrates all four sustainability themes.

Keywords: Assurance, Business Economics, Credibility, Social-Environmental-Governance (SEG), Stakeholder, Sustainability Reports

SELECTED TOPICS ON ECONOMIC GROWTH

(Special session organized by Professor Selahattin Bekmez, Gaziantep University, Turkey)

Room: Mi

Chair: Selahattin Bekmez

CO2 Emissions, Electricity Consumption and Output in Europe

Berna Balci Izgi
Gaziantep University, Turkey

Abstract

The electricity sector involves the generation, transmissions, and distribution of electricity. The vast majority of greenhouse gas emissions made by carbon dioxide (CO₂) comes from the sector. In 2007, the Intergovernmental Panel on Climate Change reported that the average global temperature was estimated to rise between 1.1 and 6.4 °C in the next 100 years (IPCC, 2007). This study examines the relationship between economic growth, electricity consumption and pollution emissions for a panel of countries of Europe over the period 1990-2012. Annual data from 1990 to 2012 from the World Bank Development Indicators is used in the empirical analysis for fifteen European countries. Electricity consumption is the electric power consumption kWh per capita, CO₂ emissions were metric tons per capita and GDP is per capita values in constant 2005 US\$. The results show that electricity consumption has a positive and statistically significant impact on emissions and real output has an inverted U-shape pattern associated with the Environmental Kuznets Curve (EKC) hypothesis. The empirical analysis tries to adopt a similar

approach with the studies of H.H. Lean&, R.Smyth (2010) paper of Asean countries and N.Apergis & J.Payne (2009) study about Central American countries. However there is no Granger causality for the European countries.

Keywords: Co2 Emissions, Electricity Consumption, Economic Growth

JEL Classification: Q41, Q54

Price and Income Elasticity of Housing Demand: A Cross Country Analysis

Selahattin Bekmez

Gaziantep University, Turkey

Asli Ozpolat

Gaziantep University, Turkey

Abstract

Housing market plays very important roles in economies. It relies on mostly domestic capital, produces high value added, has a potential in the employment and relationship between other sectors - particularly manufacturing. Higher multiplier effect of housing expenditures leads to increase in demand for housing related goods such as furniture and textiles as well. Because of these features, housing market has been considered as a locomotive sector in the all economy. On the other hand, housing market is an important concept for social and cultural transformation. Income distribution, socio-economic justice and regional disparities are the main reasons for the transformation of cities. Housing market has an excellent value in some EU countries and Turkey. Because of rapid economic growth, reasonable income tax rates, low interest rates, relatively lower risk and many other reasons. So, this paper aims to study price and income elasticity of housing demand in Turkey and EU 27 countries Data used in the model cover the period from 1998.1 to 2013.4. The analysis allows estimating the short run and long run elasticities and the speed of adjustment. This analysis consists of two parts. In the first part, the existence of cointegration between variables has been checked by the Johansen Cointegration Test. In the second part of the study, the short run and long run elasticities have been estimated by using Vector Error Correction Model (VECM) The results showed that price elasticity of housing demand is inelastic but income elasticity of housing demand is elastic. The values of price and income elasticity of housing demand obtained are very close to each other in Turkey and in the EU 27.

Keywords: Housing Demand, Income elasticity, Price elasticity, VECM, EU 27, Turkey

JEL Classification: R21, C32

Environmental Pollution and Trade Dilemma for Different Income Countries

Selahattin Bekmez

Gaziantep University, Turkey

Ferda Nakipoglu Ozsoy

Gaziantep University, Turkey

Abstract

The environmental impact of trade liberalization and economic growth has an important place in the literature. This relationship has started to appear in 1970s. Issues of environmental degradation are tend to be more important with a rapid economic growth and trade liberalization. Although it is known that countries trade according to comparative advantage, sometimes environmental policies may alter this situation. Pollution intensive industries could migrate according to presence of different environmental standards among countries. Because some countries having high environmental standards shift their pollution industries to the countries having lower environmental standards. That is, trade liberalization leads to the movement of polluting industries from high income or stringent environmental regulation countries to low income or lax environmental regulation countries. As a result polluting industries relocate from developed countries to the developing or less developed countries. Thus, developing or less developed countries specialize in the polluting industries. This study aims to analyze the relationship between environment, economic growth and trade openness. In order to do that CO2 emissions per capita, GDP per capita and trade openness have been used for the period from 1960 to 2010. The data for mentioned variables have been obtained from the World Bank. The relationship between variables have been analyzed with the Panel Data Regression Method for selected countries, which are grouped according to their development levels. It is concluded that trade openness of developed countries has a negative effect while trade openness of developing and less developed countries has positive effect on the level of CO2 emission. The results may be an evidence that the Pollution Haven Hypothesis is still valid for the developing and/or less developed countries.

Keywords: Comparative Advantage, Economic Growth, Environmental Pollution, Pollution Haven Hypothesis

Do Defense Expenditures Lead to Growth? A Panel Data Analysis

Selahattin Bekmez

Gaziantep University, Turkey

Mehmet Akif Destek

Gaziantep University, Turkey

Abstract

There are different approaches about the effects of defense expenditures on the economic growth. Military Keynesian Approach argues that defense expenditures have positive effects on the economic activities by creating positive externalities. Neo-classical Approach however, argues that other public expenditures are more efficient than defense expenditures thus defense

expenditures adversely affect economic activities. This study examines the effects of defense expenditures and the other public expenditures on economic growth for selected 71 countries for different income groups with the data from 1988 to 2012. The relationship between variables examined with Panel Data Regression Method. It is concluded that defense expenditures have positive effects on the economic growth but the other public expenditures are more efficient than defense expenditures. It is also concluded that defense expenditures of developed countries are less efficient than that of developing and less developed countries.

Keywords: Defense Expenditures, Economic Growth, Panel Data Analysis

The Determinants of Military Expenditures: Evidence from Panel Cointegration Analysis

Selahattin Bekmez

Gaziantep University, Turkey

Mehmet Akif Destek

Gaziantep University, Turkey

Abstract

It is argued that since the defense expenditures are relatively inefficient on the economy compared to the other public expenditures and thus, their weight in the economy are required to be decreased. Within this regard, it becomes an important issue to know the determinants of the defense expenditures. The literature indicate, however, that defense expenditures are tend to be determined by many economical, political and historical variables such as income level, historical and strategic relationships, demographic structures and political regimes. This study aims to analyze the determinants of the defense expenditures for different income level countries. In order to differentiate the countries we grouped countries according to the World Bank development level categories. GDP has been used as an economic factor, Population has been uses as demographic factor and economic openness index has been used as strategic factor. The main objective of the study is to determine the effects of mentioned variables on the defense burden of the countries. Panel Cointegration Method has been used as econometric tool. The results indicate that the more economic liberalization a country has, the less the defense burden will be. The results also strangely indicate that there is negative relationship between GDP and defense burdens of the countries.

Keywords: Military Burden, Trade Openness, Panel Cointegration Method

SPECIAL SESSION

(Organized by Selcuk University, Turkey)

Room: Fa

Chair: Vural Cagliyan

Sectoral Evaluation on the Relationship of Transformational Leadership and Organizational Wisdom: Example of Metals and Machinery Sectors

Esra Gokcen Kaygisiz

Giresun University, Turkey

Vural Cagliyan

Selcuk University, Turkey

Mustafa Mete

Gaziantep University, Turkey

Abstract

The organizational wisdom is handling with wisdom organizationally which is basically accepted as the next step of data, information and knowledge hierarchy. The organizational wisdom, a basis of organizational success in the future, expresses the wisdom case, responses to the unexpected situations, management of present and new knowledge, acting in a good, moral and exemplary manner towards to its sharers of the organization. However that organizational wisdom needs transformational leadership because transformational leaders can change their organizational environment. They can also expose all abilities and skills of their followers and motivate them to increase their self-confidence. Herewith it helps to organizational wisdom to actuate whole information of organization. In this context, the main purpose of this study is the sectoral analyze of the effects transformational leadership behaviors on organizational wisdom perception of business firms. Accordingly, the literature knowledge in the context of the transformational leadership practices, the organizational wisdom perception and the casual relationship between them is primarily given. In the search part of the study; the findings of the field works about the business firms busy in metal and machine sectors which are registered to Konya Chamber of Industry are evaluated. The most important finding of this sectoral evaluation is the existence of a positive relationship between the transformational leadership practice and organizational wisdom perceptions.

An Evaluation of the Relationship of Corporate Entrepreneurship Innovation Strategy: Example of Turkish Sugar Industry

Vural Cagliyan

Selcuk University, Turkey

Esra Gokcen Kaygisiz

Giresun University, Turkey

Nahit Yilmaz

Ondokuz Mayıs University, Turkey

Abstract

Businesses as a natural process in the life cycle tend to grow all the time. Businesses in highly competitive economic environment are required to make strategic activities for their purposes of growth. In the face of these difficult conditions, the capabilities of businesses with a strategic perspective to see opportunities and to cope with the threats are likely to be strong. In global environment, the more companies are innovative the more they are competitive. Because for businesses to be innovative is a necessity in today's conditions. In other words it is argued that businesses that put innovation at the center of strategic behavior can be profitable. Moreover, companies can show their innovativeness with their corporate entrepreneurs. In this paper sugar producers' operating in the Turkey's sugar industry the relationship between innovation strategy with corporate entrepreneurship abilities were examined. As a result of the assessments the enterprise entrepreneurial skills of business is closely associated with innovation strategy that they have and the enterprise entrepreneurial skills can be explained with implemented innovation strategy. These results are statistically significant in the context of the sector.

Guerrilla Marketing as an Alternative Marketing Strategy and Review Some of Examples of Application

Emel Celep

Selcuk University, Turkey

Muammer Zerenler

Selcuk University, Turkey

Abstract

Recently in many different sector a growing product, service diversity and uncertainty brought about by constant change in marketing is forcing businesses (Çeltek et al., 2012). Many companies looking for ways of getting out of clutter and difficult conditions of competition about traditional marketing implementations tend to apply guerrilla marketing implementations which is a different way of marketing communication (Nardali, 2009). Businesses to reconsider their marketing strategies/policies and to engage in seeking to keep costs at an optimum level, which is a new and conspicuous concept in marketing literature, guerrilla marketing, only the imagination, which requires a small budget and energy attracts attention as an alternative marketing strategy (Çeltek et al., 2012). The guerrilla marketing concept, which was created by Jay Conrad Levinson in 1984, implies an unconventional way of performing promotional activities and marketing communication strategy on a very low budget. Companies try to reach private worlds of consumers, provide new customer acquisition and give them memorable experience with their brands by guerrilla marketing strategies (Nardali, 2009). This study investigates guerrilla marketing, the approach which uses media unpredictably or unpredictable places as media in order to attain consumers' attention. The study defines guerrilla marketing as a marketing communication approach that is financially suitable for every type of company and communicates with the consumer through interactive activities as well as distinctive media usage as Dahan et al. (2012) describes. In the study of modern marketing in today's terminology, the most refreshing which is one of the modern competitive tactics of guerrilla marketing is explained by considering the conceptual perspective, focused on case studies applied to comparison of traditional marketing approach.

Keywords: Marketing strategy, Marketing Communication, Guerrilla Marketing, Guerrilla Marketing Advertisements, Examples in Applications

Choosing Staff at Human Resources Administration: Samples of Turkish Banking Sector

Meltem Diktas

Selcuk University, Turkey

Abstract

In the atmosphere of global competition, organizations, in order to appeal those who may contribute to their well-being, for they wish to be ahead of their rival runnings and for the fact that the culture of organization has been configured, question the existing process of efficiency and up-to-dateness of recruitment in the process of creating the qualified human resources. In the process of finding employees, finding the right staff for the right occupation constitutes the main factor for both the organization and the administration of human resources. Qualifications of the employees enable the organization to be efficient, prosperous and have a privileged position amongst his rivals in the atmosphere of intense competition. In the direction of the defined strategical goals in this context, it is very important to the administration of human resources that the staffs, who have sufficient knowledge, experience and ability and who will make the organization successful, are suitable for the job in terms of quality and quantity. Thusly, organizations must appoint their policy and establish their way of choosing employees respecting the matter of gaining the most convenient ones. Planning the staff should be carried out through the occupation analyses executed at the organizations. Various methods are used for the election of employees. Qualifications of the workforce are shaped according to the definition of the job, the policies of organizations and the requirements of the occupation and the numerical clarity of the workforce is found by doing work-load and analyses. The efficient usage and administration of human resources depends on the

successful carriage of the applied technics and the process of choosing employees. In the context of this work, it is aimed to examine the process and the technics of choosing employees, to expose how some organizations' human resources units use these technics by evaluating the administration of human resources in Turkey.

Keywords: Administration of Human Resources, Choosing Employees, the Process Of Recruitment

Effects of Remanufacturing Activities on Business Performance: The Example of Konya Automotive Supply Industry

Emel Gelmez

Selcuk University, Turkey

Hasan Kursat Gules

Selcuk University, Turkey

Vural Cagliyan

Selcuk University, Turkey

Abstract

In today's increasingly competitive environment, businesses have new initiatives that will reduce costs, increase profitability as well as providing customer satisfaction. With these new initiatives, remanufacturing is evaluated as an important competitive tool for businesses besides providing significant financial advantages in these areas. Remanufacturing activities provide financial advantages to businesses and they are also seen to have an effect on their performance. The main purpose of this study is to determine the impact of remanufacturing activities on business performance. Survey method was used in the study. As a result of research carried out on the 68 business activities registered in Konya Chamber of Industry (KSO) and it has been identified that remanufacturing activities have a positive impact on business performance.

Keywords: Remanufacturing, Business Performance

A Research to Determine the Relationship between Emotional Labor and Burnout

Derya Ozilhan

Selcuk University, Turkey

Emel Gelmez

Selcuk University, Turkey

Abstract

In this study, the relationship between burnout and emotional labor which is defined as effort, planning and control that is required to demonstrate the desired behavior to be performed organizationally in interpersonal affairs (Morris and Feldman, 1996) was examined. In this context, the main purpose of this study is to determine the relationship between emotional labor and burnout. In the study, survey method was used and the study was carried on hotel business operating in the tourism industry in the province of Antalya. As a result of the study, positive and statistically significant relationship was found between emotional labor and burnout.

Keywords: Emotional Labor, Burnout

HUMAN RESOURCES I

Room: Sol

Chair: Daniel John Flint

Human Capital Valuation, Reporting and Linkage with CSR: Survey of Estonian Opinion

Natalja Gurvitsh

Tallinn University of Technology, Estonia

Inna Sidorova

United Kingdom

Emilia Startseva

Tallinn University of Technology, Estonia

Abstract

Today the subject of non-financial accounting and reporting has gained increased popularity. Corporate Social Responsibility (CSR) reporting has become a vital part of daily business activity of many companies in various countries all over the world. Many companies also declare that human capital (HC) is the most important factor of their competitiveness, which is also reflected in their CSR reports by means of incorporated social disclosures. The subject of this research is human capital accounting, reporting, valuation and its relation to CSR reporting. The aim of this research is to unveil Estonian opinion on human capital accounting and reporting, and to establish whether Estonian respondents see a link between human capital and CSR reporting. This article presents the results of the survey of Estonian opinion on human capital accounting and reporting conducted among the financial/business professionals with economic background, employed by various Estonian companies. Collected information was compiled and analyzed based on received responses. The survey demonstrated that more than half of the respondents consider human capital to be a vital part of CSR reporting and suggest that human capital related information should be definitely disclosed by the companies either via standalone CSR reports and/or social activity reports. However, most respondents claimed that the company they are currently working for provide human capital related information in a form of disclosures to financial

statements. In conclusion it can be stated that accounting and reporting of human capital is gaining more and more importance in Estonia, however, form of this reporting is not yet clearly established. Most companies still prefer to provide this information as a disclosure to financial statements, which may be explained by the fact that companies choose less time and efforts consuming means, while standalone CSR reports and/or social activity reports require additional time, staff, knowledge and skills.

Keywords: CSR, Human Capital Accounting, Human Capital Reporting, Human Capital Valuation, Sustainability

JEL Classification: J24, O47, O16

Determinants of Job Performance among Public Sector Managers in Saudi Arabia: An Analysis of the Organizational Factors and Job Attitudes

Mohammad Awwadh Altrasi
Alshaqra University, Saudi Arabia

Wan Khairuzzaman Wan Ismail
UTM IBS/Jazan University, Malaysia

Abstract

Employees are a strategic asset of organization and their contributions enable the organization to sustain in a highly competitive environment. Thus, employee's performance improvement has been key area under investigation by the organizational scientists and with the passage of time new mechanisms have been proposed to improve employee's performance. In this perspective, current study has also investigated the factors contributing to employee's performance especially in Saudi Arabian work settings. For this purpose, this paper looks at the organizational factors as determinants of employee's performance and investigated their effects on employee's performance through job attitudes. To test the proposed hypotheses, a sample of 385 employees was drawn from the Ministry of Civil Services and Ministry of Education in Saudi Arabia. Hypotheses were developed to test the direct effects of organizational factors and job attitudes on employee's performance. The simple regression results regarding the direct effects reveal that organizational factors and job attitudes were positively influencing the employee's performance. These results provide thorough insinuations to the practicing managers and policy makers in order to increase employee's performance at work.

Keywords: Employee Performance, Job Attitudes, Organizational Factors

Knowledge Management Paradigm: From the Human Capital Theory to Intellectual Capital Theory

Simona Buta
Stefan cel Mare University of Suceava, Romania

Abstract

Modern economies and, implicit, organizations from this economies, are more than ever aware of the importance of knowledge and learning. In the daily life of organizations we notice the existence of some modalities/ways of individual knowledge transfer (knowledge embedded in individuals) towards collective groups (intellectual capital); however, it is not very easy to note how this transfer takes place, and especially, how can be enhanced. Now, knowledge management is about intellectual management control where managers combine, apply and develop a corporate body of knowledge resources to produce a use value around the company's products and services. The intellectual capital incorporates these and presents knowledge as a network of heterogeneous elements such as: employees (human capital), procedures, technologies and customers. Therefore, the purpose of this paper is to identify the most appropriate ways/modalities in which "knowledge" resource can be managed and exploited to improve the economic performance of an organization or country.

Keywords: Knowledge, Human Capital, Human Capital Management, Intellectual Capital

JEL Classification: M19

CSR and Coaching - Complementary Methods of Management

Malgorzata Kolodziejczak
University of Lodz, Poland

Abstract

The main aim of this theoretical study is to prove that concept of Corporate Social Responsibility and Coaching (as a modern method used in management process) are complementary to each other. The Author based on an assumptions that CRS also manifests in the responsibility for employees and Coaching is the method which gives the support in CSR area. In order to prove a wide literature was analyzed, mainly in CSR, Coaching, Human Resources Management, Positive Psychology, Positive Organizational Scholarship, Leadership. First of all the main ideas, assumptions, key issues, models, data and best practices both of CSR and Coaching were compared with each other. As a result of the carried out analysis the authorial model was described - it shows the relationships and dependencies between CRS and Coaching. In conclusion of the paper, there were described arguments that coaching is useful method in contributing CSR in the area of organizational responsibility for employees.

Keywords: Corporate Social Responsibility, Coaching, Management, Organization

Needs Perception, Position, and Contentment: An Empirical Study of Myanmar Immigrant Workers in Thailand

Kevalin Puangyoykeaw
Tohoku University, Japan

Abstract

Is Maslow's hierarchy of needs universal? This research tries to answer the aforementioned question by conducting an empirical study of low-skilled Myanmar workers in Thailand. Despite the hierarchy's popularity, little evidence has found to support the proposed theory - especially in relation to low-skilled workers. This paper was designed to explore the need ranking, need importance and need satisfaction perceived by Myanmar workers along with their level of overall life satisfaction. The sample consisted of 400 Myanmar immigrant workers in 13 selected seafood-processing factories in Samutsakhon province. Descriptive analysis, correlation, a t-test and ANOVA were employed for the investigation. The ranking result provides supportive evidence for Maslow's proposal on the order of needs in the hierarchy. Differences in the demographic data influenced respondents' need importance and need satisfaction differently. The researcher hopes that the finding will help in tailoring an effective motivation programme suitable for Myanmar low-skilled workers in Thailand.

Keywords: Immigrant, Low-Skilled, Needs, Maslow's Hierarchy, Motivation

JEL Classification: M54

COFFEE BREAK: 10:00 - 10:30

SESSION II: 10:20-12:20

CORPORATE GOVERNANCE II

Room: Do

Chair: Ariadna Dumitrescu

Determinants of Corporate Social Reporting in India

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King Fahd University of Petroleum & Minerals, Saudi Arabia

S. Benjamin Christopher
NGM College, India

J. Karthikeyani
Kovai Kalaimagal College of Arts and Science, India

Abstract

Corporate Social Reporting (CSR), which stems from the root of Corporate Social Responsibility of a corporation, is gaining an increasing importance across nations with a view to monitor how far the corporate entities are environment-friendly and to what extent they share information about their social commitment to their stakeholders. Developments in reporting include preparation of stand-alone sustainability reports. Only through CSR, the corporations legitimize their very purpose of survival. As a research theme, CSR has attracted the attention of many researchers who have explored the concept from different perspectives. The present paper aims to single out the determinants of corporate social reporting in India. The sample for the study has been drawn from the list of companies included in BSE 200 of Bombay Stock Exchange, India. Based on market capitalization, the top 100 companies from the list have been drawn as the sample for the study. Data required have been obtained from the annual reports of the companies for the period 2008-2012. The determinants of corporate social reporting have been identified through multiple regression analysis. The variables that have been tested are (i) Size (ii) Age (iii) Nationality (iv) Industry Type (v) Ownership Pattern (vi) Liquidity (vii) Leverage (viii) Profit (ix) Dividend paid (x) Reserve and (xi) Gross Fixed Assets. Corporate Social Reporting Index – constructed based on whether a company reports on a particular component of CSR or not – has been regressed on the select variables. The results indicate that Size, Nationality, Industry type, Ownership Pattern and Leverage determine the level of corporate social reporting of Indian companies. Findings of the present study have corroborative evidences from earlier research studies.

Keywords: Corporate Social Reporting, Stakeholders, CSR Index, Sustainability Reports, Voluntary Disclosure

Information as a Driver in Corporate Governance System: Evidence from Ukraine

Leonid Melnyk
Sumy State University, Ukraine

Oleksandr Derykolenko
Sumy State University, Ukraine

Kateryna Kondrunina
Sumy State University, Ukraine

Abstract

Nowadays information is an essential factor of the transformation processes and evolution of businesses and society as whole. Corporate governance (CG) as a system of responsibilities and practices, by which the corporations are directed and controlled, faces also the crucial role of the information in different contexts and forms, which is extremely important for the transition economies, such as Ukraine. The research aims at showing how information can influence the CG in Ukraine. It addresses the

issues of the accountable and responsible CG. It also covers the information asymmetry and agency problems arise with this regard, observing how CG mechanisms can deal with that. Moreover, the study also explains the necessity of the sub-governance element, which is the IT- governance. The sample of the research includes Ukrainian companies, publicly-traded on the stock exchange during the years 2009 – 2013. The data concerning variables and determinants of performance and firm-specific characteristics are collected from multiple sources, such as web-sites of the companies, annual reports of the companies, Stock market infrastructure development agency of Ukraine (SMIDA) etc. The study suggests that the information factor acts as a driver for developing a stakeholder corporate governance approach. Information components and their proper management ensures that the information flows mitigate the agency problems, disclosure of information promotes better accountability, information as an asset increases the level of corporate governance and IT governance supports an effective strategic decision-making process. Taking into account the crucial role of IT in many areas, it should be an integral part of the Ukrainian companies, especially aiming at risk mitigation and resource management. As corporate governance involves many structures, systems and participants, the information flows should link them to ensure the balance of firm's activities. The IT governance framework could provide this balance through the impact on the following processes: -Accountability -Reporting -Alignment -Delivery Findings support the relevance of information within the framework of the Ukrainian corporate governance system. The primary usage of information in Ukrainian corporate environment should go along with the investor protection, as the lack of a proper protection act as an obstacle for investors' attraction.

Keywords: Corporate Governance, Information, Information Disclosure, Information Asymmetry

JEL Classification: D82, G30, M15

Internationalization of TMT, Compensation & Firm Performance

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Universitas Sebelas Maret, Indonesia

Revina Setyorini

Universitas Sebelas Maret, Indonesia

Abstract

We investigate the effect of internationalization of Top Management Team (TMT) on executive compensation and accounting performance under two-tier system. We find that there is no difference between compensation of international TMT and local TMT. Our findings also show that financial firms pay their executive higher than other firms. Moreover, the study reveals that firms with more international directors on board have a higher performance, but firms with more international board of commissioner shows other way. Finally, little evidence is found that international TMT tenure weakens the effect of executive compensation on firm performance.

Keywords: Internationalization, Top Management Team, Compensation, Performance

The Impact of Corporate Governance on the Efficiency and Financial Performance of GCC National Banks

Lawrence Tai

Zayed University, U.A.E.

Abstract

OBJECTIVES: This paper investigates the impact of corporate governance on the efficiency and financial performance of 57 publicly listed national banks in the Gulf Cooperation Council (GCC) countries. **DATA AND METHODS:** The sample consists of 57 banks between 2011 and 2013. All the required data are extracted from the annual reports of the sampled banks. A translog cost function is used to derive the efficiency score for each bank in the sample. Five corporate governance variables have been identified from the literature as having possible impacts on corporate efficiency and financial performance. They are: board size, board composition, number of board meetings, number of board committees, and board shareholding. Two accounting-based measures are used as proxies for firm performance and they are return on assets (ROA) and return on equity (ROE). In addition, a control variable is used to control for bank size and a dummy variable is used to distinguish between the two types of banks: conventional versus Islamic banks. Multiple regression analysis is then employed to determine which corporate governance variables affect the efficiency and financial performance of the sampled banks. **RESULTS:** Regression results indicate that the number of board committees is a significant variable affecting efficiency while board size, block shareholding, and type of banks (Islamic versus conventional) are significant factors affecting financial performance. The number of board committees is negatively related to firm efficiency. Board size positively influences firm performance (measured by ROA) while block shareholding negatively affects ROA. **CONCLUSIONS:** The managerial implication of our findings is that in order for GCC banks to increase their efficiency, they need to reduce the number of board committees. On the other hand, to improve financial performance these banks should increase board size but reduce block shareholding.

Keywords: Corporate Governance, Efficiency, Performance, GCC

Corporate Governance and Risk Taking Behavior in Italian Insurance Market

Andrea Bellucci

University of Perugia, Italy

Abstract

Objectives: The aim of this paper is to investigate the correlation between corporate governance and risk taking approach of insurance companies. Most of studies are concentrated on the comparison between corporate governance and companies performance (Monda and Giorgino, 2013; Bubbico, Giorgino, Monda, 2012, Najjar, 2012) but there are some studies which show

that corporate governance affects risk taking in financial entities, and insurance companies in particular (Lai and Lin, 2008; John, Litov and Yeung, 2008; Leaven and Levine, 2009; Ho, Lai and Lee, 2013; Cole, He, McCulloch, Sommer, 2011). This field of research could be crucial for insurance market for the opacity related to liabilities, which are difficult to estimate for their long term cash flow and for the absence of an efficient security market (Caprio and Levine, 2002). Both elements which cause information asymmetry. At the same time many elements related to corporate governance, as modern agency theory, management incentives, monitoring of management and ownership structure are important risk drivers from a corporate control point of view (Jensen and Meckling, 1976; Fama and Jensen, 1983; Chen, Steiner, Whyte, 1998). We can define corporate governance as the set of mechanisms that are put in place to align interests of main stakeholders of an insurance company. This definition takes into account the policyholder protection which is one of the most important insurance companies' mission. Among the plethora of mechanisms we have chosen some of the internal ones: a) organizational structure, b) ownership concentration c) board size, d) duality Ceo/Board Chairman. We have verified the correlation between them and risk taking approach. About organizational structure large literature says that stock organizational structure is associated with risky activities and behaviors (Mayers and Smith, 1992, Smith and Stutzer, 1990) unlike mutual companies (Lai and Lee, 2011, Cummins and Nini, 2002, Ho, Lai, And Lee, 2011). In mutual companies managers' actions are monitored in advance by board components. In stock insurance companies large shareholders can exert more influence in business decisions to conduct high risk taking (Eling and Marek, 2013; Boubraki, 2011) and this evidence is coming not only from financial sector (Shleifer and Vishny, 1985; Agrawal and Mandelker, 1990). About board size large part of literature for insurance and financial sector in general consider smaller boards more effective than larger ones - which are difficult to be governed - and more related to value creation (Cheng, 2008). At the same time some studies show that in large boards it is a hard job to get members to approve risky projects (Sah and Stiglitz, 1986, 1991; Andres and Vallelado, 2008). About duality of Ceo/Chairman of Boards it is more generally to be found in literature that the distinction between the two roles contributes to a closer monitoring of managerial behavior included risk taking (Baliga, Moyer and Rao, 1996; Brickley; Coles and Jarrel, 1997; Dalton and Dalton, 2011). As dependent variable, proxy of risk-taking behavior, the paper will take the solvency ratio of insurance companies according to Solvency I during the period 2006-2012. In literature we can find a lot of proxies to risk taking as a quantification of risk base capital via cash flow simulations (Cummins, Grace and Phillips, 1999), analysis of factors explaining insurance companies failures (Chen and Wong, 2004), relevant parameters for company failures (BarNiv, and McDonald, 1992), amount of risk taking monitoring stock prices variations (Eling and Marek, 2013). We think that the Solvency ratio, reported in annual report and monitored by Insurance Supervisor could be a good proxy. Following solvency rules, the second research question, related to the first one, is to verify the correlation between the new rules following the second Pillar of Solvency II about internal control system which have been introduced from 2008 and the risk taking behavior of insurance companies. About this subject there are some studies on the impact of Sarbanes-Oxley Act introduction in 2002 which show no correlation between the new rules and profitability and risk taking behavior for involved companies (Boubakri, 2011), except a paper of Lai e Lee who says that SOX's introduction has raised underwriting risk, and total risk and diminished leverage risk (Lai, Lee, 2011). Data and method: The empirical data base is composed of financial report documents from 2006 to 2012 coming from 30 insurance companies of Italian market, life and non life, which represent 55% of non life market and 69% of life market (in terms of group held 70% of non life market and 82% of life market), in terms of premiums directly underwritten. We studied the correlation (R2) between corporate governance variables (independent) and solvency ratio (dependent) and the solvency ratio levels before and after second pillar rules of Solvency II introduction. About first research question we have found a low correlation between the corporate governance mechanisms analyzed and solvency ratio. We have found a positive correlation with solvency ratio for some kind of organizational forms as mutual companies and listed companies. About the second research question we didn't find correlation between second pillar rules of Solvency II introduction and solvency ratio. Conclusion: Italian specificities make difficult to find insurance companies characteristics which can define a specific risk taking behavior. The preparation works on Solvency II have been too focused on quantitative capital requirements, so nowadays is quite neglected the second pillar about internal control system.

Keywords: Insurance Companies, Corporate Governance, Solvency II, Capital Requirements, Financial Reporting, Organizational Form

A Structural Event Study for M&As: An Application in Corporate Governance

Tarcisio da Graca

University of Quebec at Outaouais, Canada

Robert T. Masson

Cornell University, U.S.A.

Abstract

Our paper makes several contributions to the literature in corporate finance. First and foremost, on the methodological front, we propose a structural approach for the determinants of the abnormal returns of the parties in acquisitions. One structural equation models the total acquisition value change (synergy equation). The other equation models the distribution of the total acquisition value change between the parties (dominance equation). We posit that from the interaction of these equations the parties' abnormal returns are determined. In addition to the structural analysis, we run the corresponding reduced form regressions on the same dataset as a benchmark. Interestingly, the reduced form estimates point to results that seem - at first sight - at odds with the structural results. However, the structural and the reduced form approaches are exactly identified (i.e. one can uniquely retrieve the estimates of one approach from the other, and vice-versa). The transformation of the reduced form estimates into parameters of the structural systems yield similar results to the direct structural estimation. Moreover, the similarity of results is confirmed by a nonlinear direct estimation of the structural parameters from reduced form equations. This solidly validates our structural approach. The empirical contribution for corporate governance pertains to the estimation of the effect of the parties' governance index on the value of the parties in acquisitions. Previous studies have applied long-term event-studies following changes in a firm's corporate governance provision, without any substantial change in ownership. Ours is a short-term event study of the issue in the context of mergers and acquisitions where there is an abrupt change in ownership. Applying our novel methodological approach we find results which suggest that: (1) firms with more stable or entrenched management are more valuable and (2) in an acquisition negotiation targets with higher governance indices tend to lose bargaining power against the acquirer. These findings are coherent with the notion that more stable or entrenched boards can concentrate their efforts to lead their firms towards longer-term growth. However, once an acquisition becomes credible, imminent and - perhaps - unavoidable, the results

are consistent with a narrative in which a target's stable (or entrenched) board members change their behavior and become softer in the negotiations with the acquirer's management, to the detriment of the target's shareholders.

Keywords: Event Study, Structural Analysis, Mergers and Acquisitions, Corporate Governance

BANKING II

Room: Re

Chair: Sofia Vale

Determinants of Bank Stock Return in Indonesia: Does the Global Financial Crisis Matter?

Linggar Ikhsan Nugroho,
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Abstract

The present paper analyzes the determinants of stock return of Indonesian banks by considering macro-prudential and micro-prudential policies. Using a fixed-effect panel data technique consisting of 105 bank-year observations, I find that reserve requirement has a positive effect on stock return. Interestingly, unlike non-financial firms, bank stock price significantly increases during the global financial crisis. Moreover, non-performing loans are negatively associated with reserve requirement. NPLs of Indonesian banks are also lower during the global financial crisis than those of non-crisis period. Some policy implications are discussed.

Keywords: Bank Stock Return, Panel Data, Global Financial Crisis, Indonesia

Selection of Short Term Interest Rate Fixation Mortgages in an Emerging Market: A Case of Lithuania

Egle Karmaziene
Stockholm School of Economics - SIFR, Sweden

Julita Varanauskiene
ISM University of Management and Economics, Lithuania

Abstract

This study uses data from the Bank of Lithuania's Survey of Households with Housing Loans to empirically test whether Campbell and Cocco's (2003) recommendation that borrowers opt for short-term fixed mortgage rates unless they have binding borrowing constraints holds in practice. We found that the largest share of borrowers choose short-term fixed-rate mortgages. We also found that financially constrained borrowers are more likely to choose stable, yet more expensive, long-term fixed-interest-rate mortgages to hedge their future consumption against interest rate shocks. We suggest that the contrast between this finding and Coulibaly and Li's (2009) empirical finding stems from the institutional features in the US and Lithuania. During the sample period, Lithuania did not have a bankruptcy law and loan refinancing was not widespread. Lithuania is an emerging market that is characterized by low and volatile income, low savings, and volatile asset prices and interest rates. Such an environment, in which financially constrained borrowers are more vulnerable to interest rate shocks, helps to clarify the relationship between household binding borrowing constraints and a type of mortgage interest rate. We conclude that an agent chooses optimally in a setting in which the borrowing constraints bind.

Keywords: Adjustable Rate, Fixed Rate, Households, Mortgage, Mortgage Market

JEL Classification: D12, D14, G21

Banks' Risk-taking with Credit Commitments: Comparative European Evidence

Laivi Laidroo
Tallinn University of Technology, Estonia

Kadri Mannasoo
Tallinn University of Technology, Estonia

Abstract

Objective – Introduce credit commitments into a theoretical investment and financing framework resembling David et al. (2000), Hottenrott and Peters (2012), and Hubbard (1998), and to test this model empirically. Data and methods - The estimation sample covers 386 commercial banks from 27 European countries. Countries are divided into three groups: New European Union member countries from Central and Eastern Europe (CEE), the peripheral countries of European Union suffering disruptions in financial sector and real economy (GIPSI-CI) and Core Europe denoting the highly developed European Union net contributor countries. The analysis covers years 2004-2011. Baseline estimations are done using GMM with full set of instruments and difference GMM. Results - Developed theoretical framework suggest that committed credits spur "risk insensitive" loan supply which according to Keeton (1999) incurs higher credit risk for a bank. The financing shift associated with loan commitments enables the customers to take on more risky investments, provides possibilities for non-optimal investment decisions and is more appealing to less risk-averse customers. This indicates that if credit commitments form a significant portion in bank's loan portfolio, the credit risks of such a bank are likely to be higher. The negative impact of loan commitments on banks' credit quality is likely to be stronger in the aftermath of an economic boom which encourages banks to take on more risk at underestimated risk spreads. These conclusions are consistent with Thakor (2005) model. Empirical tests reveal that an increase in committed credit

lines relative to outstanding loans proves to be a two years ahead warning indicator of credit quality deterioration revealed in subsequent increase in loan loss reserves. In line with the expectations, the resistance of banks in Core Europe group to credit quality deterioration (with respect to the level and increase in credit commitments) is significantly higher compared to banks in GIPSI-CI and CEE region. The negative association between loan loss reserves and contemporaneous real GDP growth is also affirmed. Conclusion – The results indicate that the use of credit commitments measure may enable more timely recognition of risk accumulation episodes and provide valuable insights for regulatory and supervisory authorities.

Keywords: Banks, Credit Quality, Credit Growth, Committed Credit Lines

JEL Classification: G21

Nonparametric Goodness-of-fit Tests for Exponentiality

Nika Maglaperidze

Ilia State University, Georgia

Dario Gasbarra

University of Helsinki, Finland

Marina Chodrishvili

Ilia State University, Georgia

Abstract

The goodness of fit of a statistical model describes how well it fits a set of observations. Measures of goodness of fit typically summarize the discrepancy between observed values and the values expected under the model. Testing exponentiality is a long standing problem in statistics. In economics, the assumption of exponentiality has been widely applied. For example, equilibrium search, models of the labour market typically use exponential distributions for the durations of unemployment and employment within a particular job. The exponential distribution of the duration of typical stock market drawdowns is motivated and discussed by Sornette. Evidence has been presented of exponential distributions for wealth and income model in which (log) annual growth rates of companies have an exponential distribution. Thus there is a clear need to test the hypothesis of exponentiality against a wide variety of alternative hypotheses, across many areas of economics and finance. The aim pursued in this paper to construct asymptotically distribution free goodness-of-fit tests for testing parametric hypothesis on the distribution of point processes. In this paper we present asymptotically distribution free nonparametric goodness-of-fit tests for exponential distribution. The guideline in this work is the idea to base goodness-of-fit tests not on the parametric empirical process but on its innovation process.

Keywords: Goodness-of-fit Tests, Parametric Hypothesis, Point Process, Intensity Process, Martingale, Transformation Point Process

Analyzing the Determinants and Effects of Risk Taking in Turkish Banking System

Etem Hakan Ergec

Eskisehir Osmangazi University, Turkey

Bengul Kaytanci

Anadolu University, Turkey

Abstract

Bank risk taking behavior is one of the important issues in the operation of any banks. Risk taking behavior of banks is essential for profitability, real effect of monetary policy to be actualized and financial stability in the financial system. As for the consequence of risk taking behavior in banks, first, it has a significant impact on profitability of banks. Another factor that makes risk taking of the banks important is the real impact of the monetary policy. It should be noted that risk taking behavior of banks may effect on monetary transfer channels in the economy. Beside the effect of the monetary policy action on interest rate and credit supply in the economy, it can affect the risk taking behavior of the banks; therefore, they may have stronger impacts upon the economy. From financial stability standpoint, the tendency of the banks to take risks is influential over the fragility of the financial system as well. In current times, financial stability is a key goal in the monetary policy; hence, risk taking becomes more attractive and relevant because of the linkage between risk taking and financial crisis. To this end, the goal in this study is to analyze the macro determinants of risk taking in conventional banking institutions. Identification of macro level (such as monetary policy indicator, GDP, and inflation) variables affecting risk taking is crucial for the bank management, in terms of the profitability, and the policy makers in terms of the goals of the monetary policy and the maintenance of financial stability. In consideration of this, the study analyzes the monthly data of Turkish economy in the period between 2006 and 2014 by using on Causality and VAR analysis methods.

Keywords: Commercial Banks, Non performing Loans, Risk Taking Channel, Monetary Policy

Local Institutional Development and Cost of Financial Intermediation: Evidence from Indonesia

Irwan Trinugroho

Universitas Sebelas Maret, Indonesia

Moch. Dody Ariefianto

Indonesia Deposit Insurance Corporation, Indonesia

Abstract

We investigate the determinants of cost of financial intermediation across regions in Indonesia. Taking advantage of the financial data of rural banks it enables us to investigate the intermediation cost differences across region because these two kinds of banks operate focus in a region. Using quarterly data for 12,795 rural bank-year observations, we estimate our model using panel data technique. We do find that bank interest margin is higher in poor governance, less developed as well politically unstable regions because commercial and other kinds of banks may be reluctant to establish their business in these regions which consequently decrease competitiveness and increase market power of existing banks.

Keywords: Cost of Financial Intermediation, Local Governance, Rural Banks, Interest Margin, Indonesia

EDUCATION

Room: Mi

Chair: Thomas Menkhoff

A Job Yet-to-Be-Done: Reinventing How Universities Define Student Needs

Lucian Mihai Gramescu

West University of Timisoara, Romania

Nicolae Bibu

West University of Timisoara, Romania

Abstract

Globalization trends put increasing pressure on universities to redefine their business models. As the education market breaks open, competition for the most effective and innovative educational programs increases rapidly. A response to these challenges has been entrepreneurialism and, as quality students and programs remain the key assets for universities, properly defining customer requirements is a key competitive advantage. This objective of the present research has been to: 1. formulate needs of students in the West University of Timisoara (WUT), Romania, in respect with interdisciplinary entrepreneurship education 2. assess the applicability of Outcome Driven Innovation (ODI) as a tool for informing academic strategic marketing. This study operationalizes student needs as "jobs to be done", outcomes which customers solve by "employing" products and services". Developed by Strategyn, ODI has not been employed yet in educational management, in spite of a track record that includes the development of the cardiac stent, the fastest growing medical product in terms of sales. Research started by collecting 17 hours of student interviews to formulate 65 "jobs" which aspiring entrepreneurs need to get done, followed by a survey asking 280 students of the 14,000 in WUT to rate the importance of each job and satisfaction with the ability to complete each item. Results highlight a strong demand for capital, but low awareness of the jobs required for reaching any fundraising milestone. Furthermore, the study shows the market seems to be appropriately served, with only 11 of the 65 jobs ranking as moderate opportunities. For deeper insights, segmentation by faculty, degree level and entrepreneurial intention, as well as factorial analysis to identify specific market segments in the student population. Overall, the study concludes that ODI provides useful insights in terms of opportunities for program development, with the caveat that further exploration is required to distinguish whether the low demand for a change in entrepreneurship services at WUT is a sign of adequate supply or if it should serve as a warning that the low entrepreneurial culture in the campus should be addressed.

Keywords: Entrepreneurship, Entrepreneurial University, Strategic Marketing, Employability, Enterprise Development

Detecting the Aspects of e-Library Usage Behavior for a Private University in Kuwait

Muna Khalifah Al-Khabbaz

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Abstract

E-library usage is important in higher educational institutes as it assists students in their learning. Higher educational institutes spend large amounts of funds and effort to purchase and implement such systems. This study measures the usage of the e-library systems at The Australian College of Kuwait (ACK) and the Gulf University for Science and Technology (GUST). In addition, this study examines the factors that affect e-library usage. A model was developed which included the factors that affected e-library usage. The model was tested using a questionnaire provided to students at ACK and GUST. A sample of 212 respondents was used to complete the study. The most important findings were that the following factors had the greatest effect on e-library usage: perceived ease of use, perceived usefulness, social influence, user satisfaction, relevance, outcome expectations, and self-efficacy. These findings were used to propose methods of how to increase student usage of the e-library system at ACK and GUST.

Keywords: E-Library, Higher Education, SEM, Online Behavior, Regression Analysis, TAM

Online Video Clips in Foreign Language Teaching

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Magdalena Fiserova

University of Hradec Kralove, Czech Republic

Abstract

Information and communication technologies are an inseparable part of any human activity, including university education. The authors will discuss ways of exploiting videos in foreign language classes. A number of experts have been looking into this problem and come up with various suggestions. This contribution discusses the development of video clip utilization in language classes for students of Management of Travel and Tourism at the Faculty of Informatics and Management, University of Hradec Kralove, Czech Republic. The authors have been using videos for four years. All the time, they have been trying to further develop both materials and procedure employed in the classroom. A questionnaire survey and a literature review have been conducted in order to determine the best possible practice of video utilization.

Keywords: Audio-visual, ICT, Video, Websites, Worksheet

Addressing Intercultural Communication during Experiential Learning: A case of the Durban University of Technology (DUT)

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Durban University of Technology, South Africa

Nisha Ramlutchman

Durban University of Technology, South Africa

Abstract

The higher education institutions in South Africa have begun the shift towards a more structured experiential learning framework which combines academic output with specific industry needs. South African business is made up of individuals with specific cultural dynamics which makes for an ethnically diverse society. This paper examines the intercultural communication sensitivity of students during their experiential learning in industry. This study was conducted at the Durban University of Technology. It was quantitative and descriptive in nature. A total of 189 questionnaires were completed and returned by students who completed their experiential learning in industry. The intercultural sensitivity scale developed by Chen and Starosta was used to measure the intercultural sensitivity level of these students. The results showed that the students were at ease while engaging with different cultural groups during their time in industry. These students also attached a high value to the respect for cultural differences and they interacted well with people from different cultures.

Keywords: Experiential Learning, Intercultural Communication Sensitivity, Intercultural Communication

The Evaluation of Changing Values and Dynamics in Higher Education in the Concept of Information Age: Franchising - Higher Education Turning into Mcdonald's, Full Scale Branch Campus in China and Examples of Funding of the Researches in England

Hasan Kursat Gules

Selcuk University, Turkey

Emine Nihan Cici Karaboga

Konya Necmettin Erbakan University, Turkey

Kazim Karaboga

Selcuk University, Turkey

Abstract

Institutions come together with the same other organizations and operating in different sectors in society. The institute influences and is influenced by either same institute or different one. In other words, institutions are in interaction with other institutions in society. Opinions in society emerging, forces and trends affect institutions Power and trends which are affecting institutions and institutions that affect from society to society and from time to time can vary greatly. Trends and power that are affecting institutions and also affected by them can be nature in local, national and international. As an institution of higher education institutions will be affected and will affect. Higher education institutions due to the impact of the tasks are more open. In this study, higher education institutions and factors affecting change in recent years been addressed under individual titles, effects of globalization emerged with the international situation was made a general assessment by giving examples. Globalization, increasing population and consequent increased rate of demand for higher education, information society, the impact of technology and changing higher education supply are discussed in this study.

Online Distance Learning

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Ministry Manpower Oman Ibra Collage of Technology, Oman

Abstract

Developing an online distance learning program for international students to use so they can study different university courses from their homes overseas helps to provide more educational opportunities worldwide. Anyone who is interested in taking online courses can sign up, order books, and pay for the courses online through the secure website, download the software applications, and enter the virtual classroom. All the materials and instructional information is posted daily, and there are online teachers to answer questions and post the lecture materials. Online distance learning is an excellent way to provide more learning to people in other countries who do not have access to established and accredited universities. It also provides economic and convenient methods for anyone who wants to learn to study from their home or office online. Preparing an online distance learning program for launch means testing it with focus groups, finding out how easy to use it is, and making the required modifications for increasing usability worldwide to ensure long-term success. The distance online website allows students to access data from the necessary programs and links that relate to the distance course materials, including class discussion boards, drop boxes for assignments, and teacher and classmates' emails. The educational standards of today's high-technological society require video aids like online distance computer software to improve the access and ease for people who want to feel a part of a virtual classroom and need interaction and feedback to learn better. Multimedia and graphics help to make the online distance program more interesting and easier to manage for students and professors. Whether in an educational capacity (like the online distance courses) or business environment, visual equipment software can be an excellent supplemental addition that will improve communication between people. Obtaining online university degrees through distance study programs is an efficient and convenient way to earn college credits, especially for people who do not have the time to attend regular classes. Because online learning offers a variety of different classes available to many countries, it has become a popular way to increase people's education and computer training. The online distance programs have provided more opportunities to gain higher learning for Gulf students, and also has allowed them to save time and money, and have the opportunity to study subjects that might not be available to them in their own countries

Keywords: Online Learning, Distance Programs, Online Courses

MANAGEMENT I

Room: Fa
Chair: Maria Garbelli

Importance of Hospital Way-Finding System on Patient Satisfaction

Serife Didem Kaya
Konya Necmettin Erbakan University, Turkey

Y. Yalcin Ileri
Konya Necmettin Erbakan University, Turkey

Aydan Yuceler
Konya Necmettin Erbakan University, Turkey

Abstract

Objectives: The basic function of the hospitals is to ensure the patient satisfaction. Patient satisfaction is a strategic element for hospitals to reach their missions and for the survival of the management. One way of ensuring patient satisfaction in hospital clinics, polyclinics and laboratories is proper way-finding systems with reasonable distances in the route. Because of complaints and dissatisfaction of patients from the hospital's way-finding systems, some routing arrangements were made in Konya Selcuk University Medical Faculty Hospital. As a result of this arrangements, satisfaction levels of 1121 patients from the distance levels between clinics, polyclinics and laboratories in Selcuk University Medical Faculty Hospital was intended to measure. **Data and Methods:** The study was administered on 1121 patients between August-June 2013 in Selcuk University Medical Faculty Hospital using face to face interview method. In the study, the patients who had received services in the hospital and agreed to participate in the study were asked two questions. **Results and Conclusions:** According to the results, it can be concluded that after the arrangements of the hospital's way-finding systems, patient satisfaction of hospital way-finding systems gets high rates as they mostly responded "good and very good" to the questions. Moreover, after the arrangements of the hospital's way-finding systems, the number of patient's complaints has decreased to zero level.

Keywords: In-Hospital Way-Finding Systems, Patient Satisfaction, Routing

Time Management and Stress Relationship in terms of Health Sector Employees

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Yusuf Yalcin Ileri

Konya Necmettin Erbakan University, Turkey

Abstract

Nowadays, due to rapid changes and developments, business life becomes increasingly complex which yields many employees do lots of works together in a limited time. As a result, time pressure and job stress negatively affect employee productivity. In the context of our study, we have examined the health sector which is one of today's most complex sectors. Patients and staff in the health sector are considered as a whole. The success of health manpower is the most important element for the quality of health services. In this manner, as the working environment is more qualified and less troublesome for health staff, patients receive better and more qualified health services. Health sector is a complex industry not only because of the services provided in the health sector but also very different characteristics of employees working in this sector. Continuously working under time pressure and concerning of human life expose health sector employees high stress. Experiencing excessive stress adversely affect the performance and success. As a result, individuals working in the health sector are under greater time pressure compared to other sectors. This causes more stress and yield loss. In this context, managements should educate their employees on time management and effort to cause less stress to help them do their jobs more effectively. This study is a theoretical study and domestic and foreign literature on the subject has been studied in detail. In subsequent studies, the literature will be supported with a field work. Studies on time and stress management have revealed an important relationship between these two concepts. Many studies conducted in recent years showed that a successful individual and organizational time management reduces experienced stress levels. Reducing the level of stress leads to increase the performance of employees and therefore organizational aims will be reached more effectively. A well-implemented business time management has an important contribution not only to health managements but also to all enterprises in achieving planned objectives in a short time and overcoming work-related stresses.

Keywords: Time Management, Stress Management, Health, Health Sector

New Product Development and Supplier Management: The Case of Turkish Manufacturing Firms

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Nigde University, Turkey

Vural Cagliyan

Selcuk University, Turkey

Rabia Yilmaz

Nigde University, Turkey

Emel Gelmez

Selcuk University, Turkey

Abstract

It is essential for the businesses to make a difference in maintaining a competitive advantage in today's global economy. To ensure this difference, businesses are required to put new goods, services, processes, and markets into operations, in short, to demonstrate innovations in every field, and more importantly, to make them permanent all the time. To achieve this, successfully management with a strategy from the idea to market stage is which of the utmost importance. Involving the present suppliers in the process of new product development constitutes the most important element of this strategy. The aim of this paper is to investigate the relationship between management of suppliers, innovations and business performance in Turkey. The data were obtained from 102 varied industries registered in the database of ISO 1000 including the biggest organizations of Turkey. The results of the correlation analysis revealed that there was a positive correlation between the variables of the new product performance, the level of buyer-supplier collaboration, and supplier involvement in the new product development. The result of regression analysis established that there was a strong correlation between new product performance and overall business performance. These results suggest that it is vital for the businesses that want to gain a competitive edge to present their new products to market successfully, and for this they should improve the buyer-supplier relationships, and include their suppliers in the process improvements and innovation.

Keywords: New Product Development, Supplier Involvement, New Product Performance

Business Success Performance of Thai Local Firm with Innovation Management and Social Media Applying

Taninrat Rattanapongpinyo

Silpakorn University, Thailand

Abstract

The objectives of this research were firstly, to study how to measure the Business Success Performance of Thai local firms, and secondly to study the factors that related to Thai Local Firm Success Performance. This research used the qualitative method and studied in the form of phenomenology methodology. The data was collected from the key informants; the experienced dessert business entrepreneurs and the other people who related to this business operations in Phetchaburi province, by using In-depth

Interview, analyzing from narrative data and applying analysis with the literature reviews to explain the occurrence. The research found that 1.) the Business Success Performance of Thai local firms valued by Corporate Brand, Enterprise value, Recognition and Measurement of Business Transaction and Employee Engagement, and 2.) the factors that related to Thai Local Firms Success Performance composed of Innovation Management Factors (Organization Environment, Human Resource Management, Learning Organization and Knowledge Management Environment and Creative Innovation) and Social media Applying Factors (Lead Generation, Customer Retention and Brand Awareness). Moreover than these; the local business entrepreneurs chose Product Creative Innovation as a main approach to enhance sustainable success of business operation, most of them thought that the new knowledge could not go together with the traditional intellects and the Inspiration for innovation development came from the outside-in. The research suggested that the innovation management policy for the creative and success performance business should include not only the supports to create creativities but also the promotion of knowledge transfers and innovation assistance from external networks for innovations.

Keywords: Innovation Management, Social media Applying, Local Firm, Success Performance

Tools and Actions for Increasing the Effectiveness of the Strategy Implementation

Joanna Radomska

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Abstract

Objectives: The aim of this paper is to examine the interrelationships between the tools and actions used by companies to implement the development concept. The analysis of the literature indicates that there are certain deficiencies in this area. Many studies emphasise the barriers that hinder the strategy implementation, while relatively little attention is paid to methods for supporting this process. Based on the research results, the following tools were selected for the analysis: BSC, strategy maps, implementation projects, systems for monitoring the company's environment, strategic controlling, budgeting and scheduling.

Data: The group of respondents included managers of 200 companies that have been operating for at least 5 years and are listed among the 500 largest Polish companies in the ranking of the "Polityka" weekly magazine (101 entities) and in the "Forbes Diamonds 2013" ranking (99 companies). The first ranking takes account of the revenues on sales, the total revenues of the companies, the gross and net profit, as well as the employment level. On the other hand, the "Diamonds" list included the companies with the fastest increase in their value. The group of respondents included 68 small businesses (up to 49 employees), 63 medium-sized companies (50-249 employees) and 69 large enterprises (employing over 250 people). **Methods:** The study was conducted using the PAPI (Paper and Pencil Interview) technique – the quantitative survey was carried out with the use of a method based on collecting the data in an open (overt) and standardized way. The questions in the questionnaire were of nominal nature (the respondents declared the existence of specific obstacles) and of ordinal variable nature (the respondents indicated the strength of their impact in a 5-point scale). In order to test the hypotheses, Kendall's tau-b correlation coefficient was calculated. **Results:** As indicated by the results, 6 of 7 hypotheses can be tested positively. Thus the existence of relations between the following factors was demonstrated: the use of implementation programmes and the regularity of measurements of the implementation works, the use of BSC and the inclusion of a wide group of employees in the strategy development stage, the use of strategy maps and a reduction in the employee resistance to the changes associated with the development concept implemented, the introduction of a system for monitoring the business environment and an increase in the regularity in measuring the progress of the implementation, the appointment of interdepartmental teams responsible for the strategy implementation and the use of informal communication, the use of scheduling and budgeting as implementation tools and the assignment of performance metrics and indicators to strategic objectives. However there was no evidence that the use of the strategic controlling has any impact on the improvement in the effectiveness of the strategy implementation by linking the remuneration level with the degree of implementation of strategic objectives. **Conclusions:** The research results show that the use of tools and actions for improving the implementation results is not a common practice. In particular, this concerns the aspects associated with the communication and employee participation, which more and more often appear to be key barriers to the implementation. The analysis of the correlations obtained showed that there are certain dependencies which seem to be crucial for the success of the strategy implementation process. It would be worthwhile to carry out further analyses concerning the existence of differences in these relationships in companies of various sizes.

Keywords: Strategy Execution, Tools, Strategic Management, Implementation, Informal Communication

JEL: L1, L2

Important Factors to Consider when Renting Apartment in Bangkok

Ukrit Klinjun

Thammasat University, Thailand

Abstract

Renting apartment has become an important sector in developing country, especially in Thailand. Studying factors to take into consideration on rental apartments will help to develop rental apartment projects as customers need. When looking for an apartment, there are numerous factors to concerns. This survey research focuses on five factors contributing to quality of living and impacting on rental apartment such as location, price, management, facilities and physical factors. Data was collected from people who are looking for rental apartments in Bangkok by questionnaires. Factor analysis and multiple regression method were used to analyze data. The result is that management and price are significant factors impacting on rental apartment. Management is the most significant factor consisting of fast and accurate services, courteous staffs, cleanliness and good maintenance. The second factor is price which includes room rate, deposit and utility cost. The outcome implies that customers prefer good management and services from owners over other factors. Customers compare price with qualities received. These findings are useful to apartment owners, investors and others who are interested in rental apartment.

Keywords: Renting, Apartment, Factors on Apartment, Real Estate, Lease Apartment

EMPIRICAL STUDIES ON EMERGING ECONOMIES**Room:** Sol**Chair:** Nicoletta Rosati**The Case against Active Pension Funds: Evidence from the Turkish Private Pension System****Umut Gokcen**

Koc University, Turkey

Atakan Yalcin

Ozyegin University, Turkey

Abstract

Using a survivorship and selection bias free database of actively managed private Turkish Pension funds we show that most managers are not able to provide performance above and beyond what could be earned by passive indexing. At its simplest, funds fail to beat their self-declared benchmarks on average. With respect to a common multi-asset factor model, the fund industry as a whole does not deliver a positive alpha and neither does the average fund. Cross-sectional regressions indicate that exposure to government bonds explains the pension fund returns, rather than exposure to the stock market. An average fund manager is only able to provide 34 basis points of "selection return" per annum on top of the "style return" computed from his reported asset allocations. Finally, a naive trading strategy that buys the top 10 funds in each year and holds them for the next year earns about the same annual return as a passive strategy of holding a half-and-half blend of Turkish stocks and government bonds. Taken as a whole, our results strongly support the philosophy of passive investing and highlight the need for low-cost index funds in the Turkish Pension fund system.

Keywords: Pension Funds, Style Analysis, Abnormal Return**Factors behind the Pricing of Mutual Funds Investing in Eastern Europe****Gabor Bota**

Budapest University of Technology and Economics, Hungary

Mihaly Ormos

Budapest University of Technology and Economics, Hungary

Abstract

We investigate the performance and time varying risk behavior of open-end mutual funds investing Central and Eastern European equities. We classify the funds based on the location of their management companies (whether they are located in the target region or in another country) in order to examine whether fund managers located and operating in the region have any advantage compared others which result in excess returns for the investors. We apply different market-equilibrium models (CAPM, Fama-French three-factor model, Carhart four-factor model and Pastor-Stambaugh five-factor model) first to find the equilibrium model with the highest explaining power second to detect the differences between the funds investing in emerging European capital markets managed from the region and from elsewhere (mainly from developed countries). We run the regressions using different market proxies. By using dummy variables we separate different market conditions, to capture the general movement in the regional capital markets.

Keywords: Mutual Funds, Asset Pricing, Home Bias**JEL Classification:** G11, G12, G14**The Informational Contents of VKOSPI for the Event of KOSPI200 Intraday Jump****Taehyuk Kim**

Pusan National University, South Korea

Abstract

This study investigated the informational contents of KOSPI (Korea Stock Price Index) 200 options for intraday big market movement by using minute by minute data. Our database covered from July 7, 1997 until December 31, 2011(15 years, 174 months, 3,652 days). This paper has three research objectives. First, the behavior of implied volatility (VKOSPI) is analyzed during the 30 minutes before and after the KOSPI jump. Second, the relation between KOSPI200 cumulative return and VKOSPI observed during the 30 minutes before and after the KOSPI jump is verified. Finally, the forecasting ability of VKOSPI measured at the KOSPI200 jump on the future return of KOSPI200 is examined. This research followed the non-parametric model suggested by Lee, Mykland (2008) to find jump events. In order to detect pure informational contents of VKOSPI, sample are divided into two groups-one is the sample set collected during the jump period and the other sample set is randomly selected during the normal period. The regression analysis is employed and estimated regression coefficients are compared between two sample sets to test information effects of VKOSPI during jump periods. The major findings are summarized as follows: First, big market movement occurred more frequently during 9:00~10:00 and 14:00~14:50. These phenomena reflect market instability just after opening and near closing. Second, VKOSPI is more closely associated with extreme market changes such as KOSPI200 jumps rather than with normal market situation. Third, VKOSPI showed more predictive power with negative KOSPI200 jumps than KOSPI200 jumps. Fourth, the change of VKOSPI showed predictive power for the positive and negative jumps up to 30 minutes before jumps occur. This study is an important contribution to investigate intraday information comprehensively in terms of market microstructure effects using the 15-year long-term and the high-frequency data (minute by minute). The results of this

study are expected to contribute to detect intraday true jumps, proactive development of market risk indicators, risk management, and derivatives investment strategy.

Keywords: KOSPI200 jumps, Volatility Index, Market Microstructure, Market Crash, KOSPI200 Options

Estimating Relative Risk Premium for CEE Countries: The Case of Romania

Bogdan Dima

West University of Timisoara, Romania

Simona Crenguta Pacioaga

West University of Timisoara, Romania

Marcela Todoni

West University of Timisoara, Romania

Abstract

Many studies document cross-sectional relations between risk and expected returns on common stock. The most widely used approach to estimate the market risk premium focuses on the average of the historical spread between returns on stocks, and the return on bonds, which are considered to be risk-free securities. The last years have experienced important changes in countries in Central and Eastern Europe. A large number of economists have developed models dealing with asset choice under conditions of risk. We seek to contribute to this literature twofold. Firstly, we advance a model aiming to capture some determinants of characteristic betas by incorporating various types of risk premium. Secondly, we apply such model for an emergent market as the Bucharest Stock Exchange (BSE) involving the five major stocks from the market financial sector. Since our model includes the sensitivity of local market returns in respect to the returns of five major international markets, namely German, UK, Austrian, US (S&P500, DJI) we are able to highlight some effects induced by the progressive financial integration of BSE.

Keywords: Risk Premium, Emergent Market, Portfolio Diversification, Market Return

The Formation of New Firms: An Ordered Probit Model Approach for Latin American and Caribbean Countries

Jorge Velez Ospina

Universidad Catolica de Colombia, Colombia

Jacobo Campo Robledo

Universidad Catolica de Colombia, Colombia

Abstract

The purpose of this paper is to identify the factors that affect the creation of new firms in Latin American countries. We take into consideration economic, political, social and technological factors which should also help governments realize the areas that we found to have the greatest impact. The study relies on data from international organizations from which we construct an Ordered Probit model using data. The results indicate that credit and government effectiveness enhance the probability of generating new business but it depended of business density.

Keywords: New Business, Governance, Income, Credit, Education, Trade

JEL Classification: C23, C25, M13

The Fisher Effect: Albanian Application

Mergleda Hodo

Epoka University, Albania

Abstract

The Fisher hypothesis is an important topic in monetary economics which has been a subject of much empirical research. This paper seeks to examine the Fisher Hypothesis furthermore the existence of fisher effect in developing countries and then in Albania by using a regression procedure developed by Francis Galton (19-th Century) to facilitate an equation from which can predict one variable based in another variable. The examination shows the impact that the changes in inflation rates have on the nominal interest rates (deposit rates) in Albania during the period 1993-2009. By using the regression analysis, it's found the validity of the Fisher relationship as long-run equilibrium phenomenon in the case of the Albanian economy which means that exist a weak positive relationship between two variables. The main results in this paper show that banking sector is not so efficient and the reason for this is the change of regime from communism to free market economy in 1992. The monetary authorities have to employ policies for rising inflation in which can achieve by increase investment in infrastructure in order to raise production.

Keywords: Fisher effect, Nominal Interest Rate, Real Interest Rates, Inflation

SESSION III: 12:25-14:25

CORPORATE GOVERNANCE III**Room:** Do**Chair:** Tarcisio da Graca**Analysis of Ownership Structure of Business Groups in Poland****Edyta Mioduchowska-Jaroszewicz**

University of Szczecin, Poland

Abstract

This paper analyzed ownership structure of business groups based on the examples of 174 capital group operating in Poland. The article consists of two parts. The first part deals with the research carried out by other authors presented in Polish and foreign literature. The second part contains an analysis of the ownership structure of capital groups listed at the Warsaw Stock Exchange in Poland. In this study of an ownership structure were used inductive-deductive method and the method of qualitative data analysis. The research hypothesis adopted in this article was positively confirmed indicating that the capital groups operating in Poland have a concentrated ownership structure.

Keywords: Business Groups, Ownership, Structure of Capital**JEL Classification:** G12, G32, G34

Corporate Governance in a Large Family Business in Poland**Malwina Szczepkowska**

University of Szczecin, Poland

Abstract

Family firms are the predominant form of business in economies throughout the world. At the same time, family businesses are seen as one of the most complex forms of business. Literature on the consequences of familism does not provide an unequivocal answer to the question if combining ownership with management produces more positive or negative effects. Therefore, it is interesting to identify conditions under which benefits accruing from the aforementioned combination outweigh costs. It seems that family's influence on firm value may stem from the extent to which shareholders' interests (defined in regulations adopted by every country) are protected. In Poland, it is believed that issues relating to corporate governance are the domain of large listed companies in the case of which it is natural to separate ownership from control. There is no such division in family firms, especially as vast majority of them operate in SME sector. Polish literature presents and describes research on family business more and more frequently (Safin, 2007; PARP, 2009). However, conclusions are drawn mainly for SME sector and issues relating to corporate governance are additional and rarely addressed in analyses. It should be noticed that large family companies have acquired profound significance lately, especially in Poland. Therefore, the article will head for answering the main question, namely what is the impact of particular corporate governance institutions on the functioning of a large family firms in Poland? The basis for the empirical analysis is a study conducted on a representative sample of large family business in Poland. Therefore has been developed a questionnaire that identifies the mechanisms of family supervision in the studied subjects. It has been shown how and why these activities (coordinating corporate governance actions among family, ownership, business, contributing to the decision-making process and family and ownership policies) are especially relevant to family businesses. It is possible to conclude that the family side of the business affects both the structure and the organizational issues as well as what the board should do to be effective. To conclude, the results indicate that the fact of being a family business, together with a number of specific characteristics, affect both board's features (board structure and characteristics, decision making processes and organizational aspects).

Keywords: Family Business, Family Owned Company, Corporate Governance, Ownership Structure, Corporate Diversification**JEL Classification:** L21, L25

Corporate Social Responsibility Seen through Codes of Conduct in Czech Companies**Jaroslav Kacetl**

University of Hradec Kralove, Czech Republic

Ilna Semradova

University of Hradec Kralove, Czech Republic

Abstract

The paper discusses the relation between social welfare and business profit. Based on the review of relevant literature, it proceeds to a brief history of corporate social responsibility (CSR), which sees profit as one of several - i.e. not the only one - important business values, grouped under three P-terms, namely profit, people, and planet. Then, the paper questions whether the commitment to CSR is voluntary. The code of conduct can be an instrumental gauge of the company's commitment. Especially, whether and how they have created, implemented, and enforced their codes of conduct. The paper includes different theoretical approaches to creating them. In a pilot study, authors carried out a text analysis of tens of different company codes of conduct in order to assess the position of CSR and business ethics in Czech companies. Although results did not correspond fully with the authors' hypotheses, they helped them specify the direction of further research.

Keywords: Corporate Social Responsibility, Code of Conduct, Business Ethics, Socio-Cultural Change**JEL Classification:** M14

Internal Governance and Board Evaluation in Italian Listed Companies

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University of Calabria, Italy

Franco Rubino

University of Calabria, Italy

Giovanni Bronzetti

University of Calabria, Italy

Romilda Mazzotta

University of Calabria, Italy

Paolo Tenuta

University of Calabria, Italy

Rija Maurizio

University of Calabria, Italy

Abstract

A central aspect of the issues of internal governance is the Board of Directors (BoD or board). This has led in the last decade the need to evaluate the performance of the Board One of the best practices that can be find at national and international level is the performance evaluation of the Board (or Board evaluation board performance evaluation). There are several studies that seek evidence of a direct relationship between good governance and best performance (Bhagat and Bolton, 2008; Brown and Caylor, 2003). Italy is an interesting area of analysis given the high concentration of ownership that characterizes companies, including listed companies. The choices of governance that, in turn, affect the level of disclosure for which the expectation is to have a low level of disclosure on the practice of BE. Starting from these assumptions, the contribution is twofold. The first purpose is to present a state of the art in terms of BE for companies listed at the Italian Stock Exchange in Milan at 31st December 2012, in terms of presence / absence of the practice of disclosure and provided more or less extensive. The second objective is to highlight the modality of implementation of BE and the third is to analyze the relationship between the quality of BE (measured using as a proxy the disclosure on its implementation) and corporate governance. To achieve these objectives has been collected information on the progress, or not, of the BE and the modality of its implementation and on mechanism of internal governance such as board composition and the leadership structure. The information was found in the report on the ownership structure and governance to 31/12/2012. The results reveal that to date has limited the number of companies making the evaluation board, as it shows a different level of detail in the information on this report on the ownership structure on the results of the analysis. The results reveal that the case would be better to formalize the results of the evaluation board as well as better specified in the same relationship as the same is conducted. The results reveal also that are a relationship between a adoption BE and good governance and between quality of BE and good governance. The implication of the research are that it extends the knowledge on governance and in particular on the prevalence of BE, the way of its implementation and determinants.

Keywords: Governance, Board Evaluation

Audit Committee Characteristics and Earning Restatement: Evidence from Indonesia

Sutaryo

Universitas Sebelas Maret, Indonesia

Abstract

We investigate the relationship between characteristics of audit committee (audit committee's expertise, multiple directorship of audit committee, size of audit committee, and meeting's number of audit committee) on earning restatement. Earning restatement is measured based on the presence or absence of earning restatement's disclosure in the financial report. It is a cross-section study with a sample of Indonesian publicly traded firms in the year of 2012 estimated using multiple logit regression analysis. Our results indicated that size of audit committee has a significant effect on earning restatement. However, we do not find evidence that audit committee's expertise, multiple directorship of audit committee, and natural logarithm of meeting's number have a significant effect on firm performance. Some policy implications are discussed.

Keywords: Corporate Governance, Audit Committee, Earning Restatement, Firm Performance

The Effect of Audit Committee Characteristics on Real Earnings Management in Emerging Market: The Case of Indonesia

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Universitas Sebelas Maret, Indonesia

Sri Suranta

Universitas Sebelas Maret, Indonesia

Bandi Bandi

Universitas Sebelas Maret, Indonesia

Abstract

This research aims at examining the effect of audit committee characteristics on real earnings management using Indonesian context. Indonesian regulator, BAPEPAM (Badan Pengawas Pasar Modal/Indonesian Capital Market Supervisory Agency), issued Kep-29/PM/2004 which requires Indonesian listed firm to establish audit committee. Audit committee is expected to help

board of commissioners to analyze financial information, risks and internal audit. Therefore, it is expected that audit committee limit real earnings management in Indonesia. Earnings management can be divided into accrual and real earnings management. This research is focus on the impact of audit committee on real earnings management. The characteristics of audit committee consist of independence of audit committee members, number of meetings, financial background and number of audit committee members. Control variables of this research are institutional ownerships, growth, leverage and firm size. Real earnings management can be divided into: production costs, discretionary expenses and cash flows. Sample of this research consists of manufacture firm from Indonesian Stock Exchange during 2006 -2010 observations. There are 424 firm-years observations. The result of this research shows that audit committee characteristics: independence of audit committee members, number of meetings, financial background and number of audit committee members have no effect on real earnings management production costs and cash flows. However, number of audit committee members has negatively real earnings management cash flows. Therefore, smaller number of audit committee members limits real earnings management cash flows. Further, number of meetings and financial background has negatively effect on real earnings management discretionary expenses. Therefore, the more audit committee members meeting the lower real earnings management on discretionary expenses. This result shows the effectiveness of meeting between audit committee members to curb real earnings management. This research also shows that financial background negatively affects real earnings management discretionary expenses. While number of audit committee members and independence of audit committee members have no effect on real earnings management discretionary expenses. The conclusion of this research is the important of audit committee characteristics; such as, number of audit committee member, number of meeting and financial background to mitigate real earnings management.

Keywords: Audit Committee, Real Earnings Management, Production Costs, Discretionary Expenses

MARKETING I

Room: Re

Chair: Mario Gonzalez Fuentes

Beloved Brands - Insight into the Formation of Meaningful Experience

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Anu Leppiman

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Abstract

Experience marketing and brand-consumer relationship concepts are well established in the academic literature. However, the literature on meaningful experiences in the brand-consumer context is still scarce. Hence, the purpose of this study is to examine what brands are chosen if the informants are enabled to discuss their favorite, most preferred and loved brand and why these brands form a meaningful experience to consumers. In order to understand the consumer-brand relationship in-depth as well as the drivers that are involved in forming a meaningful brand-related experience, a qualitative approach was employed. The collected material included 64 semi-structured theoretical concepts driven interviews. 46 interviewees resided in Estonia and 18 interviewees resided abroad. From the analysis of data emerged that most often talked-about brand categories were technology brands, premium car brands, confectionery brands, clothing, and sports equipment brands. When it comes to brand-related behavior we did not notice differences between Estonians and other nationalities. The study reveals that the roots of the close connection to the brand often lie in childhood. If the memories of the first encounter with the brand do not go as far back as childhood, the brand-related experiences include a strong positive emotion. Some of interviewees spoke of having waited a long time for the brand to become available in their home country. Once one has become interested in the brand and is aware of this interest, one may begin to read about it, seek out further information and worry about how it is doing on the market. A strong emotional bond to the brand triggers the wish to share the experience either face-to-face or on social media channels. Thus, consumers participate in word-of-mouth marketing. Based on our results, we offer marketers some insights into how brand experience becomes meaningful, and how beloved brand transforms consumption habits and attitudes. Furthermore, our findings suggest how consumers perceive and understand the theoretical concepts of brand authenticity, story, individuality, interaction, contrast, multisensory perception, and meaningful experience, which may have implications for experience marketing.

Keywords: Brands, Consumer Behavior, Online and Offline Word-Of-Mouth, Meaningful Experiences, Experience Marketing

JEL Classification: M31

Adjusting Category Management towards Younger Consumers - Key Factors of Beer as a Retail Product Category in Croatia

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Croatia

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Abstract

Retailer's profitability and performance is the direct outcome of successful satisfactions of consumers' needs and providing as high value of goods and services as possible. In order to achieve high consumer satisfaction and cost efficiency, retailers are often applying the concept of category management. According to one of many definitions, category management is a process that treats product categories as business units that have to be customized at the store level in order to satisfy consumer needs.

Contemporary retailing is a highly competitive business activity and retailers are putting great efforts to category management in order to adjust their categories to target groups of consumers better than their competitors. This paper gives a brief overview of the theoretical framework of category management with an emphasis on beer as a specific retail product category. The paper focuses on characteristics of younger beer consumers in Croatia. For the purpose of assessing the key factors that influence management of beer as a retail product category, the primary research was conducted on a sample of students from different faculties in Croatia. The primary research results indicate the current satisfaction level with contemporary management of beer as a retail product category. Moreover, based on the results, recommendations for customization of this product category to younger consumers are given.

Keywords: Product Category, Category Management, Beer, Croatia, Younger Consumers

Trying to be Different through Storytelling: Diagnosing and Improving on (un)intentional Corporate and Brand Identity Management

Daniel John Flint

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Paola Signori

University of Verona, Italy

Abstract

OBJECTIVES: This inductive marketing research examines the stories companies tell intentionally and unintentionally as they try to create a differential advantage for their firms and brands. Both practitioners (Chahal, 2014) and scholars (Woodside, 2010) identify brand storytelling as a critical and powerful marketing strategy in hypercompetitive, mature industries as part of brand identity building and positioning strategies. We address the questions: What are the stories leaders are telling about their firms and brands? How are these stories being told and do they in practice match the theoretically ideal? If not, are they still effective? **DATA AND METHODS:** This was a large-scale theory-building investigation of the global wine industry (characterized as global, hypercompetitive, and mature like others (Porter, 2008)), involving 122 formal in-depth interviews with corporate leaders from 98 firms across five countries (Italy, Slovenia, United States, New Zealand, Australia), on-site observations, and content analyses of hundreds of marketing-related materials. Data collection and interpretations followed rigorous grounded theory processes (Glaser, 1992; Glaser and Strauss, 1967; Strauss, 1987). Standard qualitative study trustworthiness checks were followed to ensure integrity and validity (Lincoln and Guba, 1985). **RESULTS:** It emerged unprompted that storytelling was engrained in the wine industry culture globally and as such we dug deeply into story content and communication. These stories were conveyed intentionally and unintentionally through 16 messaging vehicles we identified, many not traditionally thought of as marketing. Stories emphasized one of four market positions or more often a complex, and sometimes confusing combination of the four, i.e., being traditional, classical, innovative, or modern. We connect these 16 elements to storytelling theory, develop a tool for diagnosing a firm's positioning and storytelling power, and connect leaders' mental orientations and geographic regions to the stories they elect to tell and the challenges they create in crafting certain types of stories. **CONCLUSIONS:** Many leaders do not realize the stories they are actually telling and the numerous ways in which they are communicating them. This paper offers a way of diagnosing and improving storytelling power. Theoretically, we extend the brand storytelling discourse to the corporate identity level and suggest how current brand positioning theory could be advanced.

Keywords: Storytelling, Corporate Identity, Brand Positioning, Inductive, Global, Wine Industry

Why it is Worth and What is the Key to Support a Desired Corporate Reputation

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Jurgita Stravinskiene

Kaunas University of Technology, Lithuania

Abstract

The corporate reputation concept is being analyzed for many years, but there is a lack of a clear approach on tools, by which an organization is able to support a desirable reputation. Objective: Revealing the worth of corporate reputation and the aspect of communication, as the basic key to support a high corporate reputation. Data and methods: Comparative analysis and systematization of the scientific literature. Results: In this paper we have revealed that there is worth to support a high reputation because of the economic value, the relationship value and the value, related to competitive advantage. To support the high reputation, organization must define this construct and understand how it can be perceived by various stakeholders. We propose a definition that corporate reputation is a stakeholder perception of the relationships with organization, noting that the perception can be different between different stakeholders. This perception compounds the support of high corporate reputation. Nevertheless, this paper reviews that the reputation can be supported with regard to the key dimensions of corporate reputation, treating them as basic tools and considering communication as the most important one. Conclusions: Corporate reputation is perceived as company's one of the most valuable assets. According to this, it is able to state that corporate reputation must be supported in all organizations using communication as one of the many tools to support a desirable corporate reputation.

Keywords: Corporate Reputation, Corporate Reputation Support, Stakeholders, Communication

JEL Classification: M3

Creating a Conceptual Framework for Corporate Brand Positioning

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Abstract

There has been surprisingly scarce research on corporate brand positioning, even though achieving a strong position with sustainable competitive advantage is vital for any company. This study addresses this evident gap in the literature of industrial marketing. The purpose of this study is to create a conceptual framework for corporate brand positioning. The study is focused on industrial brands. Corporate brand positioning is defined as a process of searching and finding a new driver for a brand to highlight itself in the industrial market and achieve sustainable competitive advantage. The corporate brand positioning process follows the same phases as it does in consumer markets. The conceptual framework is constructed from the common features of brand positioning found in the current literature. Special characteristics of corporate brands are shaping the conceptual framework to fit in industrial market. The result is a conceptual framework for corporate brand positioning. The corporate brand positioning process consists of several phases. These include analysis of own brand, competitors, customers and market, determining the target brand positioning options and achieving the desired brand position. These phases consist of several sub-processes that can be intertwined or overlapped.

Keywords: Corporate Brand, Positioning, Competitive Advantage

The Effect of Promotional Activities in Businesses on Branding; Case Study of the Brand "TORKU"

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Selcuk University, Turkey

Mehmet Akif Cini

Selcuk University, Turkey

Abstract

In our day, as results of the effects of globalization the intensity of the competition increases the options of goods and services. Increasing diversity makes purchasing decision making process difficult for the consumers. So both for the consumers to acknowledge the products and for companies to differ themselves from the competitors, companies have started branding their products. In comparison with other firms who have not worked upon branding, many firms who accomplished branding activities successfully in intrastate and overseas, make much more profit and maintain their sustainability. As well as branding activities, promotional activities and corporate brand building efforts are vital for the companies to maintain their process. After all, for a company who cannot promote its' generated goods and services to customers, to succeed in the field is based upon coincidences. At the same time, corporate branding image of the firm provides high prestige and trust to the firm from the point view of the customers. In our study, the criteria effecting the purchasing decisions of the consumers and how effective is the corporate branding image with promotional activities in the chocolate and candy industry, are researched regarding the brand of chocolate and candy called "TORKU" produced by Konya Sugar Factory. 62 persons from the managers of Konya and Cumra Seker Sweet Factories and 213 persons from customers and 275 persons in total were included. When obtaining and evaluating the research results, the data acquired with observation became effective apart from the statistical results.

Keywords: Brand, Promotion, Corporate Brand Image, Consumer Behavior

FINANCE I

Room: Mi

Chair: Taehyuk Kim

Introduction to the Tunisian Financial Market, the Reluctance Factors

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Sfax University, Tunisia

Emna Bouzouitina

Sfax University, Tunisia

Abstract

The research is based on an empirical observation, namely the weakness of the Tunisian financial market in terms of market capitalization and number of listed companies. The research question is the following: "how to explain the reluctance of the local firms to the introduction in the Tunisian financial market?" After a review of the literature about the topic, and a documentary study about the Tunis stock exchange emergence, the empiric study is elaborated. Thus, the research suggestions, defined starting from theories are tested by a questionnaire administered to Tunisian firms' executives filling the conditions of quotation but not quoted in Tunis stock market. The results show that the obligation to deal with stockholders and to consider them as the center of decision making as well as the risk of diluting the structure of ownership and to lose control of the firm cause the reluctance to the introduction to the stock exchange in Tunisia. The fact that the firm is young, its small size, the costs relate to the introduction and the disclosure of strategic information, as well as the loss of confidentiality are not reluctance factors to the introduction to the

stock exchange. Religious considerations present a factor of reluctance to the introduction on the financial market. In addition, an analysis of the severity of the conditions of financial market introduction shows that those that are recognized as complicated are those related to transparency and to administrative steps of introduction to the Tunis stock exchange. These are also factors of reluctance to the introduction to Tunis stock exchange.

Keywords: Financial Market, Tunisia, Reluctance Factors, Introduction to the Stock Exchange

Households Financial Behavior - Selected Aspects in the Time of Turbulence

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Nicolaus Copernicus University, Poland

Abstract

Objectives: In the modern global financial market investment safety is extremely significant. Therefore, the article focuses on trust in the financial market of average citizens which is a crucial element for saving and investing money. This is the first stage for further implementation of other criteria during the decision making process such as CSR. The aim of the elaboration is to draw attention to selected aspects of the problem of activating individual investors as exemplified by Poland, which can be viewed as an important market concerning the number of citizens, the size of the market and the European Union membership. Theory was complemented with selected surveys results on a representative sample of Polish citizens. **Data & Methods:** The surveys were conducted on the basis of the author's project and requested by an agency specializing in research of this type on a representative sample of the Polish society in 2009 and repeated in 2014. The surveys were financed by the State Committee for Scientific Research and by Santander Universidades. In the article, description method, comparison method and questionnaire method were used. **Results:** The presented results of the questionnaire surveys enable to evaluate the state of the Polish capital market from the citizens' perspective who are potential individual investors. In the article the following problems are presented: - dilemma of households between saving and consuming, - range of financial instruments owned by households, - trust to stock quoted companies behavior and information policy, - inclusion of CSR concept in the process of decision making. **Conclusions:** Nowadays, the quality of financial market functioning is being discussed worldwide. Therefore, the article can be seen as a voice in the discussion on future architecture of financial market and safety system net.

Keywords: Household, Citizens, Investment, Trust, CSR

JEL Classification: D14, D83, G02, G11, G23

The Determinants of Household Loan Selection: Evidence from China

Xue Chen

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Abstract

This study investigates the relationship between household factors and the choice of Loan channels in the household borrowing decision. Using the survey data from the 2010 China Family Panel Studies (CFPS 2010), I find the determinants of household loan selection via formal and informal channels. Commercial banks in China actually control the potential default risks via screening the loan applicators hard backgrounds such as age, income, education background and sufficient collateral like houses, while the household with less income and poor education background are more reliable to be financed by their friends and relatives, more than half of our sample declare they have refer to their social circle when lack of money. But private money lenders are poor at acquiring qualified borrowers they only don't favor to finance the aged applicants.

Keywords: Household Finance, Informal Loan, Social Circles, Private Lending, House-Ownership

Household Money Management in Malaysia: The Ethnic Dimension

Selamah Abdullah Yusof

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Abstract

Objective: Household money management is an important issue as it argued to have implications on key development outcomes such as child health and education, nutrition, expenditure, and allocation of labor. The organization of money management within households also has an impact on the level of economic inequality within families and across society as a whole. If it is specialized and highly gendered, it may lead to substantive imbalances of power and access to financial resources. This study examines the role of culture or ethnicity in the organization of money management adopted by a household. **Data and Method:** The data that is used in this study is obtained from a random survey conducted in June to October, 2012. The selection of sample was strictly determined by the Department of Statistic (DOS) Malaysia using its 2010 Census sampling frame and restricted to households in Klang Valley to represent the urban population of Malaysia. Logistic regressions are estimated to determine the effects of ethnicity and other factors on the household money management system adopted. **Results:** The findings show that there are differences across households of different ethnicity. The organization of money management within Indian and Chinese households is more likely to be male-dominated. Access to household financial resources may be relatively more limited for Indian and Chinese women, compared to Malay women. The result that Indian men are more likely to adopt independent management of household finances may lead to Indian women being disadvantaged, compared to other women. In households with children, it is the women who are likely to have the task to manage the household finances. In addition, when men are the main wage earner of the household, they are less likely to share all their income with their spouse. On the other hand, being the main income earner has no impact for women. Rather, education and income play a significant role in the control over the

management of household money. Conclusion: The findings of the study highlight the influence of culture and ethnicity in household financial management. The existence of differences across ethnic groups indicate that socio-cultural aspects must be taken into account to ensure that correct inferences are drawn, rather than based on the overall general analyses.

Keywords: Women, Control of Money, Money Sharing, Independent Management, Gender

JEL Classification: D10, D13, D19, J16, O10, Z10

I Feel Wealthy: A Major Determinant of Portuguese Households' Indebtedness?

Sofia Vale

ISCTE-IUL, Portugal

Francisco Camoes

ISCTE-IUL, Portugal

Abstract

In this paper we investigate the features of Portuguese households that hold debt and how Portuguese households' indebtedness can be related to macroeconomic fundamentals, namely the high valuation of the housing sector that occurred in the last decades. Using data from the first wave of the Household Finance and Consumption Survey we estimate a logit model for the probability of holding debt controlling for households' economic and socio-demographic characteristics, adverse changes and pessimistic and optimistic expectations, and taking into account the perception of wealth accumulation that emerged from the strong price upsurge in the housing sector. Additionally, we estimate the probability of holding mortgage debt, any other type of debt, and of holding excessive debt levels by using standard literature criteria for the definition of over-indebtedness. Our results indicate that a wealth perception effect is particular evident on the probability of contracting non-mortgage debt, but that effect is mitigated on the probability of holding mortgage debt and on the probability of incurring in an excessive debt burden.

Keywords: Household Finance, Perceived Wealth, Survey Data, Portugal

Common Characteristics of Financial Development on Balkan Region Economies

Erinda Imeraj

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Abstract

Balkan countries' economies have different backgrounds due to the political regimes they have been through, but studies have realized that in the first phase of transition progress, the initial conditions have the major impact. Restructured Reform and new policies are the major impacts on the progress and development of the Balkan countries economies. Balkan countries, being in transition economic period, have implemented same reforms in the financial systems which are monitored by international institutions. This study aims to analyze key financial developments in the Balkan countries, and to highlight joint characteristics of this sector. Firstly the study will go through the origin of the development of financial system and the key indicators of a common origin. Based on official statistics of the World Bank, the study will compare economies of Balkan while setting together the common ones. In conclusion the common characteristics of the financial development of Balkan countries would be originated from the banking system used by the former regime and the same reforms implementation.

Keywords: Balkan, Transition, Financial Development, Characteristics

INTERNATIONAL TRADE

Room: Fa

Chair: Lena Sheveleva

Liberalization of Professional Services: Level of Awareness and Readiness of Consultant Engineers in Malaysia

Rokiah Alavi

International Islamic University Malaysia, Malaysia

Ruslan Abdul Aziz

JKR, Malaysia

Norsiah Mohamad

University Technology Mara (UiTM), Malaysia

Abstract

In 2012, the Malaysian Government announced that there will be extensive liberalization of 27 services sectors, including the engineering services. This announcement came as a surprise to the engineering industry players in the country because they have been protected all these while and that it came unexpectedly too soon. This paper intends to investigate the level of awareness and the readiness of consultant engineers in Malaysia in facing greater competition as a result of liberalization. We utilized survey and questionnaire methods to gauge the views of Malaysian professional engineers in the Klang Valley. This paper has four parts. The first section will discuss Malaysia's commitments in liberalizing engineering services both unilaterally and also under the trade agreements. Services trade liberalization will be meaningless without reforms in the domestic regulations. Thus, the second part of the paper will discuss the reforms. The third section presents the result of the survey and the interviews. The last section presents recommendations to safeguard the interest of Malaysian engineering service providers and outline

strategies for the local engineering services industry to cope with international competition. The findings show that majority of the respondents are aware of the liberalization announcements and changes in the Engineering Act. Even though the respondents agree that liberalization would attract new engineering services technology and expertise into the country, they fear that they might not be able to compete with the more established foreign players. Large percentage of the professional engineers relies solely on the domestic market and lack international exposure. Hence, it is important that the authorities formulate appropriate strategies to safeguard the interests of local players and provide necessary assistance to enhance global competitiveness and internationalisation of Malaysian engineering service providers.

Keywords: Engineering Services, Malaysia, Domestic Regulations, Liberalization, Trade Agreements

Investigating the Long-Run Relationship between the IMF and World Bank Lending and International Economic Activity: An Empirical Assessment for Europe

Can Tansel Tugcu

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Necati Celik

University of Utah, U.S.A.

Abstract

This study investigates the long run relationship between the IMF and WB lending and the trade volumes of 27 IMF and WB members over the period 1993-2012. To this end, a panel cointegration analysis developed by Westerlund (2007) was employed and significant long run relationship found between the variables in consideration. Although a complete analysis of the long run effects of the IMF and WB funds on economic performance of recipient countries requires a detailed model to capture all the possible channels of effect, the IMF funds seem to be more effective than the WB's in terms of international economic activity.

Keywords: IMF, World Bank, Lending, Trade volume, Cointegration, Europe

JEL Classification: F14, F34, F53, O19, O52

Multiproduct Exporters: Learning or Knowing

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Cardiff University, UK

Abstract

In this paper, we develop and estimate a structural model of multiproduct exporters based on three empirical regularities documented using data on Chinese exporters. These regularities are as follows: (1) multi-product exporters introduce their best-selling products early; (2) more than 40% of the new products introduced by incumbent exporters are dropped due to low sales within the first year; (3) for a firm the probability of introducing a new product is positively related to the survival and success of the earlier products. The first regularity is consistent with unobserved firm-product specific heterogeneity. The second suggests that both incumbents and new exporters face uncertainty when they introduce new products. The third is consistent with firms learning about their potential in an export market, i.e. their brand effect, as they introduce new products. We develop a model which incorporates all of these features, and we estimate it structurally using data on Chinese exporters to the U.S. in the plastics industry. First, we find that known demand shocks play an important role in whether producers enter the exporting market or not. Second, we find that it is important to account for large attrition among new exporters including uncertainty about the brand effect. When we let firms know their brand effect precisely, only those with sufficiently high brand effects enter, and then the model cannot replicate disproportionately large attrition of new products among new exporters. Third, we find that while firms act consistently with learning about their brand effect, the uncertainty that firms face in conjunction with introducing new products looms large, and limits the extent to which learning affects incentives of firms to add new products. Our counterfactuals show that the distribution of products among the high brand effect firms only marginally first order stochastically dominates the distribution for low brand effect firms. Using our model we revisit the question of trade policy in the multiproduct firm setting. We simulate a decrease in the cost of introducing new products for firms. Our simulations suggest that in the presence of economies of scope and even moderate learning effects, decreasing costs of introducing subsequent products can make a significant contribution to increasing trade flows.

Keywords: Multiproduct Exporters, Dynamics, Learning, Uncertainty

The Eurasian Economic Union - Complimentary or Competitive Structure to the European Union²

Katarzyna Czerewacz-Filipowicz

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Abstract

Regional integration between Russia, Belarus, and Kazakhstan appears to be the most effective integrational process in the post-soviet area. In the very nearly future existing Custom Union can evolve to the Eurasian Economic Union – structure characterized by features of common market. Also geographical evolution is taken into consideration. New members of the structure are going to be Armenia and Kyrgyzstan and maybe some other countries of the post-soviet area. From the point of view of the custom

² The article has been financed from the National Science Centre funds awarded on the basis of Decision DEC-2011/03/B/HS4/05/930

union theory this structure should enhance efficiency in production, increase production levels, improve international bargaining position of participating countries and generally improve positions of these countries in international division of labor and improve their level of integration with the world economy. But not all custom unions are economic success. The particular integrational steps should be driving factors for their economies but sometimes they perpetuate the economic backwardness, especially in the case of post-soviet countries. The Eurasian Economic Union has one more important aim. This structure can be a natural element of cooperation with the European Union of post-soviet countries. On the other hand one of the biggest traps of this conception is the danger that the integration in the frame of the Eurasian Economic Union will have more competition than cooperation features in the area of international relations with the EU. The main aim of this article is an answer to questions how much economic integration in the frame of the Eurasian Economic Union can be complementary to the processes in the European Union and how much it is rather a kind of competition model or even an alternative way of economic relations to the ties linking post-soviet countries with EU countries. In the article the author analyses the level of complementarity between the Eurasian Economic Union and the EU from the angle of their trade relations. Their structure, scope and common place in the international division of labor. Simultaneously, the directions of integration in the frame of Custom Union and future Economic Union are analyzed to answer the question if instead of increasing the integration with the world's economy those processes will not limit economic relations with countries from outside the organization.

Keywords: Regional Economic Integration, Post-Soviet Countries, Custom Union, the Eurasian Economic Union

Turkey's Intra-Industry Trade in the Framework of its Free Trade Agreements

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Abstract

Traditional trade theories, based on differences in the countries', are inadequate in explaining contemporary trade flows with a complex structure between countries. This situation has led to the development of new trade theories. The increase of both economic global interdependence and similarities of countries give rise to the concept of intra-industry trade (IIT). The new trade theories are developed by Krugman (1979, 1980), Lancaster (1980) and Helpman (1981) explained IIT by imperfect competition, economies of scale and product differentiation. IIT is defined as the simultaneous export and import of similar products. This paper examines the concept, evolution and impacts of free trade agreements and sets out to investigate the role and determinants of Turkey's IIT in the framework of free trade agreements for manufacturing industries between the years 1990-2012. The model is estimated using a panel approach for the period 1993-2012. The model demonstrates that Turkey's trade between trading partners form compleaentry rather than a competitive structure.

Keywords: Free Trade Agreements, Intra-industry Trade, Grubel-Lloyd Index

REGIONAL STUDIES I

Room: Sol
Chair: Lazar Paula

Social-Economic Development of Small West European Peripheral Countries

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Natalia Kuznetsova
St. Petersburg State University, Russia

Abstract

The primary goal of the article is the identification of small countries, revealing features of economic development and economic growth in economic history context of small economies classification. The object of investigation is focused on West European and Nordic countries small economies. The hypothesis of the article is that small states under consideration are developing as the «competitive peripheries» areas due to the special Scandinavian capitalist model development characterized by high level of social capital. The methods of the article deal with analysis-synthesis, historical, logical and international comparisons methods of investigation. The main summing up conclusion is that small economies of West Europe are converting nowadays into the experimental laboratory of the European and world economy due to the specific model of their social-oriented economic growth.

Keywords: Ultra-Small Regions, Spatial Development, Competitive (Sub)Periphery, Industrial Organization, Economic Policy

The European Union Policy towards the Post-Soviet Countries of Central Asia³

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Bialystok University of Technology, Poland

Abstract

The article analyzes and evaluates the scope and bases of the European Union policy towards the post-Soviet Central Asian countries and progress in its implementation. The main objectives of the paper concentrate on: identification and assessment of the main advantages and disadvantages in relations between the EU and the Central Asian states and effectiveness of the EU

³ The project is financed by funds of National Science Center based on the number of decision DEC-2011/03/B/HS4/05930.

policy towards Central Asia region. The author attempts to answer: if and how the European Union projects can foster sustainable regional development, if the EU policy can compete with other external players involved in regional projects. The research study is developed through the empirical analysis and interpretation of data and documents of the EU, regional organizations, national agencies and the analytical theoretical research on the EU external policy. The European Union develops multilateral and multidimensional international activity by the common long-term strategies and developmental programmes in political, economic, security and cultural sphere. The empirical study underlines that Central Asia is perceived by the European Union as a further neighboring territory. On the other hand, the EU remains a marginal player in Central Asia. The EU is not a great power in the region and cannot compete with China, Russia or the US in hard power politics. However, the European Union has developed the common strategy towards the Central Asia region as a whole. Fostering relations, peaceful ties and prosperity it launched the strategy between the EU and the Central Asia region. In turn, bilateral relations are based on the Partnership and Cooperation Agreements where the strategy areas are outlined. The author indicates that the European Union strategy towards the region is based mainly on a political and secure approach. The EU wants to play a normative role in its relations with external partners. Thus, the economic development does not always reflect the political dimension but political initiatives can have a strong economic impact. Recently, the mutual relations of the EU with post-Soviet republics of Central Asia have increased over the last years. Moreover, the EU has tried to increase its presence in the region, mainly in diplomatic dimension, such as: traditional public diplomacy, culture, green or water diplomacy (soft power).

Keywords: Central Asia, European Union, post-Soviet area

Regional Income Convergence in Turkey: A Dynamic Spatial Econometric Approach

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Nadir Ocal

Middle East Technical University, Turkey

Abstract

This study aims to test the income convergence among provinces of Turkey over 1991-2009 periods. For this purpose, it seeks for a proper specification that mutually incorporates heterogeneity and cross section dependence. The superiority of dynamic spatial panel data models over spatial cross section models and a-spatial panel data counterparts are confirmed via corresponding test results. Model comparison procedure leads to the dynamic fixed effects model with spatial autoregressive disturbances as the most suitable specification to represent convergence dynamics. The spatial error component is found to be negative, which implies, an indirect effect having an influence on growth rates in any province penetrate to the neighboring provinces with a negative impact. This peculiarity may be due to the fact that adjacent regions are competing for the same resources in Turkey, especially when human capital and employment are concerned. The generalized method of moments estimation outcomes show that provincial growth rate in GDP per capita is positively affected by human capital, employment and public investment; whereas no significant impact of private investment can be recorded. Moreover, structural break caused by the 2001 depression and regional differentiation between eastern and western parts of the country are found to be significant. In consequence, the absolute and conditional convergence hypotheses are justified for the given period. Nevertheless, the study indicates that in order to arrive at the correct estimates for the convergence rates, neighborhood relations have to be taken into account together with the time effects.

Keywords: Dynamic Spatial Panel Data Model, Regional Convergence, Turkey

Research of Cluster Structure of Regions of Russia

Tatiana Kudryavtseva

St. Petersburg Polytechnic University, Russia

Abstract

The purpose of this study is to analyze the regional cluster structure of the Russian economy. To achieve this goal the following was done. - The cluster groups' kernels structure, which had been developed by the European cluster observatory and M. Porter, was adapted for Russian economy. - We created statistical databases of the number of employees and the number of companies for administrative divisions of the Russian Federation during the 2008-2012 periods. - We estimated the geographical concentration. - The developed cluster groups of Russian regions were identified according to the European cluster observatory criteria. The article takes up A. Marshall's and J. Jacobs' theories of agglomerative effects and their influence on M. Porter's works. To analyze factors of geographical concentration of clusters we converted the localization coefficient as an expansion of Ripley K-function. This method is represented in Lindkvist's work. The method of the European cluster observatory was analyzed. We also considered criteria of regional cluster groups' power determination and offered standard values of these criteria taking into account industrial structure and geographical features of Russian territory. In the article the following results of the study are stated: - establishment of main differences of cluster in contrast to other forms of companies spatial concentration; - detection of agglomerative effects connected to a cluster form of Russian regional economy organization; - test of the tools for assessment of geographical concentration factors, which show the agglomerative effects influence; - cluster groups identification; - analysis of cluster groups kernels relative power on the territory of Russia; - assessment of concentration and urbanization level of Russian regional cluster groups; - industrial features of Russian regional clusters research; - initiation of regional cluster structure of Russia. Detection of concentration or urbanization positive agglomerative effects in advanced cluster groups of the region allows estimating the innovative potential of the region development. The study results can be used to substantiate actions as provided by regional innovative cluster policy and to assess their efficiency.

Keywords: Regional Economy of Russia, Cluster Groups, Cluster Kernel, Geographical Concentration, Urbanization, Localization, Agglomerative Effects

The Economic Viability of the Territories between the Capital Region and Frontier of Non-members of EU

Nikolajus Markevicius
Mykolas Romeris University, Lithuania

Abstract

Formation in the last decade on the European space of two large integrated economic associations of EU and the Customs Union of the CIS carried out lines of economic division between blocks and other states. One of the goals of the European Economic Association - improving the safety of the whole region by aligning the different levels of development of territories on an integrated economic space. It is typically, that the regions of one economic association bordering with the regions of other economic associations have different internal and external constraints that impede the movement of goods, capital and labor force within the meaning of integrated economic space. The most acutely susceptible to the negative effects of such influence are border regions to the EU's eastern frontiers. On the other hand, these regions are experiencing flow of labor and investment to adjacent metropolitan region, which in many cases is more attractive in terms of wages and the level of investment than the adjoining bordering regions. Thus, these regions are experiencing double limiters in its development - which impede the movement of goods, capital and labor in understanding of the integrated economic space towards the border and washing out a number of the advantages towards the capital region. Most sharply boundary regions of the European Union on its eastern frontiers, especially in such small country as Lithuania, are subject to such negative influence. In Lithuania, such areas include the regions bordering with Belarus. Their limits economic activity caused by the geographical factor, reduces the economic viability of the region. So for example following the results of 2013 boundary regions with Belarus had one of the lowest GDP per capita compared with the average values of other territories. The purpose of the work is to show how to improve the economic viability of with the capital adjacent boundary regions prone to objective limitations of their economic activities in connection with their geographical location.

Keywords: Economic Viability, Border Regions, Capital Region, Integrated Economic Space, Lithuania

Cultural Identity and Immigration: Research about Cultural Identity and Immigrants - Foreigners

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University of Crete, Greece

Chryssoula Pandelaki
University of Crete, Greece

Maria Stavgianoudaki
University of Crete, Greece

Abstract

The aim of this survey was to present cultural identity in relation to immigrants - foreigners. The terms "civilization" and "culture" are interpreted in a different context depending on the historical period and language. In the present period and country like Greece, with the majority of its citizens having relatives living in another country and fully aware as far as their ancestors' identity is concerned, it is considered normal to feel comfortable living in a multicultural society and not ever having felt uncomfortable or different because of nationality, language, religion or color. A fact which corroborates the aforementioned is that a high percentage has got personal relationships with foreigners but even if they do not, they would not hesitate to be friends with an individual of different nationality, religion or color. It is especially interesting the notion of the respondents regarding the importance of passing down their ancestors' culture, whatever this entails, whether it is their origin, their history, their language or an additional language other than their mother tongue, to their children, stating that they consider it highly important. As far as Greeks' attitude towards foreigners is concerned, a significant percentage characterizes it as racist with the overwhelming majority considering that certain groups of foreigners, like the Balkans and the Gypsies are treated as inferior within the Greek society. An additional negative fact is the belief of the majority of Greeks that immigrants do not support the Greek economy and in fact, one out of three considers that immigration is harmful for Greece because it corrupts the ethnic identity of Greeks. One more negative belief of the majority is also the fact that immigration is the cause of the rise in criminality. The policy of the Greek state as far as immigration is concerned, is considered less strict than it should be by the large majority, and for acquiring the Greek citizenship it is considered necessary for immigrants to have worked or still work in Greece, to have lived a number of years in Greece and speak the language as well as to have attended a Greek school or university. Finally, a considerable number of people believe that the Greek state helps in the adjustment of foreigners - immigrants in the educational system.

SESSION IV: 14:30-16:30

REGIONAL STUDIES II

Room: Do

Chair: Joanna Dzialo

The Environmental Kuznets Curve on Post-soviet Space: Panel Data Approach

Olga Podkorytova
European University at St. Petersburg, Russia

Yulia Raskina
European University at St. Petersburg, Russia

Abstract

There is no doubt that economic growth affects environmental pollution, but the question about the form of this dependence remains open. This study investigates the Environmental Kuznets curve. National-level data for 15 countries of former Soviet Union over the period 1991–2011 were analyzed. The rationale for selecting FSU for our analysis is that these countries have a

common energy-intensive and carbon-intensive history. However, since the collapse of the USSR many of them have reduced CO₂ emissions significantly while showing GDP growth. Namely, CO₂ emissions in these countries reduced by 1.5 times between 1990 and 2011, while global emissions increased by factor of 1.5 at the same time. In addition, some of these countries specialize in the production of hydrocarbons in the international trade. In our opinion, this makes this group of countries particularly interesting for understanding the nexus between pollution and economic development. The data from World Bank's World development indicators and International Energy Agency were used. Dependent variable is CO₂ emissions from fuel combustion, as to economic growth indicator we choose per capita GDP by exchange rate. The cubic specification were studied to examine an N-shaped rather than an inverted U-shaped relationship between environmental degradation and income growth. FDI, trade openness, share of urban population, EU membership and total primary energy supply were added as control variables. Panel data techniques (fixed effects model) were used to estimate log-log regression. As result, N-shaped hypothesis was confirmed. Rather curious is the fact that most of the observations lie on the decreasing branch of the cubic parabola. In other words, GDP per capita growth leads to decreasing of CO₂ emissions in given countries and time period. Energy consumption and urbanization growth leads to pollution rise.

Keywords: Environmental Kuznets Curve, Carbon Dioxide, former Soviet Union, N-shape, Panel Data

JEL Classification: C23, O10, Q5, F18

International Integration: From a Dream to a Political Dogma

Aleksandrs Fedotovs

RISEBA, Latvia

Oksana Sakalosa

College of Business Administration, Latvia

Abstract

The aim of the paper is to revise some widespread views on international economic integration with focus on successive enlargements of the EU. Authors propose to clearly distinguish between the terms "globalization", "integration", and "cohesion". Globalization, integration, and cohesion are considered as three different aspects of modern economic development which do not necessarily go hand in hand. Although EU membership has been turned into a political dogma in the East European countries, it is argued in the article that enlargement of the EU is nowadays pushed ahead too hasty and beyond economic rationality - both in terms of spatial expansion and strengthening of internal unification. Research methodology is based on economic theory, study of economic literature, analysis of statistical data, and author's own calculations.

Keywords: Globalization, Economic Integration, Cohesion, European Union, enlargement of the EU, New EU Member States

Analysis of Agrarian Structure in Poland in 1921 and 2002 based on the Example of Selected Districts

Damian Walczak

Nicolaus Copernicus University, Poland

Michal Pietrzak

Nicolaus Copernicus University, Poland

Abstract

The objective of this article is to present the diversity of the agrarian structure in Poland based on the example of selected neighbouring districts. The selected districts, which in the years 1795-1918 (the period when Poland's area was divided and occupied by three invaders) were located in two different annexed territories, and since 1918 have been the territory of one country - Poland. The analysis of the variation of the agrarian structure employed the Gini coefficient and the average size of farms in individual districts in 1921 and in 2002 was calculated. The obtained results allowed to conclude that the agrarian structure in Poland is considerably spatially differentiated. Undoubtedly one of the reasons is the complex history of Poland's borderlines. The agrarian structure for selected districts which belonged to the same annexed territory is not significantly different. However, in the case of districts belonging to different annexed territories (even for neighbouring districts), the differentiation of the agrarian structure was substantial and it still remains so.

Keywords: Agrarian Structure, Poland, Gini Coefficient, Long-Term Structure

JEL Classification: Q14, P48, N54.

Urban Competitiveness and Industrial Characteristics of a Hungarian City, Győr - Economic Analysis of the Top 100 Companies

Veronika Poreisz

Szechenyi Istvan University, Hungary

Abstract

Objectives: This paper is a case study about the competitiveness of a Hungarian, a national level significant city, Győr in industrial aspects. The main objectives of the research are describing the most important companies (TOP 100 by revenue) with efficiency indicators, characterising the industry of the city by statistics and presenting the structural changes in the industry in the last decade. The first part of the paper reviews the theoretical background of location theory and urban competitiveness. The competitiveness of a city is divided into three main factors (economic, social and environmental) and is interpreted at several

spatial levels (regional, urban, corporate). The economy and industry of a city, furthermore companies, which own headquarters in it determine the city's competitiveness and vice versa. Companies are drivers of economy, provide workplaces, respectively the more competitive the city is, the more companies can be attracted for location. The second part of the study describes City Gyor and the companies located there. Data: The database consists of data from Hungarian Central Statistics Office and corporate data (annual reports, balance sheets, profit or loss account, employee data). Methods: The study uses statistics, financial and efficiency indicators of companies. We investigate the ratio of national and international corporations, the amount of companies which have operations in other cities and the amount of non-locally seated, but significant employers. Results: We can ascertain the dependency of local economy, the industrial structural changes. The results show us for instance the growing importance of automotive industry in Gyor due to the Audi assembly and engine plant and the declining significance of agro-and food industry. Conclusion: As a conclusion we can say that the competitiveness of Gyor increase steadily due to the cooperation between companies, local government and universities and attract other companies for location as a self-impulsive process.

Keywords: Urban Competitiveness, Location Theory, Industrial Structural Change, Local Companies, Economic Analysis

JEL Classification: R11, L16, L26, D22

The Implications of Improving Pan-European Corridors in Serbia on Further Development of National Agriculture Sector

Olgica Boskovic

University of Belgrade, Serbia

Vladan Bozic

University of Belgrade, Serbia

Slobodan Acimovic

University of Belgrade, Serbia

Veljko Mijuskovic

University of Belgrade, Serbia

Abstract

The agriculture sector and its production have been recognized as a top business priority by the State of Serbia and the corresponding ministries when it comes to achieving the competitive advantage of our national economy in the regional but also global milieu. In order to stimulate adequate and sustainable development of the sector, numerous factors have to be taken into account. The aim of this paper is to draw attention to the great significance which adequate infrastructure development in Serbia would have for the improvement of future agriculture sector development. The paper does not analyze all infrastructure aspects, but rather focuses on the two strategically and geo-politically most important segments- pan-European corridors X and VII, as well as, the unofficial EU corridor XI. The analysis carried out in the paper, unifies the review of secondary sources and studies, statistical methods and expert assessments and will serve to indirectly show by quantitative basis the connection between the agriculture and infrastructure development. Also, the analysis has the goal to stress the importance and usefulness of pan-European corridors for further development of Serbian agriculture, in aspects such as terrain location and its connectedness, closeness to multi-mode transport centers, export possibilities, establishment of business connections etc. This analysis should give us a clearer picture of the present state of the connection between these two sectors, as well as possible areas of improvement, which are given at the end of the paper, in form of adequate set of guidelines.

Keywords: Agriculture Sector, Pan-European Corridors, Corridor X, Corridor VII, Corridor XI, Serbia

JEL Classification: O1, O2, R4

Development of Non-oil Sector in the Regions of Azerbaijan: Tendencies and Prospects

Rovshan Nariman Karimov

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Abstract

In the years of independence, the oil industry played great role in the economic development of the Republic of Azerbaijan. The state budget has been enlarged significantly at the expense of revenues gained due to rapid development of oil sector. The development of oil industry has created great potential for non-oil sector and economic development in the country's regions. Since 2003, a number of state projects on non-oil sector of economy, including service sector, transport, social infrastructure and tourism, have been realized in these regions. However, many measures are to be conducted further in order to provide sustainable economic development as well as eliminate the sharp differences between the region of capital city and peripheral regions in terms of development. At this stage, it is important to develop manufacturing areas and service sector in the regions of Azerbaijan, production of which would be oriented on meeting requirements for foodstuffs as well as valuable and exported products. The objective of this study is to define priorities and prospects of development of non-oil sector, with taking into consideration the existing economic situation and the realization of State Programs on socioeconomic development in Azerbaijan Republic. The study is based on statistical, comparative, empirical and cartographic methods. References include author's works on the problem as well as the official documents and data of relevant state agencies. Conclusions of the study are reflected on recommendations given by the author concerning development of economic areas and the future priorities of the regions of Azerbaijan.

Keywords: Non-Oil, Region, Economic, Potential, Development, Program

JEL Classification: R11

MANAGEMENT II**Room:** Re**Chair:** Vichuda Polatoglu**The Rating of Company-stakeholder Relationships: A Tool for Efficient and Dynamics Strategies****Paola Orlandini**

University of Milan Bicocca, Italy

Anna De Toni

University of Milan Bicocca, Italy

Abstract

Objectives: The markets globalization and the new social trends involves the companies to the definition of new strategies and new behaviors that will, inevitably, must take account the environment where they operate and the expectations of the different stakeholders. Pursuing a dynamic, economic and social balance, involves by the company an integration (necessary) of the competitive and social strategies so as to ensure the creation of value for all stakeholders. In the framework of relationships between company and environment, you can create different relationships and different levels of relevance based on the prevalence of one of the following attributes that identify stakeholders: power, legitimacy and urgency. The impact of stakeholders on the company and, on the other hand, the influence of the company on the stakeholders is an relevant element that fuels the social dynamism and that contributes to creating a hierarchy of relationships which ensure the durability of of the company through time, ie the sustainable economic balance. Goal of this paper is, therefore, give an operative proposal based on creating of a system of weights and the definition a rating of the relationship between stakeholders and company so as to give a practical tool supporting the management to define competitive and social strategies to guarantee of vitality of the company and, at the same time, satisfy all stakeholders. Data and Methods: This research is founded upon a doctrinal introduction of the international studies (Freeman, Mitchell, Agle, Wood, Carroll, Wilson, Meznar, Clarkson), of the Italian studies (Masini, Bertini, Zappa, Tail). After this theoretical point of view, with analytic method, focuses on the practical implementation of the case studies, and implements a dynamic array that, in the continuously updating in accordance to changes between company and environment, intersects the attributes of stakeholders and the relationships and confers, within a minimum and a maximum, a value that allows you to weigh and create a ranking of reports with rating. Results and Conclusions: The results, at the final stage, will allow to measure the relevance the differing levels of relationship and to show how decisive it is, for the purpose of decision-making business and strategical, know and understand the needs of different stakeholders, presenting also, the implications and emphasizing some ideas for reflection that could then be the starting point for future researches.

Keywords: Stakeholders, Company, Needs, Relationships, Environment, Balance**E-Government Adoption and User's Satisfaction: An Empirical Investigation****Alaa Aldin Alathmay**

University of Sharjah, U.A.E.

Kamel A. Fantazy

University of Sharjah, U.A.E.

Vinod Kumar

Carleton University, Canada

Abstract

The purpose of this research is to examine the relationships among e-government attributes in terms of (social influence, perceived effectiveness, system quality, and information quality), user's satisfaction, and intention to use e-government services. The research is based on a quantitative approach using a questionnaire survey from a total of 1800 e-government users in the UAE. The identified constructs have been utilized to test a theoretical model using structural equation modeling (SEM). This study identified three main findings. First, the findings provide evidence of direct effects of e-government attributes on user's satisfaction. Second, the direct effects of user's satisfaction on user's intention to use e-government services. Third, the total effect (direct and indirect) of positively influenced user's intention to use e-government services. The results of the study imply that decision makers of e-government programs should take into considerations these attributes when developing e-government programs because they affect users' satisfactions and in turn enhances users' intentions to use e-government services and consequently increase the success of e-government strategic programs. In addition, the concluding section illustrates some insights for future research.

Keywords: E-Government, User Satisfaction, Users' Intention, United Arab Emirates

Gendered Nature of Guanxi Networks and Work-life Changes in China

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University of Jyväskylä, Finland

Jiehua Huang

Guangzhou University, China

Yiyin Yang

Chinese Academy of Social Sciences, China

Abstract

Women's under representation in management seen in vertical segregation of work has been widely documented in western literature. There are global similarities but also cross-cultural differences. Many of the researchers have pointed that inadequate social networks has been a hurdle to women's managerial career success. Socializing and networks may contain culture specific features, as found in using the term guanxi, defined as a shared common identification held by two or more persons (Jacob, 1979), which leads to a special way to network in China. Even if having a lot of cultural impact in the Chinese culture and Asia all over, little is known about guanxi from gender and career perspectives. Do women and men differ in terms of guanxi networks, and what are the possible consequences to their work and career? Inspired by the study of Chow and Ng (2004), the paper addresses a topical and important area within organization studies: the effect of guanxi networks on women managers' career trajectories, with a specific focus on IT managers in China. Using a questionnaire, in-depth interview, and interpretive analysis, we found that guanxi networks of these IT women are limited in size. The findings in our study indicate that: (1) a significant effect of female-to-male dyads concern power- and work-related guanxi bases, such as influence, and, (2) women IT managers have a relatively limited size of guanxi bases. Our findings support Ibarra's (1993) suggestion that a common strategy for women is to use and develop a functionally differentiated network. Our findings also support Ryan and Haslam's (2007) study on "glass cliff", pointing that women's limited size of guanxi networks and gendered nature of guanxi result in a relatively narrow scope of informal networking, which recent research shows to be crucial to women's career progression (Ragins, 1989; Kaplan & Niederman, 2006). We also found features that guanxi networks of women managers in China are gender segregated. This means that there is the effect of female-to-male dyads, which are mainly within power- and work-related guanxi, whereas female-to-female dyads are mostly related to 'socialize' guanxi. The findings imply a relatively narrow scope for women managers' informal networking that would support career, whereas the informal ties still look to carry on and give life support needed as well. We discuss the ethical nature of guanxi in terms of its impact of career work of women managers, who can find support for their life questions from informal networks but who are in the situation to bridge the gender barrier in order to network with male workmates. Because of vertical gender segregation at work women's network's with men are of special importance and we end up suggesting that there is a gender barrier to be crossed for career orientated women candidates.

Keywords: Gender, Guanxi, Network

The Importance of the Evaluation of R & D in Relation to the Competitiveness of the Czech Republic

Ruzena Stemberkova

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Petr Zdralek

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Pavla Matulova

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University of Hradec Kralove, Czech Republic

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Abstract

The Czech Republic considers the development of science and research as one of its priorities. To ensure the quality of results and the efficiency of public support, the best R & D results are considered to be: in particular articles in impact and selected peer-reviewed scientific journals, patents and similarly protected results (patent applications, granted patents, industrial designs, recognized plant varieties or breeds of animals) and licenses and applied outputs. The Czech Republic appears to be rather average or below average among European countries in the number of applications submitted and the amount of funds spent on the area of R & D. The aim of the study is to analyze the state of innovation activities in relation to European Union countries. For this purpose, the analysis of selected indicators will be used: the proportion of R & D expenditure in relation to GDP and patent activity in the country. The aim of this article is also to specify the situation in the evaluation of R & D at universities in the Czech Republic in more detail. For this purpose, a descriptive case study will be used. The processing of this issue was based on a literature research of professional literature articles on this topic from international databases (e.g. Eurostat). A number of documents discussing the evaluation of R & D in the Czech Republic were analyzed as well as internal documents and actions of individual universities in the Czech Republic relating to the protection and management of intellectual property. Last but not least the Ministry of Education, Youth and Sport in Prague was consulted as well as the National Industrial Property Office. The analysis showed that Germany, the Nordic countries of Europe and France were among the countries with good results in the

observed indicators of innovation activity in the EU. On the basis of the case study it was found, that profits from the commercialization of inventions are usually shared between the originator, the research department at which the invention was created and the headquarters of the University. The remuneration of originators is their private income and is not earmarked. Conversely, the part designated for research facilities is expected to be used for the further funding of R & D activities. The headquarters of the University provides support services to all departments from its share. The amount of the individual shares is a matter of the internal policy of each school. The evaluation of the university environment is different in the three monitored cases. Some universities remunerate their originators in several stages, while some only do so after application of the results of R & D in the commercial sphere. I consider the gradual implementation of the remuneration of individual originators in the university environment in the Czech Republic to be a great success. It is certainly clear that the remuneration arrangements will undergo changes after some period of its operation, in which their effectiveness on the one hand and motivation of originators on the other will be evaluated.

Keywords: Competitiveness, Patent, Remuneration of Originators, Evaluation of R & D, Technology

JEL Classification: A2, A12

Managing Sustainability to be Sustainable: The Toyota Case

Maria Garbelli

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Abstract

Attention to a company's social and environmental commitment and the related (complex) performance is far from new in the literature, but the last years have pressed both Academic and Managers by urgent issues such as climate changes and disasters, poverty, economic and social crisis in many countries, human rights violations, health concerns and so on. At the same time, international law authorities have demonstrated an overall attention to the topic. Also, the end of 20th century saw unprecedented changes in corporate strategy and management towards sustainable thinking – the emergence of sustainability as corporate strategy, and making sustainability an integral part of a company's business strategy in order to gain bottom-line benefits. In such a global, unstable, market, sustainability become an investable concept, crucial in driving interest and investments in sustainability to the mutual benefit of companies and investors. Toyota's commitment for a sustainable management has been developed since decades ago and continues nowadays, representing a perfect example for the whole market, and witnessing the urgency of an integrated approach along the supply chain, in order to gain competitive advantage through 'sustainability'.

Keywords: Sustainability, Global Markets, Performance

Relationships between Organizational Structures and Employee Performance Using Hierarchical Cluster Analysis in Private University

Ahmed Al-Saber

Gulf University for Science and Technology, Kuwait

Abstract

Purpose: This paper sets out to investigate the relationship between location of departments Structures and employee performance using hierarchical cluster analysis. **Design/methodology/approach:** The study employs the multi-group of structures designs nested goodness-of-fit strategy in SPSS Ver. 20 to test the interaction effects of the design locations of University Department versus employee's performance. Also, a comparison test was applied here using paired t-test to see how is the significant differences in employee's performance before the proposed structure design and after implement the proposed structure design. Two surveys was implemented here to figure out the best distribution structures model and the asses the shape of employee's performance in the organization. **Practical implications –** This paper was adapted in Gulf University for Science & Technology (GUST), as well as GUST may wish to consider the best structure design to distribute the location of the department that increase the employee's performance. Organizational decision makers should also carefully consider making leadership development opportunities available to organizational members at all levels. **Results:** This Study prove that there is a highly significant correlation between the distribution of departmental structure with employee performance, also, this study examine many structures methods to find the best model that gives highly performance and highly connection. After we choose the best model using hierarchical cluster analysis, the paired t-test prove that there is significant differences between the average performance before and after. We found that employee's performance after model implemented is higher than before.

Keywords: Leadership, Development, Structural Modeling, Employee' Performance, Innovation

ACCOUNTING & AUDIT I

Room: Mi

Chair: Lawrence Tai

Earnings Management by Top Chinese Listed Firms in Response to the Global Financial Crisis

Xu-Dong Ji

La Trobe University, Australia

Abstract

The main purpose of this paper is to examine earnings management behaviors, including both accrual-based and cash flow-based earnings management, of Chinese firms during the Global Financial Crisis (GFC). Previous studies (Ahmed and Saleh, 2005; Kim and Yi, 2006; Chia, Lapsley and Lee, 2007) report firms taking a bath to blame the adverse impact of financial crisis on performance. In the Chinese context, although China's economy was seriously affected at the beginning of the GFC in 2008, it

recovered quickly in 2009 thanks to Chinese government's swift and effective measures, which mainly include a 4 trillion RMB stimulus package. Therefore, Chinese firms were less affected by the GFC and would have the incentive to manipulate earnings upwards in order to boost or to smooth their reported earnings. Our sample covers the top 232 Chinese listed firms from 2004 to 2009, both accrual based earnings management and real activities manipulations are detected. The results show that the top Chinese listed firms, especially those covered by the stimulus package, only engaged in the manipulation of production costs to manage earnings upwards during the GFC. This finding reflects the effect of the stimulus package launched by the Chinese government as a remedy to combat the GFC. The results are robust after controlling the influence of firms' characteristics, such as size, leverage, audit quality, profitability and growth.

Keywords: Accrual Based Earnings Management, Cash Flow Based Earnings Management, Global Financial Crisis

Knowledge Advantage and Stock Price Crash Risk: Evidence from the Office Size of Engagement Auditors

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Xiaohua Fang
Georgia State University, U.S.A.

Baohua Xin
University of Toronto, Canada

Wenjun Zhang
Dalhousie University, Canada

Abstract

Regulators have recently raised concerns regarding the role of external auditors in mitigating corporate bad news hoarding during the financial crisis. In this study, we conjecture that effective external audits, as measured by the size of the local engagement office, function as a powerful deterrent against managerial bad news hoarding activities through knowledge advantage. Employing firm-year observations with necessary information available on Audit Analytics, CRSP, Compustat, I/B/E/S, and Thomson Reuters Institutional Holdings for the years 2000 to 2011 inclusive, we examine the empirical link between the office size of local engaging auditors and future stock price crash risk with reference to U.S. firms headquartered in cities with different sizes of local audit offices. We find robust evidence that audit office size is significantly and negatively related to future stock price crash risk. The evidence is consistent with the view that large audit offices are better able to effectively detect and deter bad news hoarding activities through knowledge advantage over their smaller counterparts. We further show that the impact of office size on future crash risk is more salient in the post-Sarbanes-Oxley Act period and for firms with better firm-level shareholder protection, consistent with the interaction of incentives, induced by stronger investor protection and litigation pressure arising from legal regime changes and corporate governance mechanisms, and engagement office ability in mitigating crash risk. Using options data, we also present evidence indicating that investors do not fully recognize the role of audit office size in mitigating future price crash risk.

Keywords: Crash Risk, Audit Office, Corporate Governance
JEL Classification: G32, G34, M42

Sustainability of CSR Activities and Firm Value

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Kwang Hwa Jeong
Korea University, South Korea

Seok Woo Jeong
Korea University, South Korea

Woo Jae Lee
Korea University, South Korea

Abstract

In this paper, we investigate how firms' corporate social responsibility (hereafter 'CSR') activities affect firm value. If firms do strategically CSR activities, firms' value is more likely to increase by firms' CSR activities, while firms' value may decrease by firms' CSR activities, if managers do CSR activities opportunistically. When firms do CSR activities strategically, they are more likely to do these activities consistently over time, and will improve the performance of firms (Banker and Mashruwala 2007, etc.). In the other hand, if managers do CSR activities by overspending firms' resources for their private benefits such as improving their personal reputation and self-satisfaction of doing philanthropic activities not related to firms' value, it may negatively affect firm value due to agency cost caused by managers' opportunistic behavior. However, most previous studies on the effect of CSR activities on financial measure have examined the issue separately and document mixed results. This paper examines in which case firms value increases and in which case decreases when firms spend resources into CSR activities in one study. We categorize firms CSR activities as strategic and opportunistic based on the consistency of CSR activities and analyze the differential value relevance effect. As a CSR measure we use KEJI (Korean Economic Justice Index) issued by Korean NGO, which has been used for awarding the Prize of Economic Justice for firms that managed most ethically and do CSR activities and as the most representative proxy for firms' CSR activities in Korea (Kim et al. 2010, Lee et al. 2012, etc.). To measure valuation

effect, we adopt an earnings response coefficient model. Our main explanation variables are interaction variables with unexpected earnings and two dummy variables; one which indicates CSR activities, and one which indicates consistency of CSR activities. The coefficient for the interaction variable between unexpected earnings and a dummy for CSR activities will provide the incremental valuation effect of CSR activities on the relation between earnings and stock returns. The coefficient for the interaction variable between unexpected earnings and a dummy variable for the consistency of CSR activities will provide the differential effect of CSR activities on the relation between earnings and stock returns. We expect these variables to be positively and negatively significant. We believe the results of our paper will provide the explanation for the mixed results of previous studies by showing the differential implication for firm value depending on firms' CSR activity patterns.

Keywords: Sustainability of CSR Activities, Earnings Response Coefficients, Firm Value, Agency Costs

The Status of Implementation of Controlling System in Logistics Companies - Presentation of Selected Results of Empirical Research

Justyna Dobroszek
University of Lodz, Poland

Abstract

The aim of this article is to present the status of implementation of the controlling system in logistics companies in Poland. The article presents selected results of own empirical research conducted among logistics enterprises in Poland, which will be used to verify the hypotheses and consequently to assess the status of implementation of the controlling system in logistics companies. To analyse the data and results descriptive statistics and selected statistical methods have been used. The basis for obtaining information for the analysis in the empirical study were: a survey questionnaire sent by post and interviews conducted by the survey questionnaire in logistics enterprises in Poland. It is the first empirical study in this field carried out among this type of companies in Poland. The results of the empirical research show that half of the surveyed logistics companies use controlling systems in their business practice. These are primarily large and medium-sized logistics enterprises, taking into account employment rate and annual sales revenue. However, the range of logistics services, the origin of the capital and the age of the company do not play a role in the decision to implement the controlling system. Other mentioned factors having a significant or major impact on the implementation of the controlling system include inadequate performance measurement in different areas of the company business, variable environment, implying a high degree of variability of tasks, and therefore difficulty in their planning, monitoring and control, problems with the calculation of logistics services, insufficient control of costs (including logistics costs) and performance. The surveyed companies with a dedicated controlling system declared that they apply mainly operational instruments. In addition, the results of the study showed that the tasks of controlling are not always performed in a controlling department, but, for example, in a logistics or accounting unit. The status of implementation of controlling in the surveyed companies is considered by the author to be "average". Many tasks from the area of controlling are performed by logisticians or accountants and additionally, instruments are not fully adapted to the specific logistics activities. Therefore, logistics companies should extract the function of a Logistics Controller, who will be a navigator and have competence in the use of instruments of controlling in logistics activities.

Keywords: Controlling/ Management Accounting, Controlling In Logistics, Logistics Companies

Assessing of Business Subsidiary Operations and Consolidated Financial Statements through a Common Global Accounting Language, IFRS vs. GAAP

Paul Lee
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Abstract

Investment in foreign subsidiaries and development of multinational corporations has become increasingly attractive to corporate investors due to persisting competitive advantage and increasing profits they endeavor. In the meanwhile, the International Financial Reporting Standards (IFRS) have been developed by the International Accounting Standards Board (IASB) in attempt to create a set of internationally acceptable and usable accounting principles as a basis for preparing consolidated financial statements. Furthermore, the IASB and Financial Accounting Standards Board (FASB) of the United States have converged IFRS and Generally Accepted Accounting Principles (US GAAP) in many areas. The Norwalk Agreement was established in 2002 in effort to make the two sets of standards nearly identical as soon as possible and to cultivate this compatibility and correspondence. The agreement specified that the two boards will omit differences and turn towards the other set of standards in both directions simultaneously. Also, in 2007, the Securities and Exchange Commission (SEC) provided companies with the option of using IFRS to eliminate requirement of corporations issuing foreign stock to reconcile consolidated financial reports to US GAAP. In turn, the SEC encourages the use of the IFRS option in response to the increased need for global congruency in times of economic burdening on markets in the light of transparency and comparability among reporting practices and the impact it provides for international users of financial reports. The focus of this paper is to provide a comprehensive overview of financial accounting as it relates to business combinations. Additionally, comparisons will be made with regard to International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounting Principles (US GAAP).

Keywords: Business Combinations, IFRS, GAAP

The Effectiveness of the Company and Use of the Managerial Tools

Libuse Svobodova

University of Hradec Kralove, Czech Republic

Abstract

The presented article is based on the questionnaire survey, which was conducted in 2014. There were involved more than 300 Czech enterprises in the study. Questionnaire investigation was focused on the tools used in the managerial accounting in the interviewed enterprises. Specifically, there were questions involved on the monitoring of costs, the use and creation of calculations, plans and budgets, capacity utilization and efficiency, efficiency evaluation and monitoring of economic results and evaluation of financial analysis. In the evaluation there were involved physical persons and also legal entities. It is expected that individuals use less the tools of managerial accounting. It is also expected that SMEs use less the tools of managerial accounting than large companies. The last hypothesis is dedicated to the efficiency of the company. It can be expected that firms that prepare and monitor calculations, plans and budgets are aware of the importance of financial analysis and evaluate it. A detailed research together with the analysis and critical assessment of accessible materials will enable to identify the main objectives in the field of study. The analysis of the initial state will consequently enable to identify the key factors and knowledge. Primarily and secondary sources were used within the framework of the selected topic.

Keywords: Managerial Accounting, Survey, Efficiency, Financial Analysis

GROWTH AND DEVELOPMENT I

Room: Fa

Chair: Hock Tsen Wong

Recent Trends in Economic Governance - Promoting Instrument for Economic Growth across Central and Eastern European Countries

Mihut Ioana Sorina

Babes-Bolyai University, Romania

Abstract

The primary objective of each economy is to ensure economic stability which due to the extremely high interconnections with other components of the global system leads to performance. Performance, whether we refer to the economical, financial or institutional one is an absolute indicator of the ability to adapt to the frequent macroeconomic changes and once this indicator is fulfilled the next step is achieving economic growth and convergence. This article concentrates upon an empirical analysis using the panel GMM methodology of the explanatory variables of the economic growth and convergence process across new member states of the European Union, namely the states that joined this structure in 2004 and 2007.

Keywords: Economic and Monetary Union, Macroeconomic Policies, Economic Growth

The Common Agricultural Policy's Implications for Food Price Volatility⁴

Larisa Nicoleta Pop

Babes-Bolyai University, Romania

Abstract

The uncertainties regarding price developments have always created difficulties to the participants in economic life, regardless of their size or the activity field in which they operate. Moreover, if we analyze agricultural markets, the issue of price volatility becomes one of strategic importance, not only at private but also at governmental level. Concerns about food and energy security, combined with the latest commodity market turmoil, in a context deeply marked by the recent economic crisis, have brought agricultural markets again into the debates of both political and academic spheres worldwide. The turbulences on commodity markets generate policy responses - like export restrictions or domestic price controls – that sometimes exacerbate rather than mitigate price instability. Due to the European Union's decisive role in the global economy, the consequences of its decisions and the policies implemented are reflected not only domestically but also on the world market. Accordingly, the Common Agricultural Policy (CAP) plays a key role in the transmission mechanism of price volatility of agricultural products primarily inside the Member States' markets. Accordingly, regarding Romania for example, as a consequence of the transformation processes undergone in the recent decades, its sensitivity to external shocks has increased, adding new pressures to those caused by internal turmoil and deepening the context of risk to which its economic actors are exposed. Moreover, the CAP and its relationship with food price volatility is a very important topic for the global food market, as for decades the measures taken by the European Union led to distortions on the international markets. This paper aims at measuring and analyzing the volatility of agricultural prices – phenomenon that has acquired new connotations in the context of recent events that distressed the global economy, and the role of CAP in its propagation. The results emphasize the fact that establishing the necessary framework for good governance in order to reduce price volatility and its impact can only be achieved through the formulation of effective tools for evaluation in order to construct and implement coherent policies. Moreover, the international coordination of these policies becomes an imperative condition for stabilizing the markets and European Union's role in this equation is a major one.

Keywords: Price Volatility, Common Agricultural Policy, Agricultural Markets, Economic Governance, GARCH modelling

JEL Classification: E31, G38, Q02, Q18

⁴ This work was co-financed from the European Social Fund through Sectoral Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/134197 "Performance and excellence in doctoral and postdoctoral research in Romanian economics science domain".

Democratic Participation and Socio-Economic Development

Guner Tuncer

Dumlupinar University, Turkey

Ozer Ozcelik

Dumlupinar University, Turkey

Abstract

High level of socio-economic development in society affects democratic participation positively. From this viewpoint, the aim of this paper is to analyze relationship between democratic participation and socio-economic development. Exploratory Spatial Data Analysis (ESDA) is applied with 2011 general election results and 2011 socio-economic development index. According to the analysis, spatial disparities of democratic participation and socio-economic development have been determined in Turkey. In the light of these disparities, Local Indicators of Spatial Association (LISA) statistics which is complementary of ESDA is applied. According to the statistical results, high level of socio-economic development affects positively democratic participation in provinces of Aydın, Balıkesir and Canakkale. Low level of socio-economic development affect negatively democratic participation in provinces of Agri, Ardahan, Batman, Bingöl, Diyarbakır, Iğdir, Kars, Mardin and Van.

Keywords: Democratic Participation, Socio-Economic Development, Spatial Disparities, ESDA, LISA

JEL Classification: D72, O18

The Role of Institutions in Socio-economic Development

Alise Vitola

Riga Technical University, Latvia

Maija Senfelde

Riga Technical University, Latvia

Abstract

The aim of the paper is to quantitatively evaluate the impact of institutions on the socioeconomic development on a global scale and in factor-driven, efficiency-driven and innovation-driven economies. We define institutions as socially approved behaviour models that restrict the rationality of an individual and constrain or encourage specific behaviour and classify institutions into three groups - economic institutions, political institutions and value institutions. The regression analysis confirms that institutions play an important role in socioeconomic performance. But the importance of specific institutions depends on the socioeconomic development level of the economy. Results of the research can be applied to global development policies for less developed countries, as well as regional development policies for geo-political regions, e.g. the European Union.

Keywords: Institutions, Institutional Arrangements, Governance, Values, Economic Development

The Economic Effect of Knowledge-Intensive Services on Economic Growth

Gabriela Liliana Cioban

"Stefan cel Mare" University of Suceava, Romania

Abstract

The main theme of this paper is grounded on a series of hypotheses that focus on the smart economic growth of EU member states. Starting from the idea that the key factors for the economic growth are identified as smart growth (the development of knowledge, innovation, education and digital society), sustainable growth (a more competitive production with more efficient use of resources) and the economic growth that promotes inclusion (raising participation in the labor market, acquiring skills and fighting poverty), we find the need to impose a strategy for sustainable economic growth in the future and a speedy exit from the crisis. Notes so far are complemented by the analysis of some benchmarks for the economy of the EU countries (GDP, employment rate of labor, employment rate of dropping school, amount of GDP allocated to Research & Development, human poverty index). EU interest in obtaining long-term prosperity lies in analyzing the factors that contribute to this objective. Evaluation of the benchmarks and factors impacting economic growth highlights the purpose of this paper and its importance for the XXI century society. Proposed strategies involve a thorough research on the current situation in Romania and in the EU and in this case I consider that the economies are intrinsically linked and no member state can effectively address global challenges in an isolated action.

Keywords: Europe 2020 Strategy, Knowledge-Intensive Services, Research and Development, GDP, Employment Rate of Labor, Sustainable Growth, Smart Growth, Benchmarks.

FINANCE II

Room: Sol
Chair: Michi Nishihara

The Effects of Political Events on Stock Market with a New Fama-French 3-factor Model

Wenbo Meng
 Nankai University, China

Liuling Li
 Nankai University, China

Abstract

In this paper, the effects of two political events on US stock market are analyzed with a new model, which is an extension of the 3-factor model of Fama-French(1993) based on the EGARCH-type volatility of Nelson(1991) and non-Normal distribution of SSAEPD in Zhu and Zinde-Walsh(2009). Fama-French 25 portfolio returns (1926-2011) are analyzed. Data is divided into 4 sub-samples: pre&post-Election of Reagan (sample 1&2), pre&post-Establishment of P.R.China (sample 3&4). Empirical results show that Fama-French three factors are still alive for the four sub-samples. The sensitivities to the Market factor are almost the same for all 25 portfolios. As size increases, the Size effect decreases. High book-to-market portfolios have larger Book-to-market effects.

Keywords: Fama-French 3-factor model, Standardized Standard Asymmetric Exponential Power Distribution (SSAEPD), EGARCH, Election of Reagan, Establishment of P.R.China
JEL Classification: G14

Multi-Factor Asset Pricing Models in the South African Stock Market

Uchenna Chukwuzitere Tony Okeke
 Coventry University, United Kingdom

Timothy Rodgers
 Coventry University, United Kingdom

Abstract

This study examines the performance of the CAPM, the three-factor model, the four-factor model and their liquidity adjusted variants in explaining realized returns, and also investigates the importance of higher moments in the South African stock market using the Basic Materials Index. The liquidity adjusted four-factor model performs best in explaining realized returns; however book-to-market value factor was found to be insignificant. Beta was consistently significant for all the models along with size, momentum and liquidity, however, unlike popular findings in the developed markets, large stocks were found to outperform small stocks and liquid stocks were found to outperform illiquid stocks. Including a dummy for the financial crisis changed some of the results significantly indicating the importance of model stability and the need to account for structural breaks/time variation. The two higher moment factors were also found to be important in pricing South African stocks. However, when the higher-order moments are included in the liquidity augmented four-factor model, the alpha term becomes significant.

Keywords: Capital Asset Pricing Model, Liquidity, Bid-ask spread, Higher-order moments, Financial crisis

Two-Beta CAPM: Implications of Asymmetry of Returns

Alexander Bukhvalov
 St. Petersburg State University, Russia

Barbara Bukhvalova
 BI Norwegian Business School, Norway

Abstract

The goal of this paper is to introduce and analyze empirically a new version of CAPM, which we call the Two-Beta CAPM. We base our approach on the well-established fact that stock returns are not only non-normal but also asymmetric, with different types of asymmetry for each particular company. There is no compelling reason to concentrate only on the downside asymmetry as is done in D-CAPM (downside CAPM), because for many companies we observe upside asymmetry of returns. We formulate Two-Beta CAPM (TB-CAPM) in the following form: $R_{it} - R_{ft} = a_i + \beta_i^u (R_{mt}^u - R_{ft}) + \beta_i^d (R_{mt}^d - R_{ft}) + \varepsilon_{it}$, where R_{it} is stock return of a company i , R_{mt}^u is the market return during periods of market growth, R_{mt}^d is the market return during periods of market decline, R_{ft} is the risk-free asset return, a_i is alpha coefficient, β_i^u is the up-market beta coefficient, β_i^d is the down-market beta coefficient, ε_{it} is the error term. If two betas above are equal then the model reduces to the traditional CAPM. The unanswered question is whether the relative importance of the two different betas depends on the market or on peculiarities of each particular company. D-CAPM assumes that it is the market and claims particular importance of the downside risk in the context of emerging market. We show that the mix of companies is different across markets, and it is the nature of this mix that results in different empirical conclusions in emerging vs. developed economies. Market indices in the developed economies include more stable companies that showed good and sustainable growth in the past. In emerging markets, it is relatively successful but more immature companies that dominate indices. The two classes of companies exhibit different return asymmetries and drive the previously published results. We base our results on the data of S&P 500 index (1980-present) and identify the nature of companies that have $\beta_i^u > \beta_i^d$, those that have $\beta_i^u = \beta_i^d$, and those that have $\beta_i^u < \beta_i^d$. We use OLS (or GARCH where

appropriate) for estimation. As a robustness test we utilize the data for the Russian market (2003-2012). While we do not perform our analysis for all markets, we find general support of the hypothesis that it is the nature of the companies rather than the nature of the particular markets that drives previously published comparisons of emerging and developed markets.

Keywords: CAPM, Asymmetry of Return Distribution, Downside Risk, Cost of Capital, Developed vs Emerging Markets

JEL Classification: G12, G01

Geographic Influences on IPO

Giulia Baschieri

University of Bologna, Italy

Andrea Carosi

University of Sassari, Italy

Stefano Mengoli

University of Bologna, Italy

Abstract

Literature on IPOs is more and more challenging. Recent research looks at IPOs as phenomena connected with the surrounding environment (e.g., Braun and Larrain, 2009; Hsu et al., 2010). We contribute to this literature by testing whether the firm geographic location matters in IPOs. Our key conjecture is that listed firm clustering around the IPO headquarters i) decreases the likelihood to go public, ii) lowers the underpricing, and iii) boosts the long-run under-performance. These conjectures are motivated by previous research showing that i) retail investors exhibit a preference for local stocks (Local Home Bias, LHB) (e.g., Coval and Moskowitz, 1999), ii) the proximity to the issuing firm reduces outsider information gaps (e.g., Feng and Seasholes, 2004), and iii) the LHB boosts corporate market price (e.g., Hong et al., 2008). To test these conjectures we merge datasets on the Italian private firms (95,745 firm-year observations), listed firms (3,835), and non-financial IPOs (157) over 1999-2012. We capture firm clustering around the IPO by introducing a spatial clustering index based on the harmonic mean of distances between each IPO and the other firms. As predicted, we find firm clustering around the IPO decreases the likelihood to go public, lowers the underpricing, and boosts the long-run underperformance. We control for local wealth, endogeneity, self-selection bias, information asymmetries and the complexity of the price-setting process. Our findings highlight that the firm location matters in IPOs. The firm location affects almost every aspect of the corporate finance such as equity issuance (Loughran, 2008), financial structure (Gao et al., 2011), and payout policy (Becker et al., 2011), among others; we first relate to this literature. Our findings also provide evidence on underwriters' valuation skills. When attempting to price an IPO, the main problem issuers and investment banks face is the estimation of the aggregate demand (e.g., Lowry and Schwert, 2004). Our results further support this evidence. The complexity of the pricing problem increases in isolated firms because of the LHB which makes additionally relevant the local supply and demand for local stocks. Indeed, the LHB seems implemented in the price-setting process; however, the offer price is not properly adjusted, and isolated IPOs are more underpriced than clustered IPOs. The more reliable explanation is that underwriters fail to estimate the firm value related to the firm location. The main implication would be that a location factor should be included in IPO pricing.

Keywords: IPO, Local Home Bias, Going Public Decision, Underpricing, Long-Run Performance

JEL Classification: G10, G14, G32

On the Separability of the Real and the Financial Decisions

Alfonso Herrero de Egan Espinosa de los Monteros

UNED, Spain

Alberto Munoz

UNED, Spain

Carmen Soria Bravo

UNED, Spain

Abstract

The financial manager faces two basic problems: First, the firm's investment, or capital budgeting, decision; Second, the financing decision. Capital investment and financing decisions are typically separated, that is, analyzed independently. The basic idea behind Modigliani and Miller's famous proposition I is that: In perfect markets changes in capital structure do not affect value. As long as the total cash flow generated by the firm's assets is unchanged by capital structure, value is independent of capital structure. The aim of this paper is not to attack or discuss MM theorem. The theorem is mentioned because capital budgeting applies the same rule to projects, and projects as opposed to firms are not supposed to last forever or indeterminately. If we introduce a time limit to investments, to separate investment and financing decision in project analysis markets might not be correct, even in a perfect market. The purpose of this paper is to explore the validity of the separation rule through NPV and IRR rules, as representatives of academic and business practice, and compare their results with simulations that will include the financial decision of the firm. The analysis will take into consideration what would happen when the flow of funds from investments differs from the flow of funds that finance the project, not the financial structure or distribution among bonds and stock. A singular experiment proving that we can change the net present value of an investment modifying the financial structure cannot be used to affirm a universal statement; however, it can be used to show that a theory is wrong.

JEL Classification: G30, F49

Keywords: Financing Decision, Capital Investment, Cashflows

Volatility Spillovers and Dynamic Interactions between Stock Markets and Bond Markets in the PIIGS Countries**Resul Aydemir**

Istanbul Technical University, Turkey

Bulent Guloglu

Istanbul Technical University, Turkey

Ercan Saridogan

Istanbul University, Turkey

Abstract

The 2008 global financial crisis reached its peak when Lehman Brothers declared its bankruptcy on 15th of September, 2008. To avoid the risk of a financial collapse, the U.S. Federal Reserve (Fed) has taken steps to launch its quantitative easing programme, which was ended on 18th of December, 2013 when the Fed announced its first tapering. The European Central Bank (ECB) has also actively initiated some policy measures to undo negative effects of the crisis in Europe. These historical shocks (i.e. events and central banks' policy decisions) are well known to have had huge impact on global financial markets. Some European countries such as Portugal, Italy, Ireland, Greece and Spain (PIIGS) have been especially adversely affected by these shocks. In this paper, we address two issues for the PIIGS countries: a) how these shocks affect the size and persistence of the volatilities in stock and bond markets, b) dynamic interactions between stock and bond markets. To that end, we first estimate a multivariate GARCH model and derive conditional variances and dynamic (time varying) conditional correlations with covariances. Then, we analyze the effects of both these historical shocks and hypothetical shocks that may arise in the future on the volatilities of stock and bond markets. We utilize volatility impulse response functions developed by Hafner and Herwartz (2006) to achieve that objective.

Keywords: Shocks, Volatility Spillovers, Stock Markets, Bond Markets

COFFEE BREAK: 16:15-16:45**SESSION V: 16:35-18:30****MONETARY ECONOMICS****Room:** Do**Chair:** Huseyin Kaya**An Empirical Study of the Correlation between the Monetary Aggregates and the Price Level in Euro Area in the Years 2004 - 2013****Daniela Majercakova**

Comenius University, Slovakia

Ludomir Slahor

Comenius University, Slovakia

Alexandra Mittelman

Comenius University, Slovakia

Abstract

The historical evidence suggests a high correlation between changes in the stock of money per unit of output and changes in prices in the same direction. The goal of this paper is to analyze the correlation between the monetary aggregates and the price stability before, during and after the financial and debt crisis in the European Monetary Union. For this purpose, firstly, the paper includes some basic theoretical aspects, secondly, practical analysis based on the Pearson product-moment correlation coefficient as a degree of the dependence between the monetary aggregate M3 and the harmonized index of consumer prices. The main task of the present paper is, accordingly, to consider, if there is any relationship between these variables, and whether there is any substantial reason for modifying the current mainstream mode of the policy analysis. The data were obtained from the data warehouses of the European Central Bank and the Statistical Office of the European Community (Eurostat). The obtained data were split up into 4 segments by the timetable of the period before the crisis, during the first and the second stage of the crisis and after the crisis. The base for the analysis was the quantitative theory of money, which states that money supply has the direct, proportional relationship with the price level. In general, we were able to identify the existence of very strong dependency between the content of monetary aggregate M3 and the price level measured by HICP, especially in the case when the data were not influenced by the seasonal aspects and within the delay of one month. It means that the transmission of monetary policy of ECB reacted relatively fast. On the other hand, the rapidity of transmission of monetary policy and its effectiveness is still not at the same level as it was in the period before the crisis and the influence of the crisis is still strongly visible.

Keywords: Monetary Aggregates, Money Supply, Inflation, Price Level, Correlation, Euro Area

JEL Classification: E31, E50

Monetary Policy of Inflation Targeting⁵

Sorina Ioana Coroiu

West University of Timisoara, Romania

Abstract

Inflation is a macroeconomic imbalance with major effects on the economy, both on short term, when it decrease the purchasing power, and on long term, when it leads to stifling economic growth and investment. Related to this phenomenon, monetary policy is using the strategy of inflation targeting, strategy used by central banks, both in Europe and in other parts of the world. Shortly after the crisis started in 2007, it was observed that low and stable inflation led to a rigidity of wages and prices, even with lower demand and rising unemployment. In case of low inflation, economy may stall even with interest rates close to zero. Also it is considered that a moderate positive inflation is necessary to exit the liquidity trap. Some economists suggest that the inflation target of 2% is wrong in the current monetary policy, so that some central banks have already increased less room for maneuver, saying that they will tolerate inflation slightly above this level. In the economic crisis, monetary policy makers face a number of challenges, including the choice and implementation of the best monetary policy. Adoption by the Fed and other central banks of double thresholds - on both the unemployment rate and inflation rate - shows that the authorities recognize that the inflation rate does not include all the information about the level and changes in demand. So, in this paper, we want to see if inflation targeting is or is not a solution to the economic crisis.

Keywords: Monetary Policy, Inflation Targeting, Crisis, Financial Stability

On the Causal Link between Money and Output Growth: Evidence from Turkey

Ozge Kandemir Kocaaslan

Hacettepe University, Turkey

Abstract

In this paper we empirically investigate the causal link between money and economic growth employing a Markov switching Granger causality analysis. We carry out our investigation using quarterly Turkey real Gross Domestic Product, real M2 and interbank money market rate data which cover the period between 1987:Q4 and 2012:Q1. We find that there are significant changes in the causal relation between money and economic growth over the sample period under investigation. Our results show that M2 growth and interest rate have significant predictive content for real economic activity in the Turkish economy. Furthermore, the causality running from interest rate to output growth seems to be strongly apparent particularly during the periods of economic downturn. We also document that M2 has predictive power in explaining output growth particularly during the mid-1980s and during 1990s.

Keywords: Growth, money, interest rate, Markov-switching Granger causality

Monetary Policy Transmission in the Euro zone

Ayla Ogus Binatli

Izmir University of Economics, Turkey

Niloufer Sohrabji

Simmons College, U.S.A.

Abstract

This paper focuses on monetary policy transmission through bank lending in the euro zone. We use a panel Vector Error Correction Model (VECM) of output, prices, short-term and long-term interest rate, bank loans and bank assets. In addition, based on recent concerns of debt sustainability we also include a variable that captures deviation of debt to GDP ratios from the Maastricht Treaty threshold of 60%. We analyze impulse responses and variance decomposition to estimate the monetary policy transmission. Using quarterly data from 2002 to 2011 for the original twelve members of the euro zone (Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal and Spain) we find evidence that the euro zone functions as a cohesive unit. We also find the impact of monetary policy on loans is short-lived and conclude that bank lending has a lesser role in monetary policy transmission since the inception of the euro. Finally, our results suggest that large and unsustainable debt burdens do not alter monetary policy transmission for the euro zone-12 countries.

Keywords: Bank Lending, Euro Zone, Monetary Policy Transmission, Panel Cointegration and VECM

⁵ This article is funded by European funds under the Project "Performance and excellence in doctoral and postdoctoral research in the field of economics in Romania", CONTRACT POSDRU/159/1.5/S/142115

Fiscal Policy and Term Structure of Interest Rates**Lorant Kaszab**

Cardiff Business School, United Kingdom

Ales Marsal

Charles University in Prague, Czech Republic

Abstract

We examine the role of government spending in the behavior of the term structure of interest rates. We lay out New Keynesian macro model with recursive preferences and nominal rigidities shown previously to match the core empirical data features. The existing literature is concerned mainly in fitting as many empirical data features as possible. Rather than adding new modeling element to the additional moments in data we take a deeper look at the understanding of transmission mechanism. We show and explain why in the class of models usually used to explain asset prices: i) the yields jump up after rise in government spending; ii) turbulent fiscal policy amplifies the precautionary saving motive and risk aversion; iii) monetary policy plays crucial role in the transition mechanism of the government spending shock. iv) by commitment to fiscal consolidation government can immunize its impact on the term structure.

Keywords: Term Structure of Interest Rates, DSGE Model, Asset Pricing, Government Spending

Inflation Stabilization and Default Risk in a Currency Union**Eiji Okano**

Nagoya City University, Japan

Masashige Hamano

Sophia University, Japan

Pierre Picard

University of Luxembourg, Luxembourg

Abstract

By developing a class of dynamic stochastic general equilibrium models with nominal rigidities and assuming a two-country currency union with sovereign risk, we show that there is not necessarily a trade-off between the prevention of default risk and stabilizing inflation. Under optimal monetary and fiscal policy, comprising a de facto inflation stabilization policy, the tax rate as an optimal fiscal policy tool plays an important role in stabilizing inflation, although not completely because of the distorted steady state. Changes in the tax rate to minimize welfare costs via stabilizing inflation then improve the fiscal surplus, and because of this and the incompletely stabilized inflation, the default rate does not increase as much.

Keywords: Sovereign Risk, European Crisis, Optimal Monetary Policy, Fiscal Theory of the Price Level, Currency Union

FINANCE III**Room:** Re**Chair:** Alfonso Herrero de Egana Espinosa de los Monteros**Multiple Stock Dividends in Oman: Signaling or Liquidity Explanations?****Khamis Hamed Al-Yahyaee**

Sultan Qaboos University, Oman

Abstract

We investigate the possible differences in the information content of stock dividends between firms that distribute stock dividends frequently (frequent distributors) and firms that distribute stock dividends infrequently (infrequent distributors) using a unique dataset from Oman where the market microstructure frictions are either absent or limited. We find that infrequent stock dividend distributors have higher post-distribution operating performance relative to frequent distributors. We also find that the illiquidity measure is significantly related to the announcement effect only for frequent stock dividend distributors, while short-term performance is significantly related to the announcement effect only for infrequent distributors. Our findings indicate that infrequent stock dividends are used mainly to convey favorable private information about the firms' future prospects and frequent stock dividends are used to reduce stock price to an optimal trading range in order to improve trading liquidity.

Keywords: Stock Dividends, Trading Range, Market Microstructure, Bid-Ask Spread, Signaling

JEL Classification: G14, G35

CDS Contracts versus DOOM Put Options: A Robust Relationship?**Fanou Rasmouki**

Luxembourg School of Finance, Luxembourg

Abstract

The paper seeks to examine whether the information contained in DOOM put options can be combined with information CDS contracts to estimate default arrival rates. Using a sample of European banks, it exploits a theoretical link between the equity deep-out-of-the-money put options (DOOM) and CDS contracts proposed by Carr and Wu (2011) from a different angle with a

view to gauge the credit riskiness of systemically important institutions, before and during the financial crisis. Our results suggest our estimated default arrival rates not only reflect the angst of the financial markets with respect to the deteriorating credit risk profile of European banks but can serve as early warning signals. A practical goal of the paper is to verify whether DOOM options could prove to be an alternative indicator of credit deterioration compared to the CDS derivatives deemed to have an opaque nature.

Keywords: Deep out of the Money Put Options, Default Arrival Rates, Credit Default Swaps

E.U. versus O.E.C.D. Taxation - An Extended Overview for Direct Taxes and Social Contributions

Lazar Paula

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Filipescu Maria-Oana

University of Economic Studies, Romania

Abstract

In a borderless world governed by the mobility of production factors, especially of capital and work force, and characterized by the common markets, taxation/fiscal policy represents a key component of the economic reform and will have a profound impact upon the future of the global economy. For the European Union that still wishes to be seen as an unitary state/force the complex taxation processes are leaving deep marks upon the business environment development. The OECD countries might not aim the complex coordination processes that define the European Union, but the taxation processes are not without effect upon the business environment development in OECD member states. This paper aims to present a detailed overview of the direct taxation systems – direct taxes and social contributions - at both European and worldwide levels by breaking it down to taxpayer level in order to underline the dynamics and complexity of the taxation process that affect the business environment development. Furthermore, the paper will highlight the impact that the financial crisis had had and still has upon the taxation systems - reducing the fiscal burden upon corporate taxpayer and shifting the burden upon the personal taxpayers.

Keywords: Taxation Systems, Direct Taxes, Social Contributions, Financial Crisis

JEL Classification: G01, H22, H24, H25

The Relationship between CSR and Firm Risk in Polish Public Companies

Ewa Chojnacka

Nicolaus Copernicus University, Poland

Abstract

The paper deals with the influence of Corporate Social Responsibility (CSR) on firm risk. We analyze the situation of Polish public companies listed on Warsaw Stock Exchange (WSE). For quite a long time, CSR engagement of firms has been an important issue in developed markets. In Poland, the CSR idea has been developing for the last few years. In 2009, the WSE created the Respect Index which includes socially responsible companies listed on the WSE Main List. Moreover, several every-year-rankings of responsible companies are now being published in Poland. Those rankings can be used as a kind of reputation data for CSR. It enables us to carry out research on how CSR impacts risk in Polish companies. This problem has not been sufficiently examined so far. Due to limited data availability, the research concerns companies listed on the WSE Main List for the years 2010-2013. The empirical part of the paper is based on regression analysis. The econometric model used in the article is the result of our study of the extant accounting and finance literature as well as of data availability. In this analysis, the dependent variable is firm risk measured by standard deviation of daily stock returns. The main explanatory variable is the CSR reputation of the firm based on whether it is perceived as socially responsible (according to analyzed rankings). Some additional financial variables which influence firm risk are taken into consideration (e.g. size, leverage, market to book ratio, profitability, liquidity). Research results make it possible to analyze the relationship between the CSR engagement of firms and their risk. Companies perceived as socially responsible present additional information concerning environmental, social and governance factors which can decrease information asymmetry on the market and, in consequence, minimize firm risk. Lower firm risk should result in lower cost of capital. In general, we expect to observe a negative relationship between the CSR and firm risk. The empirical analysis of the relationship between CSR engagement and firm risk in Poland presented in this paper is an important, yet still not sufficiently examined issue in many emerging markets. Since the factors taken into consideration in the model include variables that characterize other markets, the results obtained can be used for comparative studies of Polish and other financial markets. Moreover, the CSR-firm risk relation has been a topic of great interest for management of companies as well as for individual and institutional investors.

Keywords: Corporate Social Responsibility, Firm Risk, Asymmetric Information

JEL Classification: G32, M14, D81

Empirical Study on the Correlation between Banking Profitability and Banking Risk under the Impact of the International Financial Crisis⁶

Alina Georgiana Manta

University of Craiova, Romania

Mihai Nițoi

University of Craiova, Romania

Roxana Maria Badircea

University of Craiova, Romania

Abstract

In this article, we study the nexus between the profitability of the Romanian banks and the risk taken. In our opinion, this analysis is important because it offers important findings regarding the influence of risk on bank profitability. Moreover, over the analyzed period the risks faced by banks increased significantly. Therefore, it is important to know exactly the relationship between profitability and risk in order to better understand the behavior of bank management.

Keywords: Banking Profitability, Banking Risk, Crisis

Some New Meanings of Sovereign Debt

Deceanu Liviu

Babes-Bolyai University, Romania

Abstract

Recently, due in part to the sovereign debt crisis, the public (and also scientific) interest towards indebtedness increased significantly. Regardless of the level at which we analyze it – micro or macro – it is clear from the beginning that this is often unavoidable, for various reasons, and that the indebtedness situation is often one of normality (necessary to cover current needs or to ensure growth targets). Of course, when the debtor is the state itself, things seem, at least apparently, more simple. States have borrowed since their beginnings, and continue to do so today. Nothing more natural than that. For a long period of time, being a creditor of a state, especially of a developed country, meant, above all, a very safe situation – not being exposed to any risk. Recent years have shown, however, that such an approach is flawed, and that sovereign risk is omnipresent in the contemporary globalized world. For about seven years, the word „crisis” seems to have become one that is commonly used in the economic analysis. Undoubtedly, in this period there was not only a „common” financial crisis that occurred, but a series of crises: finance – economic crisis – sovereign debt issues. In mid-2008, the global financial system crisis (especially in Western countries) asked for a sustained intervention from the state. It came sooner or later, with more or less pro-cyclical effects. Among the taken measures, we can evoke a massive support to banks and economic activity in general, in the context of the drastic reduction in global demand. Recovery policies required their toll, however, and in this case we can talk about a significant increase in budget deficits. If the evolution of private borrowing has taken the path of stagnation, public debt, already growing, became more and more significant. In this context, we intend to highlight some new facets of sovereign risk, and to provide some remarks about how this risk should be viewed and approached.

Keywords: Public Debt, Sovereign Debt, Sovereign Risk, Over-Indebtedness Threshold, Public Deficit, Economic Growth

Replication and Revisiting Kendall's 1953 Seminal Paper on Random Walk using South African Data 1986 to 2014

Robert W. Vivian

University of the Witwatersrand, South Africa

Christo J. Auret

University of the Witwatersrand, South Africa

Abstract

Sir Maurice Kendall's 1953 seminal paper observed that various time series behave as if they are wandering series. Today this series is referred to as a series displaying characteristics of a random walk. Because of the intrinsic nature of the time series he posited that it was not possible to predict the outcome of the series, even a single week in advance. Any reliable prediction would need extraneous information that is information not contained in the series itself. Attempts to explain his observation calumniated in Fama's 1970 Efficient Market Hypothesis (EMH) paper, relying in part on Kendall's seminal paper. The EMH has however become mired in controversy and largely divorced from Kendall's observations. This paper replicates Kendall's research using equity series data from the Johannesburg Stock Exchange and applies a range of tests not available to Sir Maurice in 1953 to determine if his observations apply to the data. Having done so the impact of the findings of this paper is related back to the EMH taking into consideration the developments to the theory of the EMH since its formulation in 1970.

Keywords: Efficient Market Hypothesis, Random Walk, Variance Ratio Tests, Hurst Exponent Tests, Serial Correlation Tests, Correlogram, Unit Root Tests, BDS Independence Tests

⁶ This work was partially supported by the grant number 24C/2014, awarded in the internal grant competition of the University of Craiova.

INVESTMENT I**Room:** Mi**Chair:** Alaa Aldin Alathmay**The adoption of the Internet as a Promotional Tool among Small Businesses****Jeevarathnam Govender**

Durban University of Technology, South Africa

Abstract

Internationally, the internet has become a primary tool in promoting small businesses and their products. This, coupled with the increased access to the internet by customers, throughout the world, creates an enabling environment for small businesses to raise their online profile. Developing countries have witnessed a significant increase in the adoption of the internet for commercial purposes by both consumers and businesses. The objective of this paper is to ascertain the extent to which small businesses have adopted the internet as a promotional tool. To this end, a survey was conducted among 200 small businesses using non-probability sampling. Selected biographical details were ascertained. It emerged that hype was created around company websites, businesses advertised online, were using online directories, social media and e-mails to promote themselves all to some extent. There was a notable absence of the use of viral campaigns and engagement in online sponsorships. It emerged that respondents strongly believed that the internet is an effective tool in promoting small businesses, yet the large majority of respondents believed that small businesses were not effectively using the internet to promote themselves. Recommendations are made as to how small businesses can use the internet more effectively in promoting themselves.

Keywords: Internet, Promotions, Small Business**JEL Classification:** M31**Private Equity / Venture Capital Sector Specifics in Certain Groups of Countries within Europe****Elzbieta Ligia Grzegorzcyk**

University of Lodz, Poland

Abstract

Development of private equity/venture capital market (PE/VC) is an opportunity for economic growth, as it partially complements the equity gap affecting companies from the SME sector, which cover a significant portion of the total number of enterprises. The main goal of this work is to define the characteristics of the PE/VC sector in particular groups of European countries, distinguished using taxonomic analysis based on their convergent traits. In the study, special emphases are on identifying: the size of the market, its financing structure and the split of capital between sectors. The article is based on: broad literature, latest statistical data collected by EVCA, as well as, the latest research reports on the PE/VC market. Proper specification of this market is extremely important as it allows a better understanding of the mechanisms affecting the analysed sector.

Keywords: Private Equity, Venture Capital, PE/VC Specifics, Taxonomy Analysis, Clusters**Strategic Benefits from Advanced Manufacturing Technology Utilization and Performance of the Company****Libuse Svobodova**

University of Hradec Kralove, Czech Republic

Abstract

This study focuses on the benefits from advanced manufacturing technology utilization and on the company performance. The scrutinized issues are the constituents of a wider context of the project called "Efficiency in the company and the company – consumer relationship" that is being worked on within the frame of specific research at the Faculty of Informatics and Management, University of Hradec Králové and on the basis of the previous research that was supported by Grant Agency of the Czech Republic (project No. 402/07/1495). The projects that we did and that is being done by our researching team is described in a separate chapter of this article. The main goal of the article is to describe the most often used advanced manufacturing technologies in the involved companies together with the benefits achieved from the technology utilization and with the management attitudes. In the next part will author focus on the performance of the companies where advanced technologies were implemented. It is expected that companies using advanced manufacturing technologies will have higher performance of the company. Topics mentioned in this article are very important for a lot of managers, owners, researchers, specialists and also globally for advanced industrialized economies. When strategic approaches are used, the justification is made by considering long-term strategic intangible benefits. Although operational and organizational benefits are often associated with advanced manufacturing technologies, all advanced manufacturing technologies are not the same and do not provide the same benefits. Due it we asked the managers on the individual technology and realized benefits from it.

Keywords: Advanced manufacturing technology, Benefit, Company Performance, Evaluation, Identification, Problems, Survey Results

The Effect of Economic Resilience on Private Investment in the Selected Malaysian Economic Sectors

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Universiti Utara Malaysia, Malaysia

Zalila Othman
Universiti Utara Malaysia, Malaysia

Abstract

Malaysia is a small open economy and is exposed to all sorts of external shocks, interruptions or disruptions. These shocks may cause many potential misfortunes such as periodic economic recessions, fluctuation in the business cycles, unpredictable oil price hikes, financial crises, technological change, crime and natural disasters. The objective of this paper is specifically to analyze empirically the effect of economic resilience on private investment in selected Malaysian economic sectors. The analysis has used secondary panel data that are gathered from various official reports through library research. In the analysis, private investment in selected Malaysian economic sectors represents the dependent variable. Meanwhile, the independent variables are represented by gross domestic product (GDP), interest rates, macroeconomic stability and microeconomic market efficiency. The indicator used to represent macroeconomic stability is fiscal deficit to GDP ratio. Microeconomic market efficiency is represented by government size (government expenditure), regulatory efficiency (business freedom), and market openness (investment freedom). Empirical analysis has been performed using generalized methods of moment (GMM). The results show that GDP, interest rates, and investment freedom are statistically significant at five percent level of significance.

Keywords: Private Investment, Economic Resilience, Generalized Methods of Moment

Financial Efficiency of Identified Business Models for the Small Retail Formats in Poland

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Czestochowa University of Technology, Poland

Zuzanna Ostraszewska
Czestochowa University of Technology, Poland

Agnieszka Tylec
Czestochowa University of Technology, Poland

Abstract

Market for small retail schemes in Poland has a large development potential at present. It is assumed that objects of this type will become increasingly popular among both developers and investors focused on lower investment costs and shorter return rate, as well as tenants interested in lower charges for leased commercial space. This trend will be increased by more price-sensitive consumers. After a review of relevant literature, statistical data connected with the commercial real estate market in Poland and shopping preferences of Poles, the purpose of this study was to indicate the most profitable business model of investing in commercial real estate market from the potential investor's point of view. The study was based on data obtained by direct interview from particular investors offering properties for rent in buildings classified as small retail schemes. To evaluate the selected models, one used non-discount (simple) methods. After empirical calculations in conclusion the study pointed out the solution, which is more profitable for the investor, and its determinants of cost-effectiveness.

Keywords: Investment, Small Retail Formats, Investment Efficiency

Investing in Human Capital as Strategy to Increase the Competitiveness of the Romanian Economy⁷

Stefania Cristina Curea Neagu
Bucharest University of Economic Studies, Romania

Anca Teodora Serban Oprescu
Bucharest University of Economic Studies, Romania

Abstract

One of the most profitable types of investment for any community that is set on the path of sustainable socio-economic development is investment in human capital. The authors of this study aim to analyze investment in human capital by use of two main approaches - investment in education and health investment, and thus try to point toward key innovative development strategies that lead to the creation of added value to the national economy. The main research methods used are investigation of events and phenomena in evolution, analysis and synthesis, methods of quantitative analysis, mathematical models. In the study conducted for Romania we conclude that major drawbacks are to be observed in the case of this country as opposed to the situation in developed countries, requiring consequently major investments in education and health that will help create a sustainable and innovative economy which will, in its turn, support renewed growth in our country. Also, in the present study, close analysis parallels and benchmarking of developed countries will provide incentives for recommended strategies for Romania.

Keywords: Human Capital, Investment, Innovation Strategy, Sustainable Development

⁷ This paper was co-financed from the European Social Fund, through the Sectorial Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/138907 "Excellence in scientific interdisciplinary research, doctoral and postdoctoral, in the economic, social and medical fields -EXCELIS", coordinator The Bucharest University of Economic Studies".

ACCOUNTING & AUDIT II**Room:** Fa**Chair:** Xu-Dong Ji**Implementation of Accounting Standards: Financial Reporting in Albania****Sonila Gruda**

Epoka University, Albania

Abstract

Globalization of the today's world brought also improvement of economical diversion and internationalization of businesses or marketplaces which amplified the demand for the harmonization of accounting standards. The worldwide adoption of the International Financial Reporting Standards is a reflection of the movement towards such global accounting standards which are important tendencies that indicates the improvement of the accounting transparency. Standardization is a need that imposing a set of rigorous laws that are requested uniformly in many economies that are related or not. In Albania, commencing from 1 January 2008, commercial statements demand to comply alongside Regulation No. 9228 "Accounting and Financial Reporting". The regulation defines kinds of Accounting Standards, national or international that demand to be requested by commercial entities in Albania. This research, established based on the scrutiny of many cumulative data, will highlight the present situation of the implementation of accounting regulation and financial describing in Albania and indicates facts that analysis the Accounting Standards as a brilliant innovation. A number of recommendations will be given, aiming at helping the standardization and harmonization of the present applications of the standards.

Keywords: Accounting, Financial Describing, Accounting Standards**Business Processes Intrinsic Accounting Quality Attributes Assessment in Lithuanian Organizations****Kristina Kundeliene**

Kaunas University of Technology, Lithuania

Abstract

The most important accelerator in everyday life is rapid growth and development in the area of information technology. Economic efficiency of management decisions is determined by objective and timely information, which must be supplied by the accounting system to the company's managers. Changes in the external surrounding of the business organizations and importance of timely information enforce to recoil and to give special attention to accounting quality of business processes, accounting quality assessment questions. There was performed an empirical research, which gave important findings about business processes intrinsic accounting quality attributes intensity and association between them in Lithuanian organizations.

Keywords: Business Processes, Accounting Quality Attributes, Intrinsic Quality, Evaluation**JEL Classification:** M41, L15**The Process of Introducing Forensic Audit in the Public Sector Entities****Svjetlana Vranjes**

University of Banja Luka, Bosnia and Herzegovina

Branka Topic-Pavkovic

University of Banja Luka, Bosnia and Herzegovina

Abstract

One of the key issues in developed market economies is the size and sustainability of the public sector. An essential aspect of sustainability and efficiency in public sector entities is financial control, especially considering *acquis communautaire*, established by the EU, as a system of financial controls and quality management of revenue, expenditure, assets and liabilities in the public sector. The recent growth and expansion of public expenditure in most countries, emphasizes main objective of public sector audit - the increase in confidence in the financial statements of public entities. This study aims to determine the role of a forensic audit in reducing the frequency of financial fraud in companies, increasing the responsibility of management, internal audit and control system, in order to define measures to enlarge the efficiency of public sector entities. The basic question is whether a forensic audit has capacity to improve the efficiency of private and public sector entities and to reduce criminal activities and financial frauds in these organizations? Field of research is geographically focused on Bosnia and Herzegovina, exploring the achievements and limits of the forensic audit development. Empirical research was conducted using a questionnaire consisting of 10 closed questions, direct questions and questions with offered answers. Data were collected on a sample of 100 certified auditors in public and private companies, based on their knowledge and experiences in the disclosure of illegal activity in companies, and their opinion on forensic audit. Method of statistical correlation and regression confirm the connection between the set of variables. The results show that a forensic audit may significantly reduce the incidence of illegal activities and frauds in the company, which improves the functioning and efficiency of the public sector. However, a fundamental constraint to forensic audit in BiH, highlight the lack of an adequate legal framework, high costs of operating and conducting forensic audits, and also the lack of certified personnel. In the long term, in the states with mixed economies, there is a tendency of growth of the public sector. Studies on the issue of public spending have indicated the need to strengthen and improve the existing system of internal control and audit in the public sector. We conclude that introducing a forensic audit is one of the most important steps towards their further improvement.

Keywords: Public Sector, Audit of Financial Statements, Forensic Audit, Public Expenditure

Mandatory Auditor Rotation and Cost of Equity Capital: Korean Evidence**Seon Mi Kim**

Chonnam National University, South Korea

Sook Min Kim

Korea University Business School, South Korea

Dong Heun Lee

Korea University, South Korea

Seung Weon Yoo

Korea University Business School, South Korea

Abstract

This paper investigates the relationship between mandatory auditor rotation and cost of equity capital in the Korean audit market. In specific, we explore whether the mandatory auditor rotation affect the cost of equity capital during the sample period of 2006-2009. Under the mandatory auditor rotation rule, which took effect in 2006, the firms who maintain their incumbent auditors during the last 6 years should switch their incumbent auditors to new auditors. The rule intends to protect close relationship between client firms and incumbent auditors in order to improve auditor independence, because the rule provides the lower quasi-rent for new auditors who mandatorily changed (Geiger and Raghunandan 2002). Prior literatures show that the newly hired auditors ask more conservative accounting treatment in order to reduce information asymmetry between the auditors and the new clients (Shin et al. 2007). That is, it leads to lower cost of equity capital. However, the mandatorily changed auditors' audit risks may not be different from voluntarily changed audits' risks because of the lack of experiences and expertise on new clients. Therefore, we can expect that the newly hired auditors under the mandatory auditor rotation rule will provide lower audit quality than the auditor retention firms who do not change their incumbent auditors. It leads to higher cost of equity capital. Therefore, our hypothesis is that the cost of equity for firms with mandatorily changed their auditors is different from those for firms with retention auditors. In this study, we use the cost of equity capital as a proxy for evaluating the future firm value during our sample period, 2006-2009. We have a unique setting to examine the effect of mandatory auditor rotation rule, while other countries do not yet. We employ the cost of equity capital that is Price-Earnings Growth model Easton (2004) and Modified Price-Earnings Growth model from (Easton 2004). The last model is from Gode and Mohanram (2003) and Ohlson and Juettner-Nauroth (2005). The results indicate that investors expect a different ex-ante return for firms who mandatorily switch their incumbent auditors to new auditors. The results provide the insights of investment risk evaluation for firms with taking mandatory auditors rotation rule. We expect that this study contribute to improve understanding of the effect of mandatory auditor rotation rule in Korean audit market and other foreign countries.

Keywords: Mandatory Auditor Rotation, Cost of Equity Capital, Auditor Changes

Empirical Study Regarding the Influence of Budgetary Transparency on Economical Performance**Maria Violeta Cimpoeru**

Bucharest University of Economics Studies, Romania

Valentin Cimpoeru

University Politehnica of Bucharest, Romania

Abstract

This paper examines the budgetary transparency as a solution to economic and social issues worldwide. Social reformers promote budgetary transparency index as an effective tool, based on studies conducted by independent researchers, who can compare the main information published by governments worldwide on the management of public resources. Budgetary transparency was and still is a key principle in public expenditure policies and leads to accountability, efficiency and competitiveness from the governments concerning economical performance. Taking as reference the empirical studies on the literature, I have prepared a regression model in order to test the positive influence of budgetary transparency on the economical performance. This model combines economic, social and political aspects in a positive relationship and provides stakeholders an orientation towards a strategic institutional change, designed to lead to a sustainable management, vital for the current economic environment.

Keywords: Budget Transparency, Economical Performance, Open Budget Index, Institutional Change, Public Finance

The Different Effect of Investment and R&D on Earnings and Market Value: Evidence from Manufacturing Firms**Georgia Pazarzi**

University of Piraeus, Greece

John Sorros

University of Piraeus, Greece

Abstract

It is known from previous investigations that investment and R&D affect profits and are affected by them. Also it is known that R&D expenditure affect the market value of firms. It is also known that these effects differ in the time that appears. The aim of this paper is to investigate the effect of investment and R&D expenditures to earnings and stock price on manufacturing firms of various subsectors. Our goal is to find out the different effect of investments and R&D in earnings and in the market value, depending of the subsector and time. The data of 2347 manufacturing firms was obtained from DataStream and finally used 854

with all data available on Spanning period 1998-2012 on a fiscal year basis. All firms are listed on the NYSE stock exchange (NYSE). We used Panel Data Analysis and the results from the empirical model reveal a positive and statistical significant correlation between the Investment and Earnings and between R&D and Market Value depending of time and sub sector.

Keywords: Earnings, Market Capitalization, R&D, Investment, Expenditures and Manufacturing Firms

Assets Held for Sale and Discontinued Operations vs. Evaluation of Liquidity – Determination of Ratio or Necessity of Adjustment?

Grazyna Voss

University of Technology and Life Sciences, Poland

Piotr Prewysz-Kwinto

Wyższa Szkoła Bankowa, Poland

Abstract

The Warsaw Stock Exchange requires that all listed companies apply IFRS to prepare their financial statements. According to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, companies present assets as current assets at estimated value. The change in the use of an asset results from economic conditions and requires that a company revalue the asset and adjusts its value by costs of sale or liquidation. The current value of the asset determined in that way influences the financial result of the company and enables the movement of value from non-current assets to current assets. This change has an impact on the evaluation of financial situation and financial ratios. This article presents results of financial analysis based on the example of a stock-listed company that changed the use of non-current assets, which in turn changed the company's financial situation and improved its financial ratios. On the basis of the analysis, financial and accounting areas of risk which appear while making investment decisions are indicated as well as the necessity of applying adjustment as an indispensable element to minimize risks while making decisions by stakeholders. The aim of this article is to describe principles of measurement and presentation of assets held for sale and application of financial analysis in order to assess risks by potential investors. The purpose of this work constitutes part of a wide-ranging discussion on the directions of changes in financial reporting and principles of effective investing. The primary methods used during the preparation of this work included: analysis and review of legal acts and subject literature as well as ratio analysis.

Keywords: Non-Current Assets Held For Sale, IFRS, Accounting Liquidity, Financial Risk, Investment Decisions, Adjustments and Exclusions

JEL Classification: M41, M48

PUBLIC ECONOMICS I

Room: Sol

Chair: Christian Breuer

Attitudes to Income Equality and Preferences for Redistribution in Turkey

Ayfer Karayel

Galatasaray University, Turkey

Abstract

We estimate the determinants of individuals' inequality aversion and preferences for redistribution in Turkey using the 2007 and 2011 World Values Survey data. Our results show that relevant factors for opposing inequality and supporting redistribution in both surveys is dissatisfaction with the financial situation of the household, being on the left hand side of the political scale, belief that hard work brings a better life, and also the opposite of this belief. According to the 2011 survey, being woman, being self-employed, belonging to lower class, living in poorer East Central Anatolia region and in Central Anatolia are associated with increased opposition to inequality and support of redistribution. The odds of supporting redistribution decreases for people living in the Aegean region according to both surveys. For 2007, being in the highest income category relative to the middle is associated with a decreased opposition to inequality and support of redistribution. As for the impact of living in a specific region, besides the Aegean region, for 2007, coefficients indicate a decrease in the odds for the following regions : North Eastern Anatolia, Eastern Marmara, Central Anatolia and Western Black Sea.

Keywords: Redistribution Preferences, Inequality Aversion, World Values Survey

JEL Classification: D31, I31

Statistical Analysis for Impacts of Economical Conditions on Housing Markets: An Example on Fragile 5 Countries

Olgun Aydin

Mimar Sinan University, Turkey

Ali Hepsen

Istanbul University, Turkey

Orhan Vatandas

Reidin.com, Turkey

Abstract

In the year 2013, Morgan Stanley declared the Brazilian real, the Indian rupee, the Indonesian rupiah, the South African rand and the Turkish lira as the "Fragile Five," or the troubled emerging market currencies under the most pressure against the U.S. dollar.

According to Morgan Stanley's report these countries have important things in common-high inflation, weakening growth, large external, and high dependence on fixed income inflows leave these currencies vulnerable. The risks associated with these particular five currencies are also evident from the fact that central banks in these countries have been among the most aggressive in their bid to support their currencies. For those countries, housing market has been a key driver of growth and has been a steady and robust performer since the year 2000. The main purpose of this study is to investigate, modelling and forecasting whether there is a long-run relationship between macroeconomic indicators (including gross domestic product, current account balance, general government gross debt, general government revenue, general gross national savings, inflation (average consumer prices), population, total investment, unemployment rate, volume of exports of goods and services, volume of imports of goods and services, real interest rate) and housing markets in Fragile 5 countries by impulse/ response analysis, variance decomposition, correlation analysis, regression, kriging metamodelling and time series forecasting for the twelve year period from 2002 to 2013.

Keywords: Fragile Five Countries, Housing Market, Time Series, Forecasting, Kriging

JEL Classification: E30, E44, L74, R10, R20, R30

Subjective Poverty in Poland

Leszek Morawski

University of Warsaw, Poland

Abstract

The poverty rates that are currently used in public discussion are calculated on the basis of the OECD equivalent income. This method typically identifies large families as those most in need of financial support. The primary goal for the paper is to calculate an alternative equivalence scale based on subjective approach since there is no clear justification for the expert approach. Then the poverty statistics and income distribution analysis are presented based on the alternative approach. The results are compared with those published by the Polish Central Statistical Office. The data used in the paper comes from the 2006, 2009 and 2012 waves of the Polish Household Budget Survey. The PHBS is a countrywide survey conducted every year by the Central Statistical Office (GUS 2011). Each sample size of the PHBS exceeds 35 thousand households. The survey includes Income Evaluation Question that is used to estimate the subjective equivalence scale in a way similar to Bishop et. al (2013). Considering large families as being particularly vulnerable to financial poverty is not confirmed if one looks at data on income satisfaction. Our analysis shows that it is not true that large families are particularly unhappy about their income. We also show that one-person households should be rather considered most at risk of material poverty and not the large families when the income satisfaction is taken into consideration. Such result is due to larger economics of scale within a household embedded in subjective data that it is assumed by the OECD scale. For example a marginal cost of child in the subjective approach is much smaller than in the traditional one. Our findings suggest that taking the subjective scale seriously would result in more resources to be allocated toward small households at the cost of large ones.

Keywords: Poverty Incidence, Subjective Equivalence Scales, Income Maintenance Transfers, Household Budget Survey

JEL Classification: D63, I32, P46

Promoting and Implementing European Model

Beatrice Leustean

Politehnica University of Bucharest, Romania

Abstract

Following European Union enlargement, member states among which is Romania, has to deal with the large and even growing disparities among the EU-28 in terms of their overall development, institutions, cultural, fiscal and financial aspects etc. All these in order to support the long-term growth potential for the EU's competitive position in the world and its resilience to shocks. The paper here presents and questions institution's role in what concerns promoting and implementing the European model: the political factor, complementarities and divergences of Euro Zone, principles, values and European identity for integration's process durability. It also overviews two ways for individual behavior modeling: educational system and institutional model. The author considers that, in order to achieve synchronization and durability, Romania has to adapt to European model its various behaviors. Also, learning and adopting this model might represent a proper way to form European values and behaviors. As such, knowledge propelled by institutions and education becomes a factor that supports synchronization and sustainability through maintaining the collective consciousness of European unity. These facts support the statement that Knowledge leads to a European behavior as pillar for European integration process.

Keywords: Knowledge, Education, Behavior, Values, EU Model

Natural Resource Damage Assessment of Hebei Spirit Oil Spill Accident using a Contingent Valuation Method

Sunyoung Park

Korea University, South Korea

Seung-Hoon Yoo

Seoul National University of Science and Technology, South Korea

Abstract

Hebei Spirit oil spill, took place at the coast of Taean, is the greatest marine oil pollution accident of Korea, causing a large scale of environmental damage. The purpose of this study is to measure the Natural resource damage assessment of Hebei Spirit oil spill by employing a contingent valuation method. To this end, a survey of 1000 households was implemented. According to

estimating results, annually willingness to pay per household is 2,703 Korean won. Consequently, the damage of coast of Taeon by Hebei Spirit oil spill is estimated about 49.2 billion Korean won. This result contributes to provide us with the quantitative information on an effective management for environmental impact assessment, restoration of oil spill damage, and decision-making about optimal investment

Keywords: Oil Spill, Contingent Valuation Method, Natural Resource Damage Assessment, Hebei Spirit

Does Emigration Reduce Corruption in the Countries of Origin? Household-level Evidence for the Western Balkans

Artjoms Ivlevs

Bristol Business School, UWE, United Kingdom

Roswitha M. King

Ostfold University College, Norway

Abstract

We examine the effects of emigration and remittances on the corruption experience of those left behind. We hypothesize that the effects of emigration on corruption can be both positive (via migrant value transfer) and negative (via monetary remittances). Using Gallup Balkan Monitor survey data in instrumental variable analysis, we find that migrant households are more likely to face bribe situations and be asked for bribes by public officials. At the same time, having relatives abroad reduces the probability of actually paying a bribe. This beneficial effect, however, is offset by receiving remittances.

Keywords: Emigration, Corruption, Institutions, Diaspora Externalities, Western Balkans

JEL Classification: F22, F24, O15, D73

FRIDAY, OCTOBER 24 (DAY 2)

REGISTRATION: 08:00-16:00

SESSION I: 08:00-10:00

PUBLIC ECONOMICS II
Room: Do

Chair: Hieyeon Keum

Doing Business in Bulgaria - State Efficiency, Competition and Regulations
Maria Marikina

University of National and World Economy, Bulgaria

Stela Raleva

University of National and World Economy, Bulgaria

Abstract

The report aims to analyze the conditions of doing business in Bulgaria and examine their influence on the economy's competitiveness. The focus is on evaluating the efficiency of the state as characterized by the institutional framework, the political, economic and institutional aspects of governance, the regulations and competition environment. The object of specific analysis is the legal and regulatory framework, the political stability and the government's adaptability, governmental decisions, transparency, regulatory quality (bureaucracy), the control over corruption and shadow economy, how easy it is to do business, the general conditions for a business start-up, as well as some specific characteristics of these conditions. In methodological terms, the study is based upon applying a World Bank's system of indicators on an annual basis for the period after 2005. The analysis pursues four objectives. The first is to theoretically rationalize and terminologically specify state efficiency and macro-level competitiveness. The second task is to assess, by outlining the trends in the range of indicators for state and regulatory framework efficiency, whether these tend to ease or hamper the doing business conditions. The third objective is to compare the values of the indicators for Bulgaria against those of other EU countries and thus arrive at a comparative assessment of the possibilities for doing business in Bulgaria. The fourth is to study the influence of the efficiency of the state and regulations on national economy competitiveness. Based on the empirical analysis, we have come to three major conclusions: i) In the period as a whole, Bulgaria displays an accelerated process of institutional setting up and state efficiency improvement in support of businesses as is evident from the majority of the selected indicators; ii) The country has relatively strong positions vis-à-vis some of the other former socialist countries from CEE as can be very clearly seen in some of the less aggregated indicators; iii) The improved conditions for doing business relating to the efficiency of the state and the regulatory framework are crucial for improving the economy's competitiveness as measured through the Global Competitiveness Index. In conclusion, recommendations are given for enhancing state efficiency towards ensuring conditions for doing business and assessing its impact on competitiveness.

Keywords: Doing business, State efficiency, Institutional framework, Regulations, Competition, Competitiveness

JEL Classification: E02, H11, H21, H70, K20, M10

Optimal Proportion of Japanese Government Bonds
Ahmad Danu Prasetyo

Keio University, Japan

Abstract

Japanese government relies heavily on domestic debt to finance their fiscal expenditures. It issues three kinds of debt products: i.e. fixed rate bonds, floating rate bonds, and inflation indexed bonds. From previous literatures, many economists agreed that the development of JGB has become worrisome and unsustainable. They suggest the Japanese government to reduce the amount of debt. What is missing that they did not mention how the Japanese government shall pursue this recommendation. By how much the Japanese government should reduce the stock of each of product of JGB? How should the government deal with the risks embedded to each JGB product? This research is purposed to answer those questions.

Keywords: Japanese Government Bonds, Optimal Proportion, Fixed Rate Bonds, Floating Rate Bonds, Inflation Indexed Bonds

On the Identification and Macroeconomic Effects of Discretionary Changes in Fiscal Policy
Christian Breuer

Ifo Institute, Germany

Abstract

Empirical studies on the effects of fiscal adjustments apply different approaches to identify discretionary changes in fiscal policy. While the results of one strand of literature suggest that the effects of fiscal adjustments on GDP are small or even positive, particularly for spending cuts (expansionary austerity), this strand of literature is under criticism because of an incomplete cyclical adjustment strategy. I compare the macroeconomic effects of fiscal adjustments using five different identification strategies for a panel of 30 OECD countries over the period 1980 to 2012 and show that the strategy chosen for identifying fiscal policy has a crucial impact on the estimated effects. My results suggest that large fiscal adjustments (both revenue and spending based) lead

to economic contractions, after appropriate controlling for cyclical effects and one-off capital transfers. These findings indicate that a great deal of previous empirical research on fiscal adjustments and expansionary austerity is based on an incomplete measure of fiscal policy and needs to be reevaluated.

Keywords: Fiscal Policy, Cyclical Adjustment, Government Expenditures

JEL Classification: E62, H30, H50

Fiscal Contractions in Eurozone in the Years 1995-2013. Can non-Keynesian Effects be Helpful in Future Deleverage Process?

Adam P. Balcerzak

Nicolaus Copernicus University, Poland

Michal Pietrzak

The Nicolaus Copernicus University in Torun, Poland

Elzbieta Rogalska

University of Warmia and Mazury, Poland

Abstract

Last global financial crisis has led to massive fiscal stimulation actions in most of developed countries which resulted in significant increase of their public debt. For many economists current level of debt in case of many highly developed countries is coming up to unsustainable level or at least level that has negative consequences on the long term growth. This can be also said about Eurozone or wider EU economies. These factors in near future will force many EU countries to adopt much stricter middle and long term fiscal policy that will be necessary for deleveraging process. In this context the aim of the research is to check whether one can find non-Keynesian effects of fiscal consolidations in Eurozone countries in last decade. If the answer is positive, then could these non-Keynesian effects be significant developing factor in case of Eurozone countries. The third scientific question concentrates on the ways the fiscal consolidations were implemented and the potential influence of consolidations strategies on short term growth. The research is based on European Commission and Eurostat fiscal and macroeconomic data for Eurozone countries for the years 1995-2013. In the research the econometric dynamic panel model based on the concept of conditional convergence was applied. As a complementary method qualitative analysis of cases of significant contractions was made with the concentration on the differences between expansionary thus non-Keynesian cases and conventional Keynesian cases of fiscal contractions. The research results give some arguments for existence of fiscal transitions channels leading to non-Keynesian effects of fiscal policy, which in the same time can be a factor of conditional convergence. Thus in case of proper construction of fiscal consolidations policies these factors can be helpful in future deleverage process.

Keywords: Fiscal Policy, Fiscal Consolidations, Non-Keynesian Effects, Conditional Convergence

Measuring Active Aging: Evidence from Russia

Liudmila Zasimova

National Research University Higher School of Economics, Russia

Maria Sheluntcova

National Research University Higher School of Economics, Russia

Abstract

Many countries are experiencing a rise in life expectancy and Russia is not an exception. Policy agendas in these countries now stress the need for active and healthy aging in terms of improved health and greater degree of activity and autonomy. A high-quality evidence base is therefore needed to formulate policy responses to population aging. Objectives: This paper aims to measure active aging of the elderly in Russia. Data: We use the World Health Organization data from the Study of Global Ageing and Adult Health (SAGE) - an international research of aging in middle and low income countries (2007-2010). It includes 4947 respondents and is representative at national level. Method: We base our research on the concept of the WHO: active aging is characterized by three components: health, participation in social activities, and security (safety). We select indicators for these components and aggregate them into three sub-indexes which become the outcome index of active aging. We calculate the outcome index for every respondent. As a result, the sample is divided into two groups of elderly people in Russia, "actively aging" and "inactively aging". Results: Our findings show that 70% of the elderly population is at the intersection of "health" and "participation in social activities"; 61.2% between "health" and "security"; 73.5% between "security" and "participation in social activities". Overall, 58.5% of Russian senior citizens meet all three criteria of active aging. Conclusion: The active aging index presented in this paper is a tool for measuring the proportion of actively aging individuals. Most importantly it also captures how elderlies differ with respect to three components of active ageing and even with respect to particular indicators, composing each sub-index. It shows which component (and/or indicator) needs specific actions from public policies. It offers the breakdown by gender and different age groups, to be able to develop age-gender specific policy measures.

Keywords: Active Aging, Public Policy, the Elderly, Health, Participation, Security, Russia

JEL Classification: J14, J18

Spatial Concentration of Public Expenditures: The Case of Turkey

Suleyman Ozcan

Dumlupinar University, Turkey

Guner Tuncer

Dumlupinar University, Turkey

Abstract

Public expenditure is one of the most important variables determining the share of the public sector in the economy and the size of national income. The relationship of public expenditures having a significant impact on economic growth with other variables and how its distribution is across the country are highly important. Distribution of public expenditures may vary in terms of regional and functional classification. The differences can provide information about the preferred policy by government. The aim of this paper is to analyze spatial concentration in public expenditures of functional classification in Turkey. In accordance with 5018 Public Financial Management and Control Law, the functional classification of public expenditures by provinces has been considered as ten basic functions. To determine the spatial concentration of public expenditures, Herfindahl - Hirschman Index which has been used in numerous studies in economic literature is calculated for 2004-2011 period. According to the results, it is determined that public expenditures have mostly concentrated on Housing and Social Welfare Services. Defense Services and Education Services are the other expenditure items of public expenditures. These statistical results indicate that the government performed a spatial concentration on Housing and Social Welfare Services Expenditures during 2004-2011.

Keywords: Public Expenditures, Spatial Concentration, Herfindahl - Hirschman Index

JEL Classification: H5, R12

FOREIGN DIRECT INVESTMENT I

Room: Re

Chair: Helmut Birnleitner

Product versus Process Innovation and Firms' Global Engagement

Yong Joon Jang

Kyung Hee University, South Korea

Hea-Jung Hyun

Kyung Hee University, South Korea

Abstract

How product innovation and process innovation can have different impact on different internationalization strategy? In order to assess the role of innovation in firms' strategy of global engagement, we develop theoretical model and present new empirical evidence on firms' choice of entry mode between exports and Foreign Direct Investment (FDI) based on Korean firm-level panel data. Our finding suggests that both product and process innovation positively affect FDI and exports, but these effects are more pronounced between process innovation and FDI, and product innovation and exports.

Keywords: Innovation, Foreign Direct Investment, Exporting

JEL Classification: F23, D22

Foreign Direct Investment in ASEAN 5: Competing or Complimentary?

Nurul Nadia Mohamad Hamidi

University Malaya, Malaysia

Zarinah Yusof

University Malaya, Malaysia

Abstract

This study investigates foreign direct investment (FDI) in ASEAN-5 countries, namely Malaysia, Indonesia, the Philippines, Singapore and Thailand using annual data spanning from 1970 to 2012. The aim of this paper is to identify whether the relationship between Malaysia's FDI and its neighboring countries, Indonesia, the Philippines, Singapore and Thailand is complimentary or competing. This is achieved by analyzing the short-run and long-run dynamics of the variables of interest via the autoregressive distributed lag (ARDL) model estimation. The findings of short-run dynamics suggest that FDI neighboring countries Indonesia, Philippine, Singapore and Thailand are substitute and have competing effect on Malaysia's FDI. Although there is some evidence of complementary effect from FDI Singapore but this is statistically insignificant. The long-run relationship shows that all the variables are correlated with moderate speed of adjustment. Furthermore, neighboring economic growth has positive impacts on Malaysia FDI inflow.

Keywords: FDI, ASEAN-5, Autoregressive Distributed Lag (ARDL)

New Economic Geography and the Provincial Distribution of Foreign Direct Investment in Vietnam

Hien Thanh Hoang

The University of New England, Australia

Abstract

New economic geography (NEG) has created a new trend in studying the spatial distribution of economic activity in recent years. Yet empirical research in NEG remains sparse relative to its rich theoretical predictions. This paper is designed to fill this gap in the literature by testing the validity of NEG in the context of foreign direct investment (FDI) in Vietnam. This study investigates the determinants of disparities in inward FDI among provinces of Vietnam. A generalized method of moments (GMM) procedure is employed using a panel dataset contains detailed information about 60 provinces from 2000 to 2010. The dependent variable is registered FDI in province i at time t . The independent variables are considered four effects in NEG such as market access effects, labor market pooling effects, trade costs effects, and agglomeration effects. All variables are in logarithm form. The analysis reveals that foreign investors prefer provinces with large market size, high levels of transport activity, high levels of worker density, and high levels of FDI inflows. However, there is no evidence that local labor costs have effects on foreign investors' location choices.

Keywords: Agglomeration, Location Choice, Foreign Direct Investment, Panel Data, GMM, Vietnam

JEL Classification: F21, F23, R12

The Dynamic Effects of Custom Union on Foreign Direct Investment: A Panel Data Analysis

Yagmur Saglam

Dokuz Eylul University, Turkey

Pinar Dursun

Dokuz Eylul University, Turkey

Abstract

The main purpose of this paper is to investigate relationship between foreign direct investment (FDI) and economic growth, export based on selected European countries (which are the member of EU after 2004; Bulgaria, Cyprus, Czech Republic, Croatia, Hungary, Latvia, Lithuania, Slovenia, Slovak Republic, Poland, Romania, Estonia) and Turkey for the period 1993 to 2012. For this purpose we examined the dynamics effects of customs union on these countries' economies via of FDI. The model which includes gross domestic product (GDP), exports and dummy (to indicate global economic crisis for 2008). At the empirical part, the model tested with panel data analysis. Firstly, unit root tests and after that panel cointegration tests were used for obtaining cointegration relationship between these variables. Our test results support the long run cointegration relationship. It means that deviations from equilibrium value of the variable in the short run are corrected in the long run. Finally we estimated coefficients with The Fully Modified Estimators (FMOLS) and Dynamic OLS (DOLS). Our findings indicate that economic growth contribute positively to foreign direct investments for selected countries and Turkey as theory points out but exports coefficient is insignificant and dummy is significant for this period and these countries.

Keywords: Foreign Direct Investment, Economic Growth, Export, Panel Cointegration

JEL Classification: C13, C23, F21, O40

Intra-EU Capital Movements: Experiences of 10 Years of Poland's EU Membership

Janina Witkowska

University of Lodz, Poland

Abstract

The widening of the European Union (EU) in 2004 caused serious legal and economic adjustment processes in the new EU Member States. Free capital movements as part of so-called four freedoms within the single European market should be established in the relations between the EU15 and new EU Member States. Historically, the 'old' EU Member States required quite a long period for the establishment of free capital movements which was determined by the situation in the global economy in the 70ies and 80ies of 20th century. The new EU Member States received a much shorter period for the adjustments. The aim of this paper is to analyze and evaluate consequences of the establishment of free capital movements between Poland and the other EU member States from the perspective of ten years of the EU membership. A special attention will be paid to the role of intra-EU foreign direct investment (FDI) flows in the Polish economy. The more detailed research tasks are as follows: -to present the evolution of regulations, related to free capital movements within the European integration grouping -to evaluate the hitherto results of the establishment of free capital movements within the Single European Market -to analyze provisions of the Poland's Accession Treaty related to capital movements -to present a scale and structure of FDI as one of the forms of capital movements between Poland and the other EU member countries -to evaluate a role of intra-EU foreign direct investment in the Polish economy within the EU membership period. The EUROSTAT, OECD and CEIC statistics data bases have been used to analyze and evaluate the scale and dynamics of FDI flows between Poland and the other EU Member States.

Keywords: Capital Movements, Foreign Direct Investment, Integration Processes, European Union, Poland

INSTITUTIONAL FACTORS OF THE GLOBAL ECONOMIC CRISIS ELIMINATION*(Special session organized by Volgograd State Technical University, Russia)***Room:** Mi**Chair:** Elena Popkova**The European Economic Crisis: The Continental Threats for the System of Higher Education in Europe****Irina Morozova**

Volgograd State Technical University, Russia

Tatiana Litvinova

Volgograd State Agrarian University, Russia

Abstract

The economic situation in many European countries, particularly in the South and East of Europe, suggests the existence of the crisis tendencies of economic development in the territory. The paper briefly describes the main ones because in the coming period the complex trends that are typical for the financial and social systems of Europe, will shape the environment in which the higher education institutions have to operate. The aim of this study is to analyze the nature of the impact and consequences of the economic crisis in the European Union on the system of higher education in Europe and to find out effective financing instruments of modern universities development. The analysis of macroeconomic indicators of European countries development, statistics on demographics and migration trends in the European Union allowed to the author to present a possible scenario of European higher education system growth, as well as to highlight and explore the three most important challenge faced by European universities in the medium term in detail. Search for alternative sources of funding, reducing demand, geographical restructuring of demand are among these challenges. As the result of the study it have been identified that the most promising directions of neutralization of the possible negative effects of the economic crisis on the European system of higher education is the active development and implementation of large-scale regular projects through public-private partnerships between universities, national governments and major industry corporations. The author proves that the European universities, which will be able to provide themselves with a lot of reliable financial partners from the commercial sector in the near future and the institutions that will achieve the support of state structures, will surely survive the tough times, and also will receive the opportunity to take the new market niches vacated by less agile competitors. The article is justified precisely which segments of the educational market will be the most promising in the post-crisis period, and how higher education institutions will be able to refocus on these segments with minimal cost.

Keywords: Global Threats, the System of Higher Education, The European Union, Private-Public Partnership, Domestic Austerity Program, Endowment Funds

JEL Classification: F29

Overcoming the 'Underdevelopment Whirlpools' on the Basis of Ecologically Pure Industrial Production**Elena Popkova**

Volgograd State Technical University, Russia

Abstract

The authors analyze the problems of industrial regions, calculate 'underdevelopment whirlpools' for five large industrial regions of Russia on the basis of the suggested methodology, develop methodology of evaluating competitiveness of large industrial regions of Russia in regard of indicator of ecologically pure industrial production development in 2013, analyze the development trend of ecologically pure industrial production of large industrial regions of Russia in 2003 – 2013, work out the conception of ecologically oriented anti-crisis management of industrial production development.

Keywords: Underdevelopment Whirlpools, Ecologically Pure Industrial Production, Industrial Region, Economic Development

Reshoring as a Modern Form of Economic Competition between Developed and Emerging Countries**Larisa Shakhovskaya**

Volgograd State Technical University, Russia

Yana Matkovskaya

Volgograd State Technical University, Russia

Abstract

Developed countries are still trying to overcome the consequences of the global financial economic crisis. The BRICS countries are doing this better as they have cheap resources at their disposal, on the one hand, and develop their hi-tech manufacturing via foreign investments, which strengthens the competitive power of these countries on the global market. Trying to prevent this situation, developed countries are applying such a form of a competitive struggle as returning their offshored assembly plants from developing countries to their own locations – this process was called reshoring. Using the examples of China and Russia, the authors discuss the following questions: What will developing countries do in the reshoring conditions and which measures will they take to protect their domestic markets?

Keywords: Reshoring, Reindustrialization, Competition, Hi-Tech, Reshoring Counteractions, Overcoming the Financial Economic Crisis in Developing and Developed Countries

Formation of Marketing Mobility of Russian Institutions of Higher Education in the Market of Additional Educational Services

Olga Konina

Volgograd State Technical University, Russia

Abstract

The article is devoted to grounding the necessity of formation of marketing mobility of Russian institutions of higher education in the market of additional educational services. The author determines the role of marketing mobility in development of higher education establishments, reveals the main parameters of marketing mobility of institutions of higher education, and defines the opportunities and prospects of increasing marketing mobility of higher education establishments through the system of additional professional education.

Keywords: Marketing Mobility, Institution of Higher Education, the Market of Educational Services, System of Additional Professional Education

Prospects of Risk Management on Small Trade Enterprises

Elena Lopatina

Volgograd State Technical University, Russia

Abstract

The article investigates the prospects for the application of risk management on small trade enterprises. The authors define the relevance of the application of risk management on small trade enterprises, evaluate the possibility of the risk assessment on small trade enterprises, consider the prospects for the application of risk management to small trade enterprises, as well as studying the international experience of risk management on small trade enterprises.

Keywords: Risk Management, Small Trade Enterprise, Risk-Radar, Dichotomous Portfoliation, Credit Cycle

Integrated Systems of Marketing Information as the Element of Modern Organization's Management

Dmitry Bogdanov

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Abstract

The article is devoted to studying peculiarities and prospects of using integrated systems of marketing information as the element of modern organization's management. The author considers genesis of systems of marketing information, defines essential characteristics and content of integrated system of marketing information, detects functional trends of using integrated system of marketing information 'MONOLIT: CRM', and analyses its functional opportunities and restrictions.

Keywords: Integrated System of Marketing Information, Management, Contemporary Organization, Marketing Informational Technologies

JEL Classification: M3

MARKETING II

Room: Fa

Chair: Shigeru Matsumoto

The Use of Social Media in the Marketing Communication of Polish Micro, Small and Medium Enterprises of ICT Sector

Anna Scheibe

Adam Mickiewicz University, Poland

Abstract

The objectives: The ICT sector in Poland, due to the low entry barriers, creates a big chances for success for micro, small and medium enterprises. The sector is now in the growth stage, being one of the fastest growing sectors in Poland. Polish ICT sector enterprises are predestinated to globalization due to the standardization of technologies as well as low labor cost, outsourcing possibilities and high quality of their services. As the ICT sector members, they use different internet marketing communication tools to inform and promote their offer - here included the social media, which provide relatively inexpensive and effective promotion alternative for small companies. The objective of the articles is to describe the role of social media in the marketing communication of Polish ICT companies with a special attention given to internationalization possibilities. Data and methods: The research is based on secondary and primary data. First group consists of statistical data, used to describe the role of ICT micro, small and medium enterprises, their globalization possibilities, as well as marketing communication strategies. The second part of research is based on a survey. The internet questionnaire is send to managers of Polish micro, small and medium enterprises to get information on the internet marketing communication practices. Results and conclusions: Results reveals the role of social media in the marketing communication of micro, small and medium ICT Polish enterprises. The article presents the comparison of social media to 'traditional' internet communication techniques of ICT enterprises. It identifies main objectives of social media usage as well as advantages and constraints related with this tools of marketing communication.

Keywords: M31, M39, F61

JEL Classification: Social Media, Marketing Communication, Small and Medium Enterprises

Customer Brand Engagement through Social Networks: The Case of Lithuanian Mobile Service Providers⁸**Rita Kuvykaite**

Kaunas University of Technology, Lithuania

Karolina Sebeckyte

Vilnius University, Lithuania

Aiste Dovaliene

Kaunas University of Technology, Lithuania

Abstract

Relational perspective of brand management is closely linked to customer engagement in brand building through co-creation – a co-operative activity between the company and its customers, initiated by company aiming to achieve greater mutual value. Convincing customers to participate in brand building is not simple. According to research, individual customer characteristics and company efforts may both lead to different levels of customer involvement. Currently, various forms of social media are being integrated into brand communication process, with internet users participating in brand building by sharing information, reviews, suggesting alternative product designs. Studies on customer brand engagement through social media usually focus on factors influencing customer engagement in online communities, social networks or new product creation. Therefore the relevance of complex studies, which link customer engagement into different forms of brand co-creation with factors that influence this engagement, has increased. The aim of this research is to identify the forms of brand co-creation and factors influencing customer engagement in these forms through social networks, illustrating it with a case of Lithuanian mobile service providers. Theoretical studies are based on comparative and systematic analysis of scientific literature. Empirical research is performed by applying focus group analysis. Empirical research revealed that customers are actively engaging in buying/consumption process activities by using self-serve service, paying for or checking itemized bills and ordering upgrades, and also in brand communication process by recommending service provider to other customers. However, it also revealed a lack of customer participation in new product development. It has been determined that the main drivers for customer engagement are clear role perception, intellectual abilities, financial motives, self-improvement and two-way communication with the service provider. Meanwhile Lithuanian mobile service providers currently underestimate the potential of social networks in the process of brand building. Thus the conducted research opens possibilities for purposeful cognition and evaluation of customer brand engagement through social networks, revealing the forms of co-creation and the drivers for customer brand engagement, aiming to achieve greater brand value and gain competitive advantage.

Keywords: Customer Brand Engagement, Level of Involvement, Co-Creation, Determinants of Customer Engagement, Mobile Service Providers

JEL Classification: M31

E-shop Offer as Tool Creating Value for Customer**Marcin Lewicki**

Poznan University of Economics, Poland

Abstract

E-commerce share in global retail is growing fast with each another year. More and more people choose to buy things through Internet rather than traditional way. One of the most important things in creating value for customer is to build appropriate offer that will meet customer needs. The main objective of this article will be to present the importance of the e-shop offer in creating value for customer. In the first part of the article the research subject will be justified, the problem of creating value will be discussed and key terms i.e. value for customer and e-commerce will be explained. In the second part of the article the main focus will be to present all the elements of e-shop offer, which will be backed up with the presentation of research results on the subject of the importance of e-shop offer in value for customer creation process.

Keywords: E-Commerce, E-Shop, Value for Customer, Value Creation, E-Marketing

The Role of User Generated Content in Enhancing Internet User's Brand Engagement**Farzana Quoquab**

UTM International Business School, Malaysia

Morteza Zeinali

UTM International Business School, Malaysia

Nomahaza Mahadi

UTM International Business School, Malaysia

Wan Khairuzzaman Wan Ismail

UTM IBS/Jazan University, Malaysia

Abstract

User Generated Content usually referred as publicly available creative online contents, which are not necessarily created by professionals. It is a fast growing trend in many online businesses and received enormous popularity in recent years among internet users due to its creativity and flexibility. Past studies found that UGC positively affect brand equity and utility. However, it

⁸ This research was funded by a grant (No. VP1-3.1-ŠMM-07-K-03-083) from the Research Council of Lithuania.

is yet to examine the effect of UGC on user's brand engagement. Taking this opportunity into account, the present study attempts to fill this gap in the literature. The objective of the present study is to investigate the effect of user generated content quality on internet user's brand engagement. Data were collected using online survey questionnaire. 242 completed questionnaires were returned and used for further analysis. Data were analyzed using AMOS software, version 21. The results reveal that design quality and technological quality positively affect emotional value whereas these two types of quality do not have any effect on functional value. On the other hand, content quality positively affects functional value, but not emotional value. Additionally, it is found that emotional value is significantly related to brand engagement whereas; functional value has no significant effect on brand engagement. It exhibits that emotional value is more crucial than functional value in building brand engagement among internet users. Managerial implications, limitations and future research directions are also discussed.

Keywords: User Generated Content, Brand Engagement, Internet Users

The Effects of Online Consumer Reviews on Consumer Purchasing Intention

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Gedik University, Turkey

Muzeyyen Benli
Yildiz Technical University, Turkey

Abstract

In today's world, people have the opportunity to share their experiences with eWoM (electronic word-of-mouth) regarding products and brands to large number of people. In eWoM communication, people exchange stories and experiences with each other in an online platform. Such as blogs, forums, social networks and virtual communities enable internet users to communicate with each other and share their opinions and experiences. Especially they share information and give direct or indirect recommendations about products, brands or companies, both positive and negative aspects. As a consequence of online reviews consumers accommodate their attitudes and buying intentions toward objects. In this context, the aim of the study is to find out the effects of negative or positive online consumer comments on the consumer purchasing behavior and the research will be carried out on the undergraduate students of a university in Istanbul. Data will be collected from face to face questionnaire. In the conceptual framework of the study, consumer behavior, eWoM communication, social media and virtual community concepts will be mentioned. In this study, factor analyses and regression analyses will be used.

Keywords: WoM, eWoM, Purchasing Intentions, Online Consumer Reviews, Social Media, Virtual Communities
JEL Classification: M31

Methodological Framework for Private Labels Performance Evaluation

Dilyara Akbulatova
National Research University Higher School of Economics, Russia

Abstract

The Key objective of the paper is to create a theoretical framework for the new methodology in private label effects evaluation for retailing. The data sources involve American, European and Russian conceptual and empirical research results on company performance measuring, private labels and category management. The author's experience as a Private Label Director in the Russian TOP-3 pharmacy chain was also applied. The research methods cover content analysis, synthesis, descriptions and comparisons. At the first stage, the conceptions and the empirical research of the company performance measuring were described. Although they were mostly based on balanced scorecard and its transformations, some alternative approaches such as Doyle's Disequilibrium and Tolerance zones model were also considered. As a result, there were formulated core features of the company approach to measuring its performance in a most efficient way: 1. Making a shift from totally financial towards both financial and non-financial measuring system. 2. Employing the opportunities to unbalance the balance scorecards depending on the industry and company strategy. 3. Drawing a difference between process and results measures. 4. Building a performance measuring system corresponding with the interests of stakeholders. The next step was to describe and compare existing approaches and instruments for a private label brand effects evaluation in correspondence with company performance metrics. The overview of five methods referring to Russian and American private label studies, category management theory and inside information of a real Russian retail company was provided. The output of critical analysis of the existing instruments assumes that: 1. All the methods consider only the financial indexes of the private label impact on a company performance. 2. The existing methodology covers only the financial and to some extent client aspects of a company performance according to a balanced scorecard approach. None of the instruments ties up the effects of private labels with internal processes as well as learning and growth. 3. The financial indexes considered in today's methodology only partially meets the interests of stakeholders – clients, shareholders, managers. However, it looks evident, that private labels introduction can also influence the interests of suppliers or society. 4. The existing tools for private label influence evaluation mostly consist of the results indexes, which puts the process of operational management out of current control. The key results of the study represent a methodological guide for the development of a new model for the complex evaluation of Private label introduction on company performance.

Keywords: Company Performance, Balanced Scorecard, Retailing, Category Management, Private Labels

MANAGEMENT III**Room:** Sol**Chair:** Gregory John Lee**Corporate Social Responsibility and Brand Management in Croatian SMEs - Case Study****Tihomir Vranesevic**

University of Zagreb, Croatia

Pavao Vranesevic

University of Zagreb, Croatia

Abstract

Brands are the most important asset of a company as they represent its identity and image. Their rise is not a recent phenomenon, but today they have an essential role in business. The reason for that is the strong image they call up in consumers' minds and value they add both to consumers and producers. Obviously, brand can be managed in many ways, but the most important thing is to establish a meaning of the brand that is relevant and valuable to consumers. Creating the image of the brand that stands out certainly help achieve that. In addition, CSR (Corporate Social Responsibility) is a relatively recent phenomenon which is gaining in popularity worldwide, especially in EU, and therefore is used more and more by companies as a tool for achieving competitive advantage and capturing market share. The purpose of this paper is to show how well-thought brand management and efficient implementation of CSR can allow company to achieve success and to be competitive on the market. For this aim, the case study on brands managed by Zagreb County (Zagreb County Project) is presented in this paper as a way to show how Croatian SMEs struggle on the market.

Keywords: Corporate Social Responsibility, Brand Management, SMEs, Croatia**JEL Classification:** M14, M31**Revisiting the Role of Manager Intelligence: An Implicit Leadership Theory and LMX Approach****Gregory John Lee**

University of the Witwatersrand, South Africa

Althea Jansen

University of the Witwatersrand, South Africa

Abstract

The role of managerial intelligence has received limited attention, especially in recent theory, and despite being one of the implied bases of manager selection. This paper reports an empirical test of the effect of managerial intelligence on key organizational outcomes based on implicit leadership theory (ILT) and leader-member exchange (LMX). ILT looks at the match between a leader's traits and follower's ideal rating of those traits. LMX theory suggests that mismatch in ideal-actual trait scores may have implications for exchanges and therefore outcomes, specifically negative outcomes arising from deviations from the employee's ideal. Using polynomial regressions we investigate these issues in a sample of South African call center employees, on the outcomes of customer orientation, LMX, employee turnover intentions and affective commitment. We find match/mismatch to have significant, complex and differing effects on each outcome, leading to various managerial implications.

Keywords: Intelligence, Managers, Implicit Leadership Theory, LMX**Gender and Management - Changing Perceptions and Attitudes****Angela On**

Petru Maior University Tirgu-Mures, Romania

Abstract

The paper is proposing a study on subjective factors (as changing attitudes or expectations) that continue to influence female participation in decision making structures. The main objective of our research is to reveal some profound, less obvious causes of perpetuation of the gender imbalanced structures of most Romanian organizations. Expected influences of modernity on the relationship between the two genders are also questioned in order to verify the perpetuation of some social relations. We are also searching for consistency with other studies and reports on the similar subjective factors influencing the Romanian (or European) female representation in different power structures.

Keywords: Gender Diversity, Changing Attitudes, Modernity and Gender Balance, Gender and Management**Competencies Requirements for Sales People in Modern Organizations****Maciej Malarski**

University of Lodz, Poland

Abstract

Modern organizations need new forms of acting in sales processes. Customers' requirements and needs are changing rapidly and the pressure from competition is coming even more compel. Companies are trying to introduce new forms of sales based on

building close relations with customers. New ways of organizing the sales processes impose new forms of human behavior and tough requirements from salespeople. The article is showing the results of broad research made among various companies which employ people for sales processes. The research was conducted using the analysis a numerous number of recruitment advertisements for sales positions and number of job descriptions from the sales area. The analysis was based on competencies methodology when studying the requirements for sales people. The most typical requirements were grouped according to the sector of trade and in division of social, technical and personal competencies needed in each sector. The main conclusions are concentrated on the need for educational changes focus on personal capabilities development. The results of the research can be used by educational organizations which participate in preparing people for these kind of profession.

Keywords: Sales Competencies, Development of Salespeople, Human Capabilities

Leading Change: A Stakeholder Approach to Innovation: The Case of a Business School's Transformation

Michael Nastanski
Saint Leo University, U.S.A.

David Felsen
Saint Leo University, U.S.A.

Abstract

Many academics, higher education practitioners and observers have suggested that the economic failures and financial challenges faced by universities over the past decade have given rise to a perception that universities, and business schools in particular, are not preparing students with the requisite values, critical thinking skills and operational capabilities that are needed to lead organizations in highly complex and turbulent markets. Nonetheless the literature supports the notion that visionary leadership within business schools, specifically at the level of the dean, which can resolve conflicts between internal motivations and external demands by bringing about substantive innovation to the school, is paramount to addressing both real and perceived business school failures and in preparing students for today's challenging business environments. This paper offers a case study of one business school's transformation in order to address its challenges. The school employed a stakeholder approach which aligned constituent demands with market needs and opportunities for growth. In the case discussion, the authors highlight the use of the school's strategic planning process, vision, and its integration of key constituents along the way, to create stakeholder alignment, improved student learning, and innovative programs that advanced its academic strengths and responded to the needs of the business environment.

Keywords: Sustainability, Strategy, Networking

The Determinants and Influence of Process Maturity on Organizational Performance

T. Bartosz Kalinowski
University of Lodz, Poland

Abstract

The relation of process maturity and performance is analyzed in process management related literature. This relation usually demonstrates that, the higher the maturity of processes, the better the performance of the organization, however this kind of research still remains scarce. Therefore the objective of this paper is to present and discuss the determinants and influence of process maturity on organizational performance. The first part of the paper focuses on literature review of process maturity and organizational performance, whereas the second part presents the result of research conducted among Polish companies with ISO 9001 certified management system concentrating on establishing the relation between process maturity and organizational performance (data were collected from 290 companies). As a framework for the research a process maturity model has been proposed and as a result the article focuses on discussing the relation of process maturity and organisational performance. Finally, the study concludes with a discussion on future research and possible limitations.

Keywords: Business Process Management, Process Maturity, Process Maturity Models, Performance

JEL Classification: M10

COFFEE BREAK: 09:50-10:20

SESSION II: 10:05-12:05

PUBLIC ECONOMICS III

Room: Do

Chair: David Felsen

International Tax Competition and Tax Havens - Comparative Analysis based on Selected Countries

Joanna Dzialo
University of Lodz, Poland

Abstract

International taxation is a phenomenon of a very complex nature. Many studies carried out over many years show that higher tax burdens affect the slowdown of the economy rather than its development. Therefore, entities commonly seek favorable tax rates.

As a consequence, tax havens are being created, which is the extreme consequence of tax competition. Tax havens result from the differences that exist between the different tax systems. By lowering tax rates, the governments often try to stimulate their economies and increase the attractiveness of the country (mainly for businesses with foreign capital). However, most economists believe that tax competition induces more disadvantages than advantages. Harmful tax competition is associated with the operation of the so-called traditional tax havens, which use particularly preferential or zero tax rates. What is more, in recognition of the particular state or territory as a tax haven, aspects such as: the lack of clear and transparent fiscal regulations, preferential treatment of foreign investors or banking system that guarantees a strict tax secret, also proved to be important. The aim of this paper is to analyze the causes and effects of the presence of tax havens, as well as a comparative analysis of the rates of personal income tax and corporate income tax in the EU countries and selected tax havens. To achieve the objective formulated in the article, comprehensive and critical literature studies and analysis of legal sources was carried out. The comparative analysis of statistical data on tax rates used in particular countries (the EU Member States and tax heavens) was also conducted. It was mainly based on statistics from EU-linked sources such as ETUI, EIRO and Eurostat. The paper argues that: 1/ both the EU countries and tax havens significantly lowered the PIT and CIT tax rates in recent years; 2/ tax havens are not uniform, they differ in the amount of tax rates and the range of other facilities for economic entities; 3/ It seems that tax havens could be effectively eliminated by coordinating tax rates, which is, however, still unrealistic in practice.

Keywords: (Harmful) Tax Competition, Tax Heavens, Tax Rates

JEL Classification: H24, H25, H26

Differential Value Added Tax (VAT) vs.a Flat Rate VAT - Impacts on Inequality and Efficiency

Joseph Gabbay
Ariel University, Israel

Abstract

The objectives are to estimate and analyze the impacts of the differential type VAT in comparison with a single flat rate type, regarding their distributional effects and thus estimate any excess burden, especially that caused by the single flat rate VAT, which basically is the case in Israel. Based on that, and on the assumption that the single flat rate VAT is by far the most efficient one, suggestions are to be presented as how to compensate the poorer households, mainly by means of transfer payments. As is well known VAT is a regressive tax, due to the fact that consumption, being the VAT basis, as a percentage of income, is decreasing as the household income increases. Thus the effective VAT rates on the lower income deciles are significantly higher than those on the higher. Moreover, as shown by consumption surveys, the share of food and other necessities in family consumption is significantly higher in the lowest income deciles. Therefore the single flat rate VAT tends to be significantly more regressive as compared with differential VAT types. But on the other hand, as differential VAT types tend to change relative prices they have distortionary results (the Harberger Triangle). In Israel, except for fresh fruits and vegetables, all consumption is subject to single 18% VAT rate, whereas in most OECD countries VAT is based on differential types. OECD experts highly recommend this single flat rate, including the now exempt fruits and vegetables, in view of its efficiency aspects. But as will be argued here, the negative redistributional effects, to be estimated and presented, have to be addressed. Lately a specific category of new housing units has become a major socio-economic issue, in view of the soaring housing prices. Thus a game changing proposal is now under legislation to exempt from VAT those new units, with a value of up to a certain ceiling, aimed at young middle class households. As will be shown, from an efficiency point of view, the solution should not be based by the introduction of this differential 0% VAT, but on a tradeoff solution by introducing specifically designed transfer payments. This would eliminate most of the distortions which are most probable to be the outcome. The work is based on data provided by the Surveys of Households' Expenditure and Income (by deciles) and data provided by the Tax Authority as well as OECD data.

Keywords: Taxation, Incidence, Excess Burden, Transfer Payments

Tax Challenges in the Global Economy

Jolanta Galuszka
University of Economics in Katowice, Poland

Abstract

Globalization has increased significantly over the past two decades provoking different political reactions. Increasing trade and financial openness as well as intense global economic competition have forced governments to intervene in order to deal with its different negative consequences such as budget deficits or growing unemployment. Over the last two decades, almost all OECD countries have undertaken structural changes within their tax systems that have changed significantly their functioning. However two main problems appear. The first one concerns tax competition understood as improvements made by different countries in the field of investment climate especially in the field of economic freedom. The second one refers to the effective tax revenue resources proper to maintain the welfare state. In the developed countries this is certainly easier as richer societies afford to do it through their fiscal systems. In developing countries, however, because of the already-mentioned tax competition - it is rather difficult. There the standard of living is still relatively low. Without doubt it is one of the reasons that influences the nature of changes taking place within tax policy. The main aim of the article is to examine the impact of globalization on the tax policy - its nature and its transformations. The main questions are as follows: (1) What are the limits of the phenomenon race-to-the-bottom in the field of taxation in the modern world? (2) To what extent will the use of taxes in maintaining (or building in the case of developing countries) the welfare state be possible? The main conclusions are as follows: globalization is an incredible opportunity for private sector to take advantages of free movement of goods, services, capital and people. At the same time it is a great challenge for public sector to maintain sound public finance. Globalization puts pressure on them especially on tax systems changing in this way the role played by the state in shaping social policy and other types of public policy. The analysis is based on statistical data and qualitative research methods.

Keywords: Tax Competition, Tax Policy, Globalization of Tax Policy, Race-To-The-Bottom, Welfare State

Funded Pension Systems of Russia and Kazakhstan: Cross out or Improve?

Karen Tumanyants

Volgograd State University, Russia

Anna Elkina

Volgograd State University, Russia

Abstract

Russia and Kazakhstan are two countries of the former Soviet Union with similar structure of economies, and trends of economic development. From the centrally planned economy, the former Soviet republics inherited completely unfunded solidarity-based state pension system, in which there was no link between an actual pension benefit and pension contributions, paid for an employee during his/her labor activity. Pension differentiation was insignificant, and shortage of funds in the pension system was automatically covered from government budget. Regardless of some national differences in methods of constructing of the funded pension systems by the end of 2010-ties Kazakhstan and Russia were faced with the similar challenges: negative real investment return, vulnerability to changes of the value of the assets in which pension contributions were invested, people's passive attitude to their financial security in old age, lack of the long-term investments, worsening of the current balance of the state finances due to storing of pension contributions in the accumulation funds. In 2012, the government in both countries proclaimed a need for significant corrections of pension system mechanisms. The actions of Kazakh and Russian authorities in response to the challenges are not likely to eliminate and can even aggravate the problems in the medium-term period. The research is focused on the reasons and ways of transformations, implemented in Russia and Kazakhstan, and evaluation of changes to pension systems that took place in both countries. The authors suggest measures, aimed at increasing efficiency of defined contribution mechanisms in pension provision.

Keywords: Funded Pension System, Kazakhstan, Russia, Economic Transformation

The Propensity to Tax Competition: The Case of the Implementation of Tax Policy by Polish Local Governments

Artur Walasik

University of Economics in Katowice, Poland

Abstract

The study is dedicated to identify the main factors determining the propensity of local authorities to compete for the access to the limited as well as mobile sources of local tax revenue. The success of such an activity should be discussed in relation to the stabilization of local budget revenues, hence it seems that the barriers of leaving tax jurisdiction could be better index to evaluate of the efficiency of local tax policy. The theoretical approach is based on the assumption that, if central government provides limitations of the right to improve local tax policy means (the scope of local tax jurisdiction), the local governments should focus on both the efficient acquiring the sources of tax revenues, and the stabilization of tax revenues in the future, in particular by the implementation of the barriers of leaving tax jurisdiction. The paper suggests to study a propensity to tax competition. The article formulates desideratum of the efficiency of spending on acquiring the sources of tax revenue, in particular the need to identify the barriers to leave tax jurisdiction is suggested. The first and foremost way to build the barrier to leave tax jurisdiction could be reducing tax liabilities by local tax authorities, in particular by introducing local tax reliefs and local tax exemptions, as well as lowering local tax rates. Hence, the model of local authorities competition for local tax resources could be propose. The empirical studies are dedicated to identify the actual propensity of Polish local government to execute the legal ability to impose tax policy instruments. The inquiry is based on comparing the fiscal consequences of implementing local tax policy within two groups of local authorities: small towns and countries (gminas) and medium-size towns and big cities (cities with powiat status). The period under investigation contains 14 fiscal years, started 2000 and finished in 2013. The method is based on the analysis of the structure and tendency of fiscal consequences of the decisions of local tax authorities.

Keywords: Local Finance, Local Taxes, Tax Competition

JEL Classification: H71, H73

Social Pension Scheme: A Calibration Analysis for Malaysia

Abdelhak Senadjki

Universiti Tunku Abdul Rahman, Malaysia

Saidatulakmal Mohd

Universiti Sains Malaysia, Malaysia

Abstract

In preparing for retirement, the World Bank suggests the five pillars of retirement that include social pension in pillar zero, social insurance in pillar one, defined benefit scheme in pillar two, defined contribution in pillar three, voluntary savings in pillar four and lifestyle arrangement in pillar five. Malaysia has conformed to the pillars of retirement by having all pillars available in its retirement schemes. The social pension in pillar one is provided under the old age assistance scheme (Bantuan Orang Tua, BOT) to elderly aged 60 years and above with household income less or equivalent to RM720 per month. In 2010, BOT costs 422 million covering almost 121 thousand beneficiaries. With 2010 poverty line income set at RM800 per month, number of elderly living with poverty could have reached 500 thousand people. From the BOT statistics, it could be inferred that only a quarter of the elderly living in poverty receive the old age assistance needed. With this as a background, this paper attempts to estimate the pension benefits upon retirement and amount to be received just enough to ensure that elderly is not living in poverty. Using the

average age method, the paper estimates the actuarial discounted values of pension benefits using calibration analysis: to determine the pension benefit upon retirement with given employment age, employment income, expected inflation rate and life expectancy. In performing the calibration analysis, pension benefits are allowed to vary between RM190 to RM808 per month. The study found that when retirement age, contribution rate and employment income are increased, employees' accumulated saving is significantly increased. Monthly cash transfer to employees fall under the bottom 40% ranging between RM522 to RM808 seems to be a big burden to government. Government needs to find ways to encourage private employees to do more saving for their retirement. Some policy implications are proposed in order to minimize social pension cost in Malaysia.

Keywords: Elderly, Social Pension, Pension Benefits

JEL Classification: H55, J32, J14, P46

EXCHANGE RATES

Room: Re

Chair: Wai Ching Poon

The Effect of Exchange Rate Uncertainty on Non-oil Exports in Iran

Mozhdeh Borzui

Azad University, Iran

Karim Emami

Iran

Abstract

The purpose of this paper is to analyse the effect of exchange rate uncertainty on non-oil exports of Iran. In this paper we first measure the exchange rate uncertainty using GARCH model and then with respect to this uncertainty we estimate the non-oil exports model for the monthly period of 2013-2009. The results show that in exchange rate uncertainty has positive and significant effect on the non-oil exports that we can relate these results to the positive nature of exchange rate volatility in Iran. So that exchange rate after one long term cease start to increase on the upside so the uncertainty mounts on exchange rate. It means that its positive effect on the exports covers the negative effect of abnormal exchange rate volatility that is the reason for reach to this positive and significant relationship.

Keywords: Exchange rate uncertainty, GARCH model, non-oil exports

JEL Classification: C32, E32, F31

The Chinese Renminbi as an International Anchor Currency: A Tale of 64 Currencies

Jyh-Dean Hwang

National Taiwan University, Taiwan

Abstract

The growing importance of the Chinese economy has raised the possibility of a rise of the renminbi as an international currency. This paper investigates the role of the Chinese renminbi as an international anchor currency in the exchange rate arrangements of 64 economies. Weekly and monthly exchange rate data from 2005.07.24 to 2013.05.30 are used for empirical analysis. In contrast to the results reported in previous studies using daily data, we find that the influence of renminbi is increasing but it still limited. Compared to previous studies, our findings are more reasonable in view of the fact that renminbi is not fully convertible and the share of renminbi trading turnover in the global foreign exchange market is quite small.

Keywords: Renminbi, Anchor currency, Exchange Rate Regime

Exports of Malaysia to the United States: Evidence from Exchange Rate Volatility Estimated by the PGARCH(1,1) Model

Hock Tsen Wong

Universiti Malaysia Sabah, Malaysia

Abstract

Exchange rate volatility can discourage exports. This study examines the impact of exchange rate volatility on disaggregated bilateral exports of Malaysia to the United States (US), namely real total export and real exports of standard international trade code (SITC) from 0 to 9. The power generalized autoregressive conditional heteroscedasticity (PGARCH) model, more specifically the PGARCH(1,1) model is found to be the best model for estimating exchange rate volatility among all the autoregressive conditional heteroscedasticity (ARCH) type models considered. The results of the autoregressive distributed lag (ARDL) approach demonstrate that there is no evidence of exchange rate volatility to have significant impact on real total export in the long run but some evidence of exchange rate volatility to have significant impact on disaggregated real total export in the short run. The impact of exchange rate volatility differs across sectors of exports and can be negative or positive. Exporters of Malaysia shall improve their products through innovation and high technology. Exports shall be further diversified to reduce the impact of exchange rate volatility.

Keywords: Exchange Rate Volatility, Exports, Malaysia, the United States

JEL Classification: F31, F14

Exchange Rate Volatility Exposure on Corporate Cash Flows and Stock Prices: The Case of Poland

Lucie Tomanova

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Abstract

Exchange rate volatility may influence the expected cash flows and thus the firm value; however, previous empirical work finds mixed results and rarely considers Central and Eastern European markets. To examine the economic significance of the exchange rate to firm value relation, this paper analyses the foreign exchange rate exposure on the value of publicly listed companies in Poland on the basis of stock prices and more than 7,000 large, medium sized and small firms on basis of corporate cash flows. The analysis covers post-transformation period, from 2003 to 2012, respectively to 2014 in case of stock prices, using panel regression and orthogonalized exposure regressions. With eurozone countries as one of the most important trade partners, a large number of transaction settlements are conducted in euro, therefore, the analysis focuses on the PLN/EUR exchange rate using monthly data. Results show that significant number of these firms, especially small and medium sized is exposed. The measuring of exchange rate risk and hedging is therefore crucial for reduction of the firms' uncertainty, especially in case when firms have limited access to currency derivatives.

Keywords: Exchange Rate Exposure, Stock Prices, Cash Flow, Risk Management

JEL Classification: G32, F31, C33

Fear of Floating: The Case of Turkey

Selin Zengin

Hacettepe University, Turkey

Abstract

The purpose of this study is to investigate the reasons that lie beneath the fear of floating concept and tests its validity for Turkey using data for 2002:01-2013:04 period by GARCH (1,1) model. In the study, we analyze the behavior of volatility of exchange rates, reserves and interest rates. Calvo and Reinhart (2002) find that countries that say they allow their exchange rate to float but do not. There seems to be a case of "fear of floating". According to Calvo and Reinhart, in developing countries, intermediate exchange rate regimes are vanishing and that countries move to corner solutions- hard pegs or floating exchange rates. Calvo and Reinhart (2002) claimed that there must exchange rate fluctuations in the absence of policy interventions. Other factor is behavior of foreign exchange reserves. In principle, the variance of reserves should be zero in a pure float. In countries that suffer from fear of floating, international reserves move more from month to month for those countries with the more stable Exchange rates. Similarity, there is the high relative volatility of interest rates in these countries. In this study, we test volatility exchange rates, reserves and interest rates for Turkey . The results also show that during to as mentioned period Central Bank of Turkey's monetary policies were consistent with free floating exchange rate regime and Turkish monetary authorities are not suffering from fear of floating.

Keywords: Fear of Floating, Volatility of Exchange Rates, Reserves and Interest Rates , GARCH (1,1)

JEL Classification: F31, E58

The Impacts of Exchange Rate Volatility on International Trade Flows: Evidence from 30 Countries

Thi Dieu Linh Huynh

The University of New England, Australia

Abstract

There has been an ongoing concern about exchange volatility affecting international trade flows after the collapse of Bretton Wood system in early 1970s. The pull down of this fixed exchange rate system cause exchange rate float worldwide. The switching over to a floating regime causing several speculations on the international trade effects of exchange rate volatility in both theoretical and empirical research. The aim of this paper is to analyze the effects of exchange rate variability on both export and import performance of 17 developed and 13 developing countries. A generalized method of moments (GMM) is employed on panel data over a ten-year period from 2003 to 2012. In export regression, dependent variable is aggregate export volume, and independent variables include major trading partners' income and population, terms of trade, and exchange rate volatility. In import regression, dependent variable is aggregate import volume, and independent variables include home country's income and population, terms of trade, and exchange rate volatility. Both nominal and real effective exchange rate (NEER and REER) volatility are measured by two methods, including moving standard deviation of the change of effective exchange rate in logarithm and the conditional variance from the generalized autoregressive conditional heteroskedasticity (GARCH) model for the effective exchange rate in logarithm. The empirical results suggest that sample countries' exports are more sensitive than imports to exchange rate risk. In most cases, exchange rate uncertainty has a statistically significant negative effect on exports, whereas it has no significant impact on imports. The empirical results also show that while income has significant positive impact on international trade flows, which is consistent with economic theory, population has negative effect on trade flows. Moreover, while relative price has significant negative effect on exports, its impact on imports is significant positive, which is consistent with the expected signs.

Keywords: Exchange Rate Volatility, Trade, Exports, Imports, Generalized Method of Moments, Panel Data

SMEs & ENTREPRENEURSHIP**Room:** Mi**Chair:** Oleksandr Talavera**Organizational Learning in Asian Small and Medium-Sized Enterprises: Case Studies from Singapore****Thomas Menkhoff**

Singapore Management University, Singapore

Abstract

Leveraging on learning and knowledge (whether in form of internally induced peer learning or IP-related know how to create value through franchising) has been highlighted by management scholars as enablers of enhanced organizational effectiveness and firm performance. Against this background, the paper explores some of the potential antecedents with reference to Asian SMEs such as particular (leadership) behaviors which are arguably so crucial in driving value-added knowledge creation processes in small business organizations on the basis of successful learning. Based on three case studies, we examine to what extent the firms' learning orientation is shaped by its culture and openness towards new possibilities derived internally or externally. We discuss how the interviewed SME leaders view their firms' capacity to absorb new information, to assimilate it (e.g. via knowledge transfer) and to successfully integrate it into business models in order to sustain and further improve their competitive advantage. We also shed light on the role of procedural justice in enabling organizational members to make full use of new learning resources acquired internally or externally in these small firms. By deploying an interpretative analysis, we show both the difficulties and opportunities which arise for local SMEs out of the volatile business environment with its competitive cost pressures and structural weaknesses as well as the benefits which these firms can derive if they integrate their learning strategies into their business models and performance management systems vis-à-vis best practices elsewhere. Besides highlighting the undervalued role and very significant contributions of female business managers in Asian (Chinese) family firms, the study makes a case for more customized grant schemes for SMEs with their special needs who continue to form the backbone of most Asian economies.

Keywords: Organizational Learning, Absorptive Capacity, Procedural Justice, Chinese SMEs, Singapore

The Using Level of R&D towards Direct Supports of SMEs: An Exploratory Study in Turkey**Filiz Giray**

Uludag University, Turkey

Mehmet Cinar

Uludag University, Turkey

Simla Guzel

Uludag University, Turkey

Abstract

The globalization has increased the importance of research and development (R&D) activity and of technological advancements, especially in information and communication technologies. This case is valid for small and medium-sized enterprises (SMEs) which are taken place a crucial in all economies. Since R&D activities have both high cost and public features, these activities can't be carried out by firm, especially SMEs' fiscal sources. Direct supports play a key-role in most countries. In related literature, many researchers have stressed that direct public supports towards R&D activities are important for SMEs. Recently, the requirement of public support in R&D activities has been increased in Turkey, just as, most of countries. The study investigated the using level of R&D towards direct public supports of SMEs and determining the factors. The survey 600 SMEs participated in Turkey was conducted by a research company on behalf of the authors. The survey data have been estimated by logistic regression analysis and allow us to indicate factors which determine the using level of direct public supports of SMEs. According the logistic regression model, the determiner factors are the information level of firms on R&D supports, available convenient support kind, having the number of license and patent, supplying new product to market etc. in order to increase possibility of benefit from supports. The most important of factor is the fact that the SMEs achieve license and patent. The findings of this study would be useful to provide contribution improving R&D activities in SMEs.

Keywords: SMEs, R&D Activities in SMEs, Direct Supports, Incentives in R&D

JEL Classification: L25, L26, O31, O32, O38

Competence of Construction Project Managers in SMEs in Poland and Malaysia**Krzysztof Dziekonski**

Bialystok University of Technology, Poland

Arkadiusz Jurczuk

Bialystok University of Technology, Poland

Amran Rasli

Universiti Teknologi Malaysia, Malaysia

Abstract

Project management is a well-established discipline that defines process and knowledge needed to implement projects. There are many internationally recognized standards, (PMBok, PRINCE2, IPMA, APM BoK) that describe the tools, techniques and knowledge which a project manager should have. Investigations of project management practices are carried out principally in

large firms; a small number of research was done about project management in small and medium enterprises (SMEs). Therefore we undertook studies to diagnose the practice of project management in SMEs. Construction industry projects are the main source of generating revenue, and project manager is essential in achieving project's success. The paper examines the perception of project managers' competencies in small and medium Polish and Malaysian construction enterprises. The research was a comparative pilot study and was carried out in the province of Bialystok in Poland and Johor in Malaysia. We adopted knowledge, management skills and attitude as the building blocks of competency. The results revealed statistically significant difference in required project manager's profiles in Poland and Malaysia.

Keywords: Project Management, Project Managers' Competencies, SME

Practical use of the Financial Management of Small and Medium-Sized Enterprises in the Czech Republic Conditions

Eva Hamplova

University of Hradec Kralove, Czech Republic

Katerina Provaznikova

University of Hradec Kralove, Czech Republic

Abstract

Using tools and techniques of the financial management in conditions of small and medium-sized businesses is an essential part of successful entrepreneurship. The main objective of the paper is to find out how businessmen deal with the main economic issues connected with the assessment of their company performance and the related liquidity. The aim of the research is to analyze systematically the set of data and information obtained through direct questioning of respondents – entrepreneurs who run their business and have their own subjective style of financial management. The initial hypothesis of the research plan is to confirm that even though the tools of financial management represent a very important business area, the skills and knowledge of entrepreneurs in small and medium-sized businesses are insufficient. There are no doubts about the fact that the financial management on the level of big businesses is the matter of their existence. The importance that the entrepreneurs of small and medium-sized businesses attribute to the criteria measuring and evaluating the company performance, liquidity and the profit distribution is already the subject of the research through the questionnaire survey. The questionnaires were distributed directly to the entrepreneurs of small and medium-sized businesses. The data collection was carried out by the third year students of the financial management branch of study at FIM UHK and they were clearly instructed about the content of individual questions and the conditions for completing the questionnaires. 200 entrepreneurs participated in the questionnaire survey and 180 questionnaires were used as 20 questionnaires were eliminated due to the data incompleteness. To confirm the defined hypothesis the set of data was divided by the line of business, place of business, extent and length of business. The studied issue is the part of a broader context of the project titled 'Efficiency in the firm and the firm-consumer relationship' done within the specific research at the FIM UHK. The defined hypothesis was confirmed. The entrepreneurs of small businesses, i.e. up to 20 employees, usually do not have the knowledge and therefore either the skill to use the financial engineering tools for higher performance and liquidity of their enterprise. With the size of business the knowledge as well as the skills of financial management are more evident. Nevertheless they are not used commonly and they have not become the part of the common entrepreneurial management.

Keywords: Business, Business Environment, Financial Management, Small and Medium-Sized Enterprises

JEL Classification: L25, L26, M21

Regional Subsidies for Industrial Development: Time for Indirect Subsidies?

Anu Tokila

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Abstract

Constantly changing global environment is challenging the regional economies. Regions seek competitiveness by development measures and programs designed to promote local conditions for business. Traditionally, financial assistance is granted as direct subsidies to businesses. Their effectiveness has been extensively studied over the last decades. Empirical analyses report both successful and failing results from the impacts. Critical views on the efficacy of business subsidies are increasing in the literature. Along with criticism towards public subsidies, recently more emphasis has been put on indirect subsidies on the development of business environment. Indirect subsidies are often allocated for projects administered by local development agencies providing services to the SMEs, organizations of entrepreneurs, non-government organizations operating for the SMEs or educational institutions. Even though subsidies are increasingly granted for these business environment projects instead of granting funding directly to individual businesses, very little is known about their effectiveness. This paper contributes the scarce literature on the indirect business subsidies by investigating their effects on industrial development. We will consider business subsidies that were granted by the Ministry of Trade and Industry for the first time in Finland in 2000–2004. Of the 467 million euro subsidy budget, 49 million euro was spent on indirect business environment subsidies during this period. We have constructed municipal-industry level panel data on business subsidies that shows whether or not an industry in a municipality in a particular year has received business environment subsidies. Together with background information on municipalities and industries in Finland, these data allow us to utilize matching methods to compare the development of subsidized and unsubsidized industries in municipalities over the period 2000-2011. Our preliminary results suggest that industrial development in terms of number of establishments has been better in municipalities that received business environment subsidies than in municipalities that did not receive them.

Keywords: Business Subsidies, Indirect Subsidies, Business Environment, Industrial Development, Regional Development

Creating Additional Benefits in Enterprises by Private Equity Funds: Results of Researches

Ilona Falat Kilijanska
Wroclaw University of Economics, Poland

Abstract

The objective of the article is non - financial aspects of private equity and venture capital investments and their impact on companies. Private equity funds providing capital to companies significantly increase their growth opportunities. The article presents author's own studies of the private equity investment influence for the enterprise activity. Comparing venture-backed firms and others shows, that venture-backed companies patent more than others firms and their ideas are higher technological and economic values. The vast majority of polish managers believe their company would not have existed or would have grown less rapidly without venture capital. Respondents also believe that venture capital funding encouraged employment, investment, R&D spending and export. An important source of empirical data is performed author's own surveys and interviews with representatives of shareholding companies, as well as with private equity fund managers. Years of research: 1998-2012. The study used several research methods: a descriptive method, the method of comparative analysis, using the method of critical analysis and synthesis applications.

Keywords: Private Equity, Venture Capital, Financial Investor

JEL Classification: G23, G24, G32

MARKETING III

Room: Fa

Chair: Caroline SL Tan

When does it Matter? A Study on Eco Labels and Japanese Consumers' Product Choice

Caroline SL Tan
University of Tsukuba, Japan

Abstract

Eco labels are widely implemented globally as corporations continue to jump on the sustainability bandwagon. With so many products bearing different kinds of eco labels, the consumer is now faced with a sea of choices that ends up confusing the consumer further. This has led to the debate of the actual effectiveness of eco labels in creating differentiation and consumer loyalty. Research focusing on the implementation of eco labels most times focus on consumer awareness or the extent of influence eco labels have on consumer purchase behavior. This study examines Japanese consumers and the types of products that eco labels play an instrumental role in determining the purchase decision. A mixed-method approach of interviews and questionnaires were administered to collect data about consumer purchase habits, the factors that drive decisions and purchase choices, recognition of the different eco labels, their attitude towards eco labels and the perception towards brands, brand personality and the eco labels. The results of the study show that consumers had a different attitude towards eco labels when featured on different categories of products. While price is a major determining factor, consumers react positively towards products that displayed quantifiable results mainly electrical items versus perishable products such as food items. Following the analysis of the results obtained from the study, the major themes of product perception, transparency, trust and the measurable aspect will also be discussed.

Keywords: Consumer Behavior, Eco Labels, Purchase Decision, Green Marketing, Japan

Understanding Economics and Marketing of Ecomuseums

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Annamaria Esposito
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Abstract

The term 'ecomuseum' reflects the connection between the museum and its social surroundings and environment. The ecomuseum is a place of relationships, collaboration between citizens and institutions, conservation and enhancement of cultural heritage both tangible and intangible. First of all, the paper investigates the definition. The concept takes on a different meaning depending on the context within it is inserted. This paper looks into the Ecomuseum definition, to point out different contexts and institutions which generate Ecomuseum. Taking into account vanishing boundaries of the core business, from exposition to environmental beautification; from education to the promotion of folklore and tradition, this not-for-profit entrepreneur is not only a museum. Secondly, the paper investigates Economics and Marketing behaviors of Ecomuseums in support of competitive advantage, and analyzes the way of creating territorial brand values able to engage communities in the ongoing creation of an Ecomuseum, looking for an interpretative model. A particular focus is on fundraising and online communication in order to have evidence of the wide range of stakeholders this entrepreneur can target. To reach its goal, this paper presents a Cluster Analysis to gain an understanding of Economics of Ecomuseums, and case studies to offer an insight of their Marketing Strategies. The cluster analysis will profile a sample according to their marketing and fundraising performances and emphasize the connections with audiences and targets both within and without the communities, town or regions where they are. The sample will allow to focus on vanishing boundaries of the definition and to separate strategies and performances of two main profiles: the Fundraiser with Gain or Loss and the Marketing Expert. This research aims to draw an interpretative model and strategies for competitive

advantage of the Ecomuseum which takes into account the territorial brand values, and it may be considered a starting point to further possibly investigations on this topic.

Keywords: Ecomuseum, Economics, Marketing

JEL Classification: C8, L3, M3, Z1

Attitudes of the First Representatives of Generation Z toward Corporate Social Responsibility Projects and Their Purchasing Intention for Socially Responsible Companies' Products

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Arel University, Turkey

Cagla Ariker

Istanbul Kultur University, Turkey

Andac Toksoy

Istanbul Kultur University, Turkey

Abstract

The contemporary marketing understanding focuses on that the actions of corporations should not harm their environment and create some social benefits for the larger society. The civil society initiatives and consumers also demand corporations to act more responsibly. As a result of this view, managers of many companies announce various corporate social responsibility projects, today. Although many companies engage in some form of CSR, the perceived image of businesses and brands as well as the purchasing decisions of consumers may vary depending on the positive or negative attitudes toward these projects (Forehand and Grier, 2003). It is expected that there is a correlation between the consumers' attitude toward CSR projects and purchasing intention for the related brands. The attitudes of consumers toward a CSR project may be positive or negative depending on their perceptions of the companies' reasons of engaging in CSR activities (Webb and Mohr, 1998, p. 231; Ellen, Mohr and Webb, 2000, p.395; Kim, 2011, p.84). Consumers may perceive the primary reason of this engagement as public-serving (altruistic) or firm-serving (egoistic) or both (Forehand and Grier, 2003, p.350; Webb and Mohr, 1998, p. 231; Ellen, Mohr and Webb, 2000, p.395; Kim, 2011, p.84). The research aims to investigate the attitudes of Generation Z toward CSR projects and their purchasing intention for socially responsible companies' products. Generation Z is identified as children born after the middle of 1990s (Malone, 2007, p.515; Levickaite, 2010, p.173; Veiga Neto, 2013, p.113). As a result, they will become the target markets of many companies in the short-run. The members of Generation Z are expected to have more positive attitudes toward community, emotionalism, justice, friendship, sensibility for the problems of others, spirituality and so on in comparison to the Generation Y (Arman, 2013,). Therefore, the attitudes of these young people may be much more positive for the CSR projects of companies (Grail Research, 2011). Generation Z and their consumption tendencies is a new and almost untouched subject, so more research is needed to understand these new customers. For this purpose, a survey study was conducted with the aim of understanding the attitudes of Generation Z toward CSR projects and the reflections of their attitudes to the purchasing intention.

Keywords: Corporate Social Responsibility, Generation Z, Attitudes, Purchasing Intention

CLV Model Selection for Segmentation Perspective

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Mohamed Limam

Dhofar University, Oman

Abstract

The customer lifetime value (CLV) metric aims to predict the importance level of each customer, offering to companies the ability to group them into homogenous segments, to propose appropriate marketing actions and to optimize resource allocation. CLV is widely suggested as a new base to segment customers. To succeed the CLV based segmentation, companies need to use the appropriate CLV model which allows predicting with accuracy the customer behavior, especially the customer lifetime and the number of transactions. The Pareto/NBD and the BG/NBD are the most relevant CLV models, assuming that the number of transactions made by each customer follows a Poisson process. However, many real data violate the assumption of equi-dispersion that underlies the Poisson distribution. The BG/GCP model retains the same BG/NBD assumptions while modeling customer lifetime. However, it considers that the number of transactions follows a Conway-Maxwell-Poisson (CMP) distribution, which is a two parameter generalization of the Poisson offering more flexibility in modeling discrete data. In this paper, we propose to compare segmentation performance of the BG/GCP compared to the Pareto/NBD and the BG/NBD models, and to select the most efficient one. This performance is evaluated using three different clustering methods namely K-means, Fuzzy c-means and EM Clustering. Using two simulated datasets, presenting respectively an over and an under dispersion from Poisson distribution, the empirical analysis shows that the BG/GCP model based on CMP flexibility offers the best segmentation performance.

Keywords: Customer Segmentation, Customer Lifetime Value, Conway-Maxwell-Poisson Distribution

Market Penetration of Imported Agricultural Commodities: A Hedonic Analysis of Japanese Wine Market

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Queensland University of Technology, Australia

Takao Iida

Sapporo University, Japan

Shigeru Matsumoto

Aoyama Gakuin University, Japan

Natsuki Watanabe

The University of Tokyo, Japan

Clevo Wilson

Queensland University of Technology, Australia

Abstract

Although hundreds of thousands of agricultural products are traded on a daily basis, it is less known how imported agricultural products gain consumer acceptance and penetrate a domestic market. This paper analyzes Japanese wine point of sale (POS) data and examines how consumer valuation of imported wines changes with their market penetration. The hedonic analysis result reveals that the retail sales prices of imported wine decreases with their market penetration. Although consumers pay a premium for wine with a long sales history, this premium is not large enough to compensate for the price reduction brought about by sales expansion. Many exporting countries promote organic farming for environmental conservation. The paper further examines whether consumers in an importing country differentiate between local and imported organic products. The result shows that the premium for imported organic red (white) wines is about 59.04% (19.51%) while that for domestic red (white) organic wines is about 20.58% (10.90%), implying that Japanese consumers pay higher premiums for imported organic agricultural products than for those produced in Japan.

Keywords: Hedonic Analysis, Japanese Wine Market, Market Penetration, Organic Farming

JEL Classification: F18, Q13, Q17

Relations between Consumer Ethnocentrism, Cosmopolitanism and Materialism: Lithuanian Consumer Profile

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Kaunas University of Technology, Lithuania

Gintare Kazakauskiene

Kaunas University of Technology, Lithuania

Abstract

As the world becomes smaller and the boundaries between countries erase, consumer behaviour is also changing. The prevalent opinion exists that globalization accelerates the rise of a global consumption culture and most of consumers tend to be cosmopolitan. Still others argue that globalization has reverse impact on consumer behaviour, that it motivates people to resist global forces. Therefore consumer ethnocentrism is still the one of relevant research areas, despite of the birth of global society. There are plenty of studies that try to identify all possible antecedents, expression and outcomes of consumer ethnocentrism. The interesting aspect of analysis involve exploration of relations among consumer ethnocentrism (CET), cosmopolitanism (COS) and materialism (MAT), taking the latter one as standing for the view that global culture dismisses the importance of CET as well as COS, and local/global brands consumption is dependent more on the level of materialism. Analysis of existing theoretical and empirical evidences allows distinguishing 3 areas in determining the relations between CET, COS & MAT. Some authors suggest that all three constructs are interrelated, cosmopolitanism and materialism being antecedents to consumer ethnocentrism (Shankarmahesh, 2006). Others claim that cosmopolitanism is an antecedent to ethnocentrism, but the materialism is not related with neither of them (Cleveland, Laroche & Papadopoulos, 2009; Dmitrovic, Vida & Reardon, 2009; Parts and Vida, 2011). Still others argue that all those constructs should be analysed independently (Balabanis & Diamantopoulos, 2004). Therefore, the aim of this article is to investigate the relations between consumer ethnocentrism (CET), cosmopolitanism (COS) and materialism (MAT), while defining the Lithuanian consumer profile. The quantitative online survey research with the sample of 207 respondents was conducted. The results of empirical research allowed testing the relations between three constructs, showing the statistically significant negative relation between consumer ethnocentrism and cosmopolitanism as well as between consumer ethnocentrism and materialism. The results also indicated positive relation between cosmopolitanism and materialism. Furthermore, the research provided information about Lithuanian consumer profile, showing that in general Lithuanians tend to be more cosmopolitan and materialistic than ethnocentric.

Keywords: Consumer Ethnocentrism, Cosmopolitanism, Materialism

JEL Classification: M30, M31

INVESTMENT II**Room:** Sol**Chair:** Ayse Belma Ozturkkal**Development of Public Market of Corporate Bonds in Poland****Piotr Prewysz-Kwinto**

Wyższa Szkoła Bankowa, Poland

Grazyna Voss

University of Technology and Life Sciences, Poland

Abstract

Bonds constitute a significant source of funding business activity and companies are now more often considering bonds issue as an alternative to bank loans or equity increase. Benefits of bonds issues which are most often indicated include: lower costs of raising capital in comparison to equity, no free float or diluted earnings which are the case when shares are issued, and finally a possibility to increase profitability due to the financial leverage effect. What is more, corporate bonds are becoming more and more popular among investors as on the one hand, they yield higher profit than bank deposits and treasury bonds, on the other hand, they are significantly less risky than investment in shares or raw materials. By the end of 2010 corporate bonds had not been very popular in Poland. Most of the issues were not public, which limited their volume and value, and mainly resulted from the lack of a proper public market for trading. The situation changed in September 2009 when the Warsaw Stock Exchange launched the bond market Catalyst that is a public market for trading in debt instruments. The aim of this work is to analyze corporate bonds available on Catalyst to prove that this market has become a significant place for raising capital by companies and has influenced popularity of bonds as a source of financing business activity. The primary methods used during the preparation of this work included: analysis of legal acts and papers on the Catalyst market. The author also conducted an analysis of statistical data on, for example, number of issuers as well as the volume and value of issues over the whole period of Catalyst operations, i.e. from September 2009 until the end of the first half of 2014. The analysis allowed achieving the aim and confirmed that launching the Catalyst market encouraged companies to raise funding through issues of bonds. It is supported by the fact that during the analyzed period the number of corporate bond issuers increased from six in 2009 to 160 at the end of the first half of 2014, and the number of issues increased from 10 to 321. The value of issues and trading also increased dynamically.

Keywords: Corporate Bonds, Public Market, Stock Exchange, Investment, Financial Instruments, Source of Financing**JEL Classification:** G23**Market Inefficiencies and Forecastability of Spot Rates in the Shipping Sector****Nils Wittmann**

TU Dortmund University, Germany

Marcus Eppinger

University of Hamburg, Germany

Abstract

Cargo shipping rates are characterized by high autocorrelation in the time series. Therefore, in this paper we empirically demonstrate the forecasting ability of Time Charter rates and Futures for future Spot rates in the cargo shipping sector since reliable data became available recently. In a sample from 2004 to 2008 using daily data, we estimate and compare explanatory power and forecast errors ARIMA processes, Vector Autoregressions and Vector Error Correction Models to simple Random Walks. VAR models outperform all other models in terms of RMSE and can therefore be used to explain and also forecast future Spot rates. Extending an ARIMA model to include Time Charter rates however, does not help to explain future spot rates. Based on these results our models can be used to create trading schemes, which would have outperformed benchmark indices between 1992 and 2010. This result holds, even after controlling for transaction costs.

Keywords: Market Efficiency, Forecasting, Vector Auto Regression, Trading Schemes**Equity Risk Premium in South Africa 1986 to 2014****Christo J. Auret**

University of the Witwatersrand, South Africa

Robert W. Vivian

University of the Witwatersrand, South Africa

Abstract

It is commonly accepted that the rate of return on equities is in excess of the risk free rate. The difference between the two rates of returns is referred to as the risk premium. It is so called because of the belief that equities are more risky than investment in instruments priced at the risk free rate. This being so the risk premium is seen as the reward for taking more risk. The concept is straightforward enough. Mehra and Prescott (1985) in their seminal paper introduced the equity risk premium puzzle in that the calculated equity risk premium was considerably greater than what it theoretically should be. Dimson, Marsh and Staunton (2003) in a multi-country study calculated a lower equity risk premium, narrowing the puzzle. Our paper calculates the equity risk premium of the South African stock market. Using various proxies for the risk-free rate and both a fixed and rolling period system our study confirms the existence of the puzzle in South Africa, and the view of Dimson et al. (2003) and the puzzle is not as

pronounced as originally thought by Mehra and Prescott in 1985, particularly using a rolling period system of calculating equity risk premium.

Keywords: Equity Risk Premium, Equity Risk Premium Puzzle, Bonds, Cash, Performance of Asset Classes, Fixed-Period Returns, Rolling-Period Returns

Are the Stock Markets "Rigged"? High Frequency Trading and Our Electronic Financial Markets

Steven McNamara

American University of Beirut, Lebanon

Abstract

Michael Lewis's recent book *Flash Boys* has resurrected the controversy concerning "high frequency trading" (HFT) in the stock markets. While HFT has been important in the stock markets for about a decade, and may have already peaked in terms of its economic significance, it touched a nerve with a public suspicious of financial institutions in the wake of the financial crisis of 2008-2009. In reality, HFT is not one thing, but a wide array of practices conducted by technologically adept electronic traders. Some of these practices are benign, and some even bring benefits such as liquidity and improved price discovery to financial markets. On the other hand, there are legitimate grounds for the commonly heard complaint that "HFT is not fair." Certain HFT practices such as co-location, flash orders, and enriched data feeds create a two-tiered financial marketplace, and there are grounds to believe that the stock exchanges colluded with their lucrative HFT clients at the expense of slower traders in developing them. Other practices such as momentum ignition, spoofing, and layering are merely high-tech versions of traditional market manipulation. Finally, the creation of special order types such as "Hide Not Slide" shows the exchanges allowing their HFT clients to jump the queue of price-time priority embedded in Regulation NMS and stock market practice. While the commonly-used technique of a cost benefit analysis leads to equivocal or indeterminate results when applied to HFT trading activity in complex and often opaque markets, a more basic ethic of fairness grounded in commonly accepted rules of financial market behavior illustrates that certain HFT practices are indeed unfair.

Keywords: High Frequency Trading, HFT, Flash Orders, Co-location, Regulation NMS, NYSE, NASDAQ

The Effect of Market Volatility on Mutual Fund Flow: Evidence from Thailand

Suparatana Tanthanongsakkun

Chulalongkorn University, Thailand

Abstract

The purpose of this study is to examine the effect of market volatility on the Long Term Equity Fund (LTF) flows in Thailand. By employing the semi-variance, we can test the effect of market volatility on both upside and downside market conditions. The LTF funds have been set up since 2004 under the Thai government policy to increase the proportion of institutional investors in the Stock Exchange of Thailand. The study finds the positive relation between market volatility and net fund flows to LTF especially the downside market condition.

Keywords: Market Volatility, Fund Flows, LTF

The Region of Southeast Europe: The Island of Missing Gas Connectivity and its European Implications

Monika Moraliyska Ivanova

University of National and World Economy, Bulgaria

Abstract

The objective of this paper is to analyze the interdependence of the European Union and the region of Southeast Europe (definition of the region according to different perceptions is included) in terms of energy supply and energy security. For that purpose, the Europe's import dependence of energy resources is analyzed, both in the EU and SEE, in terms of natural gas import dependence. The possible solutions to the high import dependence are analyzed in the light of the projected gas pipeline projects linking the European continent with the Caspian and Asia Minor regions, which pass through different SEE countries. The result shows that the EU's chances of obtaining energy security through self-sufficiency are admittedly low so new routes of gas pipelines are urgently needed. The region of Southeast Europe does not make an exception, being undoubtedly a part of the problem. Not only the region is highly dependent on solid fuels, but it is also dependent much on the European infrastructure to provide itself with natural gas. On the other hand, the SEE region could be a part of the solution. The EU import dependence on natural gas determines the strategic importance and pressing need for overall and reliable gas infrastructure for the energy security of the whole continent, and part of it passes through the Balkan Peninsula countries. Any energy diversification for Europe through the Caspian and Asia Minor is possible with transmission only through SEE. The conclusion is that still the region of SEE is "an island", a territory of missing gas connectivity between the countries in the region and between them and the EU member states. Thus, significant investments urgently need to be attracted, including with the support of the EU, for the construction of the missing infrastructure. This is necessary for the energy security of the EU and its strategic energy and political influence in the region. Some recommendations are also made to enhance regional cooperation in SEE in order to stimulate and ease the realization of the gas projects and the completion of the European single gas market.

Keywords: Energy Security, Natural Gas, Southeast Europe

BEST PAPER AWARD CEREMONY: 12:10-12:15**Room:** Sol

KEYNOTE SPEAKER: 12:15-12:45**Room:** Sol**The Role of Emerging Market Currencies in the Global Financial System****Jonathan Batten**

EBES & Monash University, Australia

Andrew Filardo

Bank for International Settlements, Basel, Switzerland

Peter G. Szilagyi

Central European University Budapest, Hungary and the University of Cambridge, United Kingdom

Abstract

The most recent available data on the scale and scope of the international foreign exchange market highlights the importance of the US dollar as the world's dominant vehicle currency. While this is unlikely to change in the near future there is increasing importance of international transactions priced in currencies from key emerging markets, especially the Chinese renminbi and the Mexican peso. Using aggregated data provided by SWIFT, further evidence on the scale, scope and location of transactions undertaken in emerging markets is presented. Analysis of this data highlights the impact of regulatory reform in the currency internationalisation process. Recommendations and likely future developments are offered.

SESSION III: 12:50-14:50

MARKETING IV**Room:** Do**Chair:** Lorrie McGovern**Can the Big Data Analysis as the Method of Marketing really Fulfill Consumers' Needs?: Relationship with Big Data Analysis and the Buying Behavior of Consumers****Youngmi Kang**

Meiji University, Japan

Abstract

The era of Big Data has begun. Business intelligence and analytics and the related field of big data analytics have become increasingly important in both the academic and the business communities. With vast amounts of data now available, firms in almost every industry are focused on exploiting data for competitive advantage and also may be best able to make real-time business decisions. The purpose of this paper is whether for the big data analysis as the method of marketing to be really able to fulfill consumers' needs. With the enormous interest in social media, such as YouTube, MySpace, Facebook, and Twitter, consumers are involved in variety of activities, ranging from consuming content to participating in discussions, sharing knowledge with other consumers, and contributing to other consumers' activities. And consumers are also increasingly active participants in a self-service marketplace that not only records the use of affinity cards but can increasingly be combined with social networks which creates a gold mine of actionable consumer data for retailers, distributors, and manufacturers of consumer packaged goods. This active consumer behavior is changing the media and marketing landscape as consumers are invading firms' marketing sphere. However, diverse groups argue about the potential benefits and costs of analyzing social media interactions, health records, phone logs, government records, and other digital traces left by people. Here, significant questions emerge. Will vast amounts of search data help firms provide better services for consumers? Actually, consumers are tired with the advertisement offered every day and also fed up with the information and advertisement which is not required already being offered forever. Can the data represent an 'objective truth' or is any interpretation necessarily biased by some subjective filter or the way that data is 'cleaned'? Ironically, even if consumers use social media every day, the information acquired from social media will seldom be trusted. Consumers have confidence in the information more family, friends, and acquaintances than from social media. So, how to make sense of Big data? As a large mass of raw information, big data is not self-explanatory and yet the specific methodologies for interpreting the data are open to all sorts of philosophical debate (Bollier, 2010).

Keywords: Big Data, Business Intelligence, Social Media, E-Commerce, Marketing

Linking Customer Loyalty to Customer Satisfaction and Store Image

Smitha Siji

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Abstract

The landscape of the retail industry has changed across the globe. In line with the changing global economy and shifting consumer demand, retailers' operating models have come under severe competitive pressures. As markets evolve, retailers adjust their formats and operational strategies to cater to changing shopper needs and trends and thereby maximize their reach in an evolving market. As retailers have focused on creating a range of successful retail formats, consumers themselves have become much more sensitive and conservative in their buying, particularly in the more advanced economies. The retail scenario across the globe is changing with developing countries like India joining the retail revolution. Indian grocery shoppers are supposed to have a liking towards a primary or main store for their majority of purchases, though they might occasionally visit other stores for immediate purchases. So becoming this main or primary store is important for retailers because shoppers tend to spend twice as much in this main store comparing others. In order to achieve this, retailers seek information on customer experience and then plan to build customer loyalty so as to retain the customers leading to increased profitability. The specific objective of this research was to develop an empirical model linking customer loyalty to customer satisfaction and store image and find the relationship between them. Data was collected from 150 customers of leading supermarkets in Cochin, using a structured closed ended questionnaire through convenient sampling method. A structural model was developed linking store image, customer satisfaction and customer loyalty. The model has customer satisfaction and store image proposed as antecedents to the dependent variable customer loyalty, the role of satisfaction as mediating variable between store image and loyalty was also studied. Structural model linking satisfaction and store image to loyalty is tested with structural equation modeling (SEM). The research studied the linkage of customer satisfaction with customer loyalty and found a positive relationship. The store image was also seen to have a positive relationship on customer loyalty through the mediating variable customer satisfaction, though directly the relationship between store image and customer loyalty was found to be insignificant.

Keywords: Customer Loyalty, Customer Satisfaction, Store Image, Indian Retail Industry, Consumer Behavior, Primary Store

Evaluation of Fast Food Restaurant Customers within Online Shopping Websites: The Case of Groupon

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Ondokuz Mayıs University, Turkey

Mustafa Guchan Buyuran

Ondokuz Mayıs University, Turkey

Abstract

Customer satisfaction is one of the key concepts emphasized by commercial firms. Naturally, firms would like to acquire information with respect to their customers and achieve this goal through various ways. A survey of the literature on customer satisfaction in Turkey reveals that there are not any empirical studies on this subject. The aim of this research is to investigate customer satisfaction within the fast food sector. To achieve this goal, we wanted to determine the customer satisfaction of people who have got a coupon from Groupon.com and used it in a restaurant that operates in Istanbul, Ankara, Antalya and Izmir. A survey has been prepared and people have been asked questions with respect to age, gender, the quality of the restaurant, service speed, service satisfaction, frequency of visits to the restaurant and whether they would recommend that specific restaurant to others. Randomly chosen 500 people have completed the survey. Analysis of variance were implemented. Comments regarding the restaurants were evaluated according to the results of analysis of variance.

Keywords: Customer Satisfaction, Service Quality, Tendency to Shop Again, Groupon, E-Trade, Restaurants

Fostering Effective Cooperation between Marketing and Sales

Daniela Kolouchova

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Jan Rozek

University of Economics Prague, Czech Republic

Abstract

The main objective of our research is to find the most effective instruments and tools how to foster and further develop the functional cooperation between marketing and sales departments in Czech FMCG companies from the middle management perspective. This management level was selected due to the fact that its representatives and their subordinates must interact with the opposite department on a daily basis and therefore middle management build fundamental role in the focused interfunctional relationship. Our empirical research is based on in-depth expert interviews in order to better understand the elements of the interpersonal relationship between sales and marketing community. Data were collected from a sample of 30 midlevel managers from sales department and 30 midlevel managers from marketing within a local strategic business units operating in food, cosmetic and household business. In the respective company were always interviewed the representatives of both departments. Our results reveal that respondents evaluate their relationship with the other department (sales or marketing) mostly as functional and effective. As the main impact on this situation are very often mentioned common elements in the company such as evaluating and rewarding system and cross sales-marketing projects. In contrast to some of the previous researches our work has shown that the most functional interconnecting element is the organizational culture that promotes and supports the open cross-

functional communication and free information sharing. The long-term functional cooperation is a result of more than just effective communication. Additionally, effective cooperation should be created and always endorsed by the senior and top management. In-depth interviews have uncovered how important, valuable and time and cost saving are data sharing and effective information flow of actual market knowledge between sales and marketing. The paper concludes with a several managerial implications and a number of research propositions are also developed.

Keywords: Marketing, Sales, Sales Management, Marketing Management, Interfunctional Relationship, Information Flow
JEL Classification: M31

Mission-Objectives Matrix MOM as an Innovative Tool of Marketing Strategy Audit

Kakhaber Djakeli

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Abstract

The marketing audit is a comprehensive study and a deep analysis of marketing of the company, involving almost all external and internal processes which influence an entity. The marketing audit is an important point in planning. "A marketing audit is a comprehensive, systematic, independent, and periodic examination of a company's - or business unit's - marketing environment, objectives, strategies, and activities with a view of determining problem areas and opportunities and recommending an action plan to improve the company's marketing performance" (Kotler, et al., 1977, p 29). To analyze accomplishment of the objectives of the company, especially appropriate strategy refers to the division of organization into Strategic Business Units-SBU-s. In literature company's business portfolio is analyzed by several methods: BCG Matrix, GE Matrix, but to audit interconnections between Mission and Objectives it is important to have some universal approaches like above mentioned famous matrixes. As it is well known, mission is the main strategic component of the company and this is the reason why during marketing audit mission statement should be also checked. The main objective of this article is to find an answer to the question how it should be done better. The novelty of this article is that it is possible to suggest a new and innovative Mission-Objectives Matrix MOM for the mission statement audit.

Keywords: Marketing Audit, Mission, Strategy, Objective
JEL Classification: M31

The Effect of Self Congruity Dimensions on Customers' Switching Intention: Lessons Learned from Malaysian Hotel Industry

Farzana Quoquab

UTM International Business School, Malaysia

Reza Saleki

Universiti Teknologi Malaysia, Malaysia

Wan Khairuzzaman Wan Ismail

UTM International Business School, Malaysia

Abstract

Understanding consumers' switching intention is crucial due to the reason that it may affect service companies' performance. Indeed keeping the current customer base is cheaper than gaining new customers. As such, it is crucial to understand what affects customers' switching intention before it creates serious threat to the firms. Furthermore, it can act as an opportunity for the firms to understand their shortcomings, to develop their present marketing strategies, and to take corrective actions. Few studies have pointed that customer dissatisfaction, service failure, perceived justice, and cultural barriers as the antecedents of customer complaint attitude. However, there is a dearth of research that has examined customers' psychological aspects as the determinants of such negative attitude towards the service provider. The present study is such an effort to address this gap. Considering this, this study aims to shed some light on customer switching intention based on psychological aspects particularly focusing on self-congruity and its dimensions as the antecedents in the context of Malaysian hotel industry. On the whole, the objective of this study is to examine the direct effect of four dimensions of self-congruity on customers' switching intention. Data were collected by using survey questionnaires which were distributed to customers of seven five-star hotels in Kuala Lumpur, Malaysia. 212 completed usable questionnaires were obtained. Pearson correlation coefficient and multiple linear regression analyses were used to test the research hypotheses. Results reveal that actual self-congruity, social self-congruity and ideal social self-congruity negatively and significantly affect customers' switching intention. However, data did not support the relationship between ideal self-congruity and customer switching intention. In overall, the results emphasize the significant effect of study variables in decreasing hotel customers' switching intention. It is expected that the result from this study contributes significantly in the field of consumer behavior literature as well as to the hotel industry practitioners and policy makers.

Keywords: Self-congruity, Functional-congruity, Customer's attitude Towards Complaint, Malaysian Hotel Industry

Satisfaction, Trust and Habit - Which is the most Important Factor Affecting Customer Loyalty?

Iuliana Claudia Bobalca

Alexandru Ioan Cuza University of Iasi, Romania

Abstract

The goal of this research is to develop and test a customer loyalty model for direct selling companies of cosmetic products. Objectives: (a) Identifying the factors affecting customer loyalty for cosmetics direct sales companies; (b) Measuring the effect of the loyalty determinants on loyalty dimensions. Two hypotheses were tested: H1- Satisfaction, salesman trust, brand trust and habit have a positive impact on customer loyalty. H2-Customer loyalty is a four stages process: cognitive, affective, conative and behavioral stages. Data and Methods: The sample is represented by 813 young female students who buy cosmetic products from direct selling companies. We used both qualitative research and quantitative research. In the first phase we conducted 40 depth interviews in order to deeply investigate the research problem and to build the questionnaire used in the second phase of the research, the quantitative survey. In order to analyze the data, we used Structural Equation Modeling and confirmatory factor analysis. Results: Customer loyalty model is developed and tested, describing the relations between the determinants and the dimensions of loyalty. We identified the main determinants of loyalty and we provided measurement scales for each construct. The main determinants included in the model of customer loyalty are: satisfaction, brand trust, salesman trust and habit. The loyalty is measured for four distinct phases: cognitive, affective, conative and action. The first hypothesis was confirmed and the second hypothesis was partially confirmed. The scale for cognitive loyalty was not valid. The conative loyalty is directly and indirectly influenced by satisfaction, brand trust, salesman trust and habit. Both affective and behavioral loyalty are directly and indirectly influenced by brand trust, satisfaction and salesman trust. Conclusions: Analyzing the total effects of the loyalty determinants on customer loyalty, the conclusion is that brand trust is the most important determinant of customer loyalty in direct selling. On the second position is satisfaction followed by salesman trust. The research investigates loyalty on each of its four stages, which is a not a common approach is marketing literature. The results can be used both by researchers and managers.

Keywords: Customer Loyalty, Satisfaction, SEM, Factor Analysis, Direct Selling

PUBLIC ECONOMICS IV

Room: Re

Chair: Joseph Gabbay

A Comparative Analysis of the Historical Developments in the Post-Keynesian Economics

Ozlen Hic Birol

Istanbul University, Turkey

Aysen Hic Gencer

Istanbul Aydin University, Turkey

Abstract

In this article, we will make a comparative analysis of the developments in the Post-Keynesian Economics and then give the properties of Post-Keynesian Economics in terms of their assumptions and methodology, later on we will discuss the current state of Post-Keynesian Economics, again based on a comparative analysis. Post-Keynesian Economics was developed in the mid '80s as a reaction not only against New Classical School but also against New Keynesian economists because the assumptions and hence the conclusions of the latter were not deemed Keynesian enough. Keynesian Economics was mainstream both in the USA and Europe, both in academic circles and in the field of implementation by governments and Central Banks from 1936 and WW II up to the '70s. The debate that took place during this period between Neo-Keynesian economists in the USA and Neo-Classical economists that led to the Neo-Classical Synthesis and the reaction of Orthodox Keynesian Economists in the UK to Neo-Classical Synthesis will be referred to later. Keynesian economics here embraces both Neo-Keynesian economists and Orthodox Keynesian economists as mainstream against the Traditional Classical and the Neo-Classical System. Today, we witness that at present New Keynesian School is more widespread and influential compared to Post-Keynesian. One possible reason is that the former school sprang up in the USA while the latter basically in the UK; and USA today is much more influential worldwide compared say to the times when Keynes lived. But this should not be the sole or even the major reason why Post-Keynesianism is less popular. The reason which would likely explain the difference in popularity is that in their normative value judgments Post-Keynesian economists assign a heavy weight to improving income distribution while New Keynesian economists, on the whole, are less concerned with this goal.

Keywords: Post-Keynesian Economics, Birth of Post-Keynesian Economics, Development of Post-Keynesian Economics, Methodology of Post-Keynesian Economics, Current State of Post-Keynesian Economics

JEL Classification: P5, E12, B4

Construction of a Cultural Policy Index in High-Dimensional Settings: Longitudinal Dimensions

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Miroslav Verbic

University of Ljubljana, Slovenia

Vesna Copic

University of Ljubljana, Slovenia

Abstract

The problems of high-dimensionality frequently occur when using macroeconomic datasets encompassing data for only a limited group of countries. In the article we present the construction of a cultural policy index using datasets of Eurostat's Cultural

Statistics Pocketbooks 2007 and 2011, Compendium of Cultural Policies and Trends in Europe and Eurostat's COFOG data. The datasets allow us a time perspective over a set of more than 300 variables in 12 domains: general development, cultural heritage, education in culture, cultural employment, internet habits, private expenditure, foreign trade, participation in the arts, special features (ratios of women among artists, ratios of part-time jobs, etc.), public funding, legislation, and public policy system characteristics. Using high-dimensional methods eliminating the outlier influence and constructing robust factor estimates (following e.g. Bai & Li 2012) we construct a robust cultural policy index, showing the level of the quality of cultural policy for the observed 33 European countries in years 2005 and 2009. On the basis of exploratory and confirmatory factor analysis we are able to determine a set of five dimensions on which the quality of cultural policy mainly depends: general development and foreign trade; education and cultural participation; financing; legislation and public policy characteristics; and internet habits. Using clustering analysis we are also able to determine the broader similarities and differences among cultural policy models in Europe. We are able to show the existence of two broadly different groups of countries: Western European; and Eastern and Southern European Countries; with some occasional outliers such as Baltic countries, Cyprus and Slovenia. The clusters were robust over years. In general, this analysis brings a first developed tool to empirically follow the changes in the levels of cultural policy and shows the main key dimensions of the quality of cultural policy on which similar endeavors to form cultural indexes (which were massively appearing in past years, see e.g. a comparison of approaches by Inkei 2014) should be based in future. Also, the clustering of models has important consequences for empirical cultural policy and has to be tested and verified in future studies.

Keywords: High-Dimensional Models, Factor Analysis, Robust Methods, Cultural Policy Index, Eurostat, Cultural Policy Models
JEL Classification: C38, C43, C55, Z11, Z18

Collusions in the Russian Markets: What is the Role of Authorities?

Luibov Antosik

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Abstract

The conclusion of the anticompetitive agreements is one of the significant forms of anticompetitive actions of economic subjects. In Russia the main participants of such agreements are not only firms but also power entities. The aim of the research is the analysis of the anticompetitive agreements (collusions) in Russian practice. Work objectives: to study the essence and classification of anticompetitive agreements; to find out markets, where collusions are most likely to arise, and the prevailing forms of collusion in Russian practice; to analyze the effectiveness of penalties for anticompetitive actions; to determine the directions of economic policy to prevent collusions. A specific of collusions in the Russian practice is that power subjects become the main participant. Studying of the decisions of Federal Antimonopoly Service allows to conclude that the markets, where collusions are most likely to arise, are the services markets, which characterized low elasticity of demand and existence of information asymmetry.

Keywords: Collusions, Antimonopoly Law, Restriction of Competition, Anticompetitive Actions, Federal Antimonopoly Service of Russia, Responsibility for the Antimonopoly Law Infringement

The Impact of the Economic Transformation on the Development of Economic Freedom - Case of Poland

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Abstract

The changes in the socio-economic system, initiated at the turn of 1989 and 1990, after 25 years still affect the Polish economy. One important consequence of the transition of Poland's economy from a centrally planned system to a market system is a systematic increase in the liberalization of economy and thereby the rise of the level of economic freedom. The aim of this paper is to examine the impact of the economic transition on the development of economic freedom in Poland. The paper is divided into two parts. Part one of the paper presents the concept of economic freedom. In part two, which verifies the research hypothesis, the level of economic freedom in Poland is analyzed. The analysis, carried out in the period 1995-2011, was conducted on the basis of the chain-linked Economic Freedom Index by the Fraser Institute and of the Index of Economic Freedom of Heritage Foundation and Wall Street Journal. The analysis indicates that: (1) Poland cannot be considered as a country that is fully free economically, but transition of economic system results in the rapid growth of economic freedom. (2) The impact of transition varies for different areas (sub-indices) of the economy. (3) The European economic integration stimulated the increase of EFI, but economic crisis decreased the level of economic freedom.

Keywords: Economic Freedom, Poland, Economic Transition, Economic Liberalization
JEL Classification: P21, O52, P00, L51

Using Computer Methods to Identify the Factors Affecting the Management of an Urban Parking Lot

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Czeslaw Kolanek

International University of Logistics and Transport in Wroclaw, Poland

Katarzyna Topolska

Wroclaw School of Banking, Poland

Mariusz Topolski

Wroclaw School of Information Technology, Poland

Abstract

As the growth of urban areas continues, the area previously used as parking space begins to shrink significantly. For that reason, the only way to increase the parking capacity in cities is to construct more multi-story parking lots. Direct correlation of social, environmental and economical factors sets the way of parking lot planning and design basing on sustainable development principle. The article describes the variables that influence the parking lot management model and presents computer methods that can be used to identify the factors affecting it. The measurements of traffic intensity at the entrance and exit of a shopping centre in Wroclaw are also included. The developmental nature of this project requires that certain problems to be analyzed more closely.

Keywords: Parking Traffic Management, Reverse Logistics, Motorization Index, Urban Parking, Traffic Intensity, Driver Decision-Making, Genetic Algorithms, Dempster-Shafer Theory, Fuzzy Sets

SMEs I

Room: Mi

Chair: Irene Fafaliou

Situation of Small and Medium-sized Enterprises in Poland in the Years of Economic Downturn

Dominika Kordela

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Abstract

The aim of the paper is to assess the condition of small and medium-sized enterprises in Poland in the times of the economic downturn following the financial crisis. A thesis was advanced that the consequences of the downturn were felt by the entire sector, but each group of the companies was affected to a different degree. The companies in the sector of SME were assessed based on selected financial data. Moreover, the article includes assessment of the sector's importance for the Polish economy. The analysis is based on data from secondary sources published by Central Statistical Office, Eurostat and Polish Agency for Enterprise Development. The temporal scope of the study encompasses the years 2007-2011. The real economy in Poland started to feel the consequences of the financial crisis in 2009. Next to the drop in the GDP dynamics, there were other signals of the economic downturn in Poland, like drop in investment dynamics or rise in unemployment. SME in Poland in accordance with the data by Eurostat constitute 99,8% of the total number of enterprises, create 68,25% of workplaces and generate added value at the level of 50%. The analysis of selected financial data is enough to state that although the economic downturn led to a temporary fall in the revenue level, financial result or profitability, the economic standing of the sector generally improved throughout the period analyzed (2007-2011). 2009 was definitely the most difficult year. The micro-companies handled the downturn best. Apart from 2009, they reported growths in revenue - the pace of their growth was only negative in 2009 and their investments in fixed assets grew, so they boasted the highest gross turnover profitability ratio when compared to the rest of the sector. Unfortunately, the group of micro-companies was the one where employment reported the most spectacular fall. Against the background of the sector, it was the medium-sized companies that handled the economic downturn the worst. In 2008, 2009 and 2011, the dynamics of their financial result were negative and their expenditures on fixed assets in 2009 and 2010 dropped as well. The studies and analyses confirm the thesis that the economic downturn affected each of the size groups of the sector of SME to a different degree and had different impacts on the indicators of the assessment of their condition.

Keywords: SME Finance, SME Development

JEL Classification: L25, G39

An Analysis of the Macroeconomic Conditions Required for SME Lending: The Case of Turkey

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Abstract

Providing SMEs access to external finance has been a major concern for many governments and international organizations over three decades. In recent years, the experiences of emerging market countries suggest that a paradigm shift is taking place in SME finance. Mostly in the fast growing emerging market countries banks are increasingly targeting SMEs as a new line of banking business. This research analyzes how the macroeconomic factors contributed to this positive development in Turkey, a

fast growing emerging market country. Based on an econometric analysis it is found that high GDP growth rate and increasing competition in the Turkish banking sector contributed to the growing banking sector credit to the SMEs. The findings also revealed that curbing high inflation rate and reducing the government budget deficit helped significantly to encourage bank lending to the SME segment. This research contributes to the literature by providing empirical evidence to much discussed theoretical arguments on the characteristics of an enabling macroeconomic environment for SME finance.

Keywords: SME Lending, Macroeconomics, Banking Sector, Emerging Markets, Access to Credit

JEL Classification: G21, G28, O11, O16

Internal Factors of the Development of Small and Medium-sized Enterprises. Case Study of Poland

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Abstract

Objectives: The paper attempts to identify internal determinants of SME's development in Poland and assess their impact on SMEs' management. Meeting this objective required: identifying internal determinants of SMEs' development, determining the current development situation of the surveyed companies, analyzing the impact of internal factors on managing SMEs' development. The implementation of the above-presented objectives was based on the following assumptions: 1)the current situation of the surveyed companies was determined with the use of quantitative indicators (turnover volume, number of employees, market share, profit levels) and qualitative (product, process, organizational and marketing innovations introduced, cooperation with other companies), 2)the analysis of internal factors covered two areas: the enterprise and the person of the entrepreneur, 3)separate analyses were carried out for micro, small and medium-sized enterprises in each area, enabling a more precise determination of the factors for each category of businesses. **Data and Methods:** The quantitative research was conducted in 2011-2012 among SMEs in Poland by a questionnaire sent by mail and e-mail. 590 correctly completed questionnaires were returned. The qualitative research was conducted in 2013 among 25 SMEs. **Results and Conclusion:** The first group of the analyzed internal factors was related to the enterprise. Most of them were recognized by the surveyed entrepreneurs as growth stimulators, including: the adopted operation and development strategy, knowledge of customers' needs and preferences, the company's image and reputation, flexibility of operation, knowledge and experience of the management. The respondents recognized as barriers: the company's financial resources, material assets, innovation and the technology used. These results confirm SMEs' strengths but also show barriers this sector has tried to overcome for many years. Financial problems, affecting not only the functioning of the existing entities and the formation of new ones but also the material and human potential of the enterprise are particularly severe. The other group of factors was associated with the person of the entrepreneur. The respondents assessed the examined factors mostly as development stimulators. Therefore, characteristics of the entrepreneurs can become one of the elements of the development potential of these entities. Regrettably, these assessments were biased, excluding their weaknesses, e.g. in the field of organization and management (the dominant role of the owner-manager), few opportunities to use information systems and favoring intuition over formalized strategic planning.

Keywords: SME, Internal Factors, Development of SMEs, Growth Stimulators, Growth Barriers, Entrepreneurship

JEL Classification: L21, L22, I26

Financial Performance of Italian SMEs in the Veneto Region: Effect of the 2007 World Financial Crisis

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Abstract

Italian SMEs are the driving force behind the Italian economy. They operate in all the economic sectors, include approximately 4 million firms and make up, in most cases, the basic assets of the families they belong to. Half a million of these firms are based in the Veneto region where they employ approximately 5 million people. In late 2008 the global financial crisis that originated in the USA in 2007 arrived in Italy, and Italian SMEs faced a general fall in demand, high losses in receivables from customers and strong limits to bank credit access. There ensued a consequential impact on their financial performance. Now, after 5 years it is said that most companies have changed their business model and costs have been aligned to new levels of revenue. What is the final impact on profitability levels of this crisis? The economic literature suggests that the profitability of companies in the medium term period should be adequate to business risks and aligned to long term trends. Some studies analysed the financial performance of listed companies and others that of larger firms. There is a lack of studies on SMEs in the regional context (the Veneto region) that cover the past decade. The present study was based on an empirical analysis of the financial statements of the companies considered. During the period 2007-2012 we collected data from the limited liability companies in the provinces of Verona and Vicenza (both within the Veneto region) with at least 10 to 249 employees, operating in the macro sectors of manufacturing (C), building (F) and grocery and distribution (G). For each of the approximately 4,500 companies included in our study, we calculated the main financial indexes plus some specific ratios to be used in our study. We found that over the 5-year study period the companies suffered a strong reduction of profit margins (ROS). Cost reductions and increased labour productivity balanced the negative effect on margins. The final impact on profitability (after the crisis occurred) was negative. During the period 2009-12 the ROI of the companies considered declined by 40%-50%. Is this the new (lower) profitability index really linked to the business risk? Is it sustainable in a long term view?

Keywords: SME's, Crisis, Financial Performance

JEL Classification: M49

Financial Inclusion: The Impact of ICT on Broadening Access to Financial Services

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Abstract

Recent estimates suggest that between 50 to 60% of the world's population is employed in the informal sector, with most of this cohort poor and unable to access financial services. A growing body of research over the past two decades has shed light on the vital impact access to financial services has on efforts towards reducing poverty, improving health and providing access to education. However substantial gaps remain in our understanding of the channels of transmission between the types of financial services required, the design of incentive structures to render them effective, the actual provision of financial services and the eventual impact on poverty alleviation. Furthermore, similar policies of financial inclusion work with varying degrees of effectiveness in different settings. Research suggests that the policy impacts are not neutral to the settings and channels through which policy initiatives are carried out. Initiatives in different settings with different demographic cohorts, in diverse socio-economic settings have shown to yield different outcomes. This study deploys a schematic framework to survey initiatives in financial inclusion. It examines initiatives on the supply as well as demand side, with the intent of identifying client's needs, and impediments and constraints in the way of effective delivery. We develop a taxonomy of initiatives encompassing technology, modes of delivery, and scope of services provided. We examine efforts reflecting the use of telecommunication facilities, cheaper computing power, improving information infrastructure, and use of innovative delivery channels on the scale, scope and effectiveness of microfinance initiatives. The analysis is conducted at two levels. Part one surveys evidence on individual behavior and evidence on financial awareness. Recent research suggests that despite the lack of formal education and financial training, the poor, through a multitude of financial relationships, are engaged in multiple and often complex relationships. We delineate evidence on the constituents of demand for financial services and the associated transaction costs, and the information asymmetries that preclude effective microfinance. On the supply side we collate research deploying different channels of finance and the determinants of impediments to the effective supply of financial services. At the analytical level, the study constructs a taxonomy of transaction costs inhibiting financial inclusion. We seek to understand how technology can help mitigate the information asymmetries and transaction costs encountered in the pursuit of financial inclusion.

Keywords: Financial Inclusion, Technology, Public Policy

BEHAVIORAL FINANCE

Room: Fa

Chair: Christoph Buehren

Domestic Investors Trading Behavior: Empirical Evidence from Malaysian Equity Market

Ros Zam Zam Sapian
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Abstract

This paper examines the interdependencies and trading patterns among 4 categories of domestic investor namely institutional, retail, nominee and proprietary day traders (PDTs), and explores the interactions between their daily net fund flows and domestic equity returns. To explore the relations between domestic equity returns and net fund flows, this study employs bivariate vector autoregressive model, VAR granger causality test and impulse response functions. The findings of this study provide evidences that Malaysian equity market return is found to influence the net fund flows of retail, nominee and PDTs investors. These categories of investors follow feedback trading strategies whereby their trades trail the performance of domestic equity market. In this study, a negative feedback trading is observed as shown by negative and significant relationships between net fund flows of retail, nominee and PDTs; and past equity market returns. The findings of this study also demonstrate that there is weak relation run from net fund flows of domestic investors except that net fund flows of PDTs towards Malaysian equity market return. However, the effect of PDTs' net fund flows on domestic equity return is temporary, thus supports the information dissemination concept particularly the price momentum. The findings of this study also reveal that there are bilateral causal relations between domestic equity market returns and net fund flows of PDTs; and unidirectional causal relations between domestic equity market return and net fund flows of retail and nominees investors in the short run. Furthermore, the results of this study also reveal that current net fund flows of all classes of investors are being influenced by their trading activities in the previous days. Among the net fund flows of institutional, retail, nominee and PDTs, the response of institutional net fund flows to return shocks is the greatest. In addition, the net fund flows of institutional, retail and nominee investors exhibit similar patterns in terms of their responses to innovation in returns. In conclusions, the findings of this study show that there are distinctive trading behaviors among 4 classes of domestic investors in relations to the performance of Malaysian equity market. The findings of this study provide insights on the area of behavioral finance particularly the trading behavior of domestic investors with regards to domestic equity returns of an emerging market.

Keywords: Momentum and Contrarian Trading Strategies, Institutional, Retail, Nominee and Proprietary Day traders, Vector Autoregressive Model, VAR Granger Causality, Impulse Response Functions, Emerging Equity Market

Financial Inclusion and Financial Choices in Turkey: Demographic, Political, Religious Level

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Nurhan Davutyan

Kadir Has University, Turkey

Abstract

This is a survey study conducted in May 2014 on 2,607 people from different cities in Turkey representing the total population. The study analyses the political, religious differences of financial choices and financial inclusion as well as demographics including the perspective of migration from rural to urban life. The study finds that those subject to transmigration within the country from rural to urban areas have higher income, which moreover increases across generations. Out of the surveyed, 54% of the people do not save and if people save they do more so for their children's education or to buy a house. Gender and religious conservativeness do not affect savings, where education is an important aspect positively correlated to savings. (52% of the savers have college degree.) The results show that poorer people tend to be more conservative compared to adopt a Western lifestyle. The people who voted for the ruling religious conservative party state that they decide less for financial matters on their own compared to people who voted for the other parties or compared to people who are indecisive. 27% of the surveyed save and 41% of them are between the ages of 28-43. Trust and high return-low risk are important characteristics for an investment, where half of those surveyed were confident regarding their ability to make sound investments.

Keywords: Financial Inclusion, Behavioral Finance, Demographics, Risk, Emerging Market

Behavioral Economics and Decision-Making

Alina-Maria Neatu

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Abstract

Decision-making is the process characteristic to all individuals who, confronted on a daily basis with various tempting choices that catch their eye and demand their attention, find themselves inevitably in the position to single out individual preferences. Subject to distinctive manipulative factors and external stimuli, individuals often exhibit strikingly irrational judgments and reactions. The field of behavioral economics studies the concrete manners in which people adopt certain decisions, the possible motivations beneath them and the key drivers that may lead them to sometimes undeniable irrational behaviors observed systematically in different socio-economic and political environments. Debating various social and economic structures, the present paper talks about patterns in behavior, decision-making processes, mass-manipulation forces, cognitive biases, anchoring, herd behavior or loss-aversion and, of course, about what are the most significant aspects that determine such phenomena and how we can interpret them in our best advantage.

Keywords: Behavioral Economics, Irrationality, Judgmental Biases, Psychology, Decision-Making

Behavioral Biases of Individual Investors: The Effect of Anchoring

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Abstract

The objective of this paper is to investigate the presence of the anchoring bias in the financial decision making of individual investors. A survey study is carried out to find out how the studied bias affects the investment behavior on the Tunisian stock market. The survey is for exploratory purpose and it is based on multiple factorial correspondence analyses. The results reveal that Tunisian investors do not suffer from the anchoring bias.

Keywords: Behavioral Finance, Anchoring, Individual Investors, Emergent Market

JEL Classification: G12

Short - termism: Empirical Evidence and Policy Recommendations

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Ali Coskun

Bogazici University, Turkey

Emrah Sener

Ozyegin University, Turkey

Abstract

Short - termism is typically defined as excessive focus by investors and corporate managers on short - term financial results at the expense of long - term intrinsic economic value. Short - termism, sometimes also referred to as "managerial myopia" and "earnings management", is not only destructive but also irrational in the long run. After the financial crisis of 2008, this problem has been widely discussed by policy makers and academicians, and the consensus is that it is a major obstacle in the efficient development of capital markets. However, there is not much empirical evidence on the impact of short - termism on asset prices. This study provides strong evidence from the Borsa Istanbul equity market that short-termism results in lower net present

values of cash flows and hence a significant loss of welfare in the long run. Not only NPV's are underestimated but also their volatility is increased. This is not a sustainable pricing game for equities. Both market players and also policy makers have to act now to save the markets from short - termism. The paper concludes with some recommendations for policy makers and regulatory institutions.

Keywords: Short-Termism, Net Present Value, Linear Asset Pricing Models, Non-Linear Estimation, Stock Prices, Distorted Volatility

Imagine Being a Nice Guy: A Note on Hypothetical vs. Incentivized Social Preferences

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Thorben Kundt

Helmut-Schmidt-University (HSU), Germany

Abstract

We conducted an experimental study on social preferences using dictator games similar to Fehr et al. (2008). We show that social preferences differ between participants who receive low-stakes monetary rewards for their decisions and participants who consider hypothetical stakes. The results are robust when we control for socio-demographic characteristics and participants' risk attitudes. Besides incentives, gender plays an important role for the categorization of different social preferences.

Keywords: Social Preferences, Incentive Mechanisms, Dictator Games

INDUSTRIAL ORGANIZATION I

Room: Sol

Chair: Irene Daskalopoulou

The Influence of the Global Economic Crisis on Technical Efficiency: Russian Plastic and Rubber Production

Irina Ipatova

National Research University Higher School of Economics, Russia

Abstract

In the paper technical efficiency of Russian plastic and rubber production firms in 2006–2012 is estimated by SFA. Cross-section and panel data models with heteroscedasticity are estimated for Cobb-Douglas and translog production function. The formula of technical efficiency marginal effects was derived in case of exponentially distributed error term. We study consequences of the economic crisis in 2008-2009. On one hand, every crisis creates financing problems for production firms and problems with firms-partners. On the other hand, it forces to optimize the production. Mean efficiency is shown to decline after 2008. Firms' heterogeneity by efficiency estimates increases in post-crisis period. We also confirm that firm size is positively associated with technical efficiency. There is increasing returns to scale in the sector. All results are robust for various specifications of the production function and SFA models. Autocorrelation of efficiency estimates is considered as a measure of their persistency, which is rather high after the economic crisis.

Keywords: The Global Economic Crisis, Technical Efficiency, SFA, Russian Production, Returns to Scale

JEL Classification: D22, D24, L25, L65

Economics and Profiling of Contemporary Creativity

Angela Besana

IULM University, Italy

Abstract

Creativity is today defining boundaries of cultural industries in Europe and out of Europe. Creativity does not include only performing and visual arts but also material culture, tangible and intangible heritages, education, television, knowledge intensive industries, advertising, etc. The creativity can be both for-profit and not-for-profit, too. Taking into account multiple features of creative industries, the debate among lecturers, policy-makers and researchers is never ending. While the boundaries of the concept 'culture' are vanishing in 'creativity', main strategies of cultural and creative entrepreneurs are evolving, too. Above all, revenue maximization and diversification are leading the not-for-profit creativity out of the contemporary crisis of resources and funds. Thanks to a k-means clustering we investigated 2012's costs and revenues of a sample of the USA creativity: museums, symphony orchestras, theatres, universities and public televisions. Four main profiles emerged according to performances of marketing, fundraising, investing and other financing. Bigger clusters are the marketing expert and the revenue diversifier, this profile at a loss. The revenue diversifier of a less crowded cluster is the most profitable and the most solvent, instead. The fundraiser is not the most crowded cluster but he profits by the second highest gain of the sample.

Keywords: Creativity, Creative Industry, Not-For-Profit, Revenue Diversification

JEL Classification: D22, L25, L31, Z11

Degree of the Strategy Implementation vs. the Concept, Time Horizon and Update of the Strategy

Letycja Soloducho-Pelc

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Abstract

Objectives: The purpose of this paper is to examine the relationship between the form of the strategy, its time horizon, the update frequency and the degree of the strategy implementation. The studies concerning the strategic management process, i.e. the process of continuous development and implementation of the strategy, pay special attention to the importance of preparing a formalized strategy known to the company's management and employees, extending the time horizon for planning, and performing frequent updates in response to the speed and intensity of changes occurring in the environment. At the same time, the results of the studies aimed at the identifying the practices in the strategy implementation can be interpreted as a clear indication of serious problems with the implementation of the strategy. Data The paper presents the results of the studies concerning the problems associated with the strategy implementation, which were conducted on a sample of 200 Polish companies. These entities have been honored for their successes in two rankings: "Diamenty Forbesa 2013" and the ranking of the "Polityka" weekly. Methods The Paper and Pencil Interview research method was used for the needs of the study. The respondents referred to the statements contained in individual questions by selecting answers ranked on a Likert scale. Interviews with the respondents were conducted by a research agency. For the purpose of testing the hypothesis, correlations were calculated based on the Kendall's tau-b correlation coefficient. Results The most important issues associated with the strategy implementation concerned the aspects related to strategic planning, i.e. the form of the strategy, time horizon, update of the strategy, and the degree of the implementation of the strategic plan. The studies allowed identifying the relationship between: the length of the time horizon of the strategy and the update frequency, as well as between the length of the time horizon and the degree of the implementation of the strategy. Conclusions The results can be interpreted as an indication that success in the strategy implementation does not depend on the degree of the strategy formalization or the frequency of changes in the strategic plan. It seems that the successful companies participating in the survey implement the strategy to a considerable degree, despite the fact that they represent different approaches to the form, time horizon and frequency of updates of the strategy.

Keywords: Strategy, Time Horizon of the Strategy, Update of the Strategy, Implementation of the Strategy, Degree of the Strategy Implementation

Confronting the Challenge Imposed on Free Zone Egyptian Garment Exporters to Increase their Profitability

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Faculty of Engineering, Egypt

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Abstract

In 1952 the Egyptian Government established free zones areas for increasing the export of Egyptian goods. From that time many laws had been introduced some of them were at the benefit of exporters company others can cause declination of export goods. Most of these laws were concerned to the textile industry. The exporters of the garment industry were faced with two main problems; the first consist of the lack of materials and accessories, while the second is concerned with the garments design. To overcome these situation some laws concerning the importing of the materials and accessories were been performed, for that the outsourcing (draw-back) law was imposed. Although these laws were introduced to enable the garment factories to work at higher efficiency and attain greater growth and profitability, many factories were faced with difficulties which cause losses in product and money. A study was carried on two factories for determining the causes of their losses, in which the factory performance, the customer factory contracts and the governmental laws were regarded, analyzed and studied. The materials and accessories are delivered by subcontractors. Materials assess to overcome working conditions, timing and quality of material and end products are indicated in the signed contracts. A daily in garment delivery in cut panels is usually in studied factories, this depends on factories quality control passive actions. The work was carried out for six months reorganization of working methodology, establishing an effective quality control system, choosing well trained labors for difficult working positions , amelioration of contract conditions for the benefit of both costumer and producer also applying quick response methods specially with sub contractor and customer, can solve most of the faced problems. In the main time negotiation has to be carried with the government to introduce new draw-back law.

Keywords: Garments, Free Zone, Statistical Analysis, Quality, Defects

Investigating Potential Strategies for Increasing the Competiveness for the Romanian Jewelry Companies⁹

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Abstract

During 2009-2013 the jewelry industry in Romania experienced a significant downturn as a direct result of the global economic crisis. However, in 2012 the revenues are comparable to the 2008 level, favored mainly by the favorable forecast about the increasing price of precious metals. In this context of difficult macroeconomic conditions and a hardly predictable number of

⁹ This work was co-financed from the European Social Fund through Sectorial Operational Program Human Resources Development 2007-2013, project POSDRU number 159/1.5/S/138907 "Excellence in scientific, interdisciplinary, doctoral and postdoctoral research in economic, social and medical fields – EXCELIS".

customers, the sellers of precious metals jewelries need a constant revision of strategy in order to increase their competitiveness and adapt to external market conditions. The main objective of this study is to investigate the competitive strategies that jeweler's companies' managers from Romania could adopt considering customers' expectations and industry best practices. In order to achieve this, a best practice benchmarking analysis was performed considering several comparable companies from Italy, Spain and Turkey. The strategies that this article suggests following this analysis refer to special models, social media, promotions deals, business segment and the cultural and historical context of the company. Moreover, a survey of a 50 social media users revealed some of the customers' expectations and desires for future purchased from the Romanian jewelers companies. Their main expectations refer to overall quality of products, personalized products and post-selling guaranty.

Keywords: Best Practice Benchmarking, Competitive Strategy, Jewelry Services, Romania

Engagement in Asymmetric Markets: Causes and Consequences

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Burcu Fazlioglu

TOBB-ETU University, Turkey

Abstract

The characteristics of the markets that firms trade with have gained special importance in firm heterogeneity and trade literature. According to the models of exporters to asymmetric markets, firms with lower productivity levels serve markets with low productivity thresholds whereas higher productivity firms can export to the markets with high productivity thresholds (Helpman, Melitz, Rubinstein, 2007; Chaney, 2008). Empirical evidence supports this view that exporters to more developed economies show ex-ante superior performance compared to the less developed country exporters (Pisu, 2008; Serti and Tomasi, 2009; Conti, Turco, Maggioni, 2010; Silva, Afonso, Africano, 2012). In addition to the pre-entry performance premia across different destinations with different income levels, the causal effects of exporting on firm performance by destination has received particular attention in the related literature. However, evidence on the fact that the effect post-entry mechanisms differ across markets is rare and less conclusive compared to self selection mechanisms into the export markets. We contribute to this strand of literature by not only investigating the determinants of firms' selecting into asymmetric markets but also focusing on the post entry effects of firms engagement in those markets with different development levels for a developing country Turkey whose growth is mainly driven by trade. We exploit a comprehensive dataset of Turkish manufacturing firms over the period 2003-2011. In order to carry out our analyses, we first group countries using World Bank's classification according to their gross national income per capita. We reveal whether there is substantial heterogeneity among exporters in terms of their geographical scope of destinations through descriptive analyses. Next, we deal with the direction of causality from which the performance premium across destination markets originates. For this purpose, we first investigate the selection of firms into markets with asymmetric income levels exploring which firm level characteristics are associated with this selection. While doing this research, we further explore whether firms' intensive margins have changed in terms of the types of countries they export over time and what drives this transition behavior. Once we identify movements along different statuses on a year to year basis we investigate the factors that drive these movements. In the next step, we search for the heterogeneity in post-entry effects of trading with different type of markets by establishing treatment models in line with the learning by exporting hypothesis.

Keywords: Exports, Geographical diversification, Self selection, Post entry effects, Quality

SESSION IV: 14:50-16:45

MANAGEMENT IV

Room: Do

Chair: Nevenka Cavlek

Service Quality Assessment in Retail Industry: Some Evidence from Supermarkets in Greece

Athanasia Karakitsiou

Lulea University of Technology, Sweden

Abstract

The main target of the businesses, operating in the retail sector, is to increase the number of their customers and keep them as satisfied as possible. The key in order to achieve and keep loyalty of their customers is the provision of qualified services. The objectives of this research are firstly, to identify the level of the customers' satisfaction from their shopping experience, secondly to identify the relevant service - quality dimensions used by Greek super market customers to evaluate service quality, thirdly, to assess customers' perceptions and expectations related to the quality provided by the supermarkets and fourthly, to investigate how closely customers' perceptions and expectations of service quality match. To achieve the defined objectives, the present study utilized a modified SERVQUAL instrument. In order to obtain the necessary data a survey was conducted in various cities of Greece. Random sampling techniques were used in order to acquire a representative and reliable sample, and 795 usable questionnaires were collected. Descriptive statistical analysis, exploratory factor analysis and reliability analysis were performed in order to examine the validity and reliability of the instrument. The analysis reveals that a gap exists between the rating which customers assign to expectations and to perception statements. In fact, expectations exceed perceptions of the provided service quality, suggesting that there is room for quality improvement initiatives. Thus, the findings can be used as a guide for the managers to improve the crucial quality attributes and enhance service quality and business performance.

Keywords: Service Quality, SERVQUAL, Retail Industry, Supermarkets, Factor Analysis, Greece

The Effects of ISO 9001 Quality Management System upon Firms and Employees

Mehmet Emin Demir
Selcuk University, Turkey

Abstract

In recent years, the concept of quality occupies the employees and the administrative officers of the firms considerably. System is the most important element to provide the required quality in modern production. System is the product of equipment and method. Human power and system are the parent elements that produce quality in the end. It can only be possible to reach the quality assurance if written quality assurance system is applied and practice properly regarding all the activities in the sales chain-production- and supply of logistics, human resources, planning, storing, shipping, packaging, information transfer, process, design, market analyses, and contact with the customer. So, the system is ISO 9001 standards. However the system is impeccable, the factor of human will maintain to be non-ignorable. Quality can be provided with the teamwork in the institution. Teamwork is obligatory for maintaining the quality and for delivery of the product on time. Even for the goods or services, the parts of the product should be produced by different individuals. The synchronicity and rhythm of the individuals depend on their motivation and participative works. Quality product can only be produced by the qualified crew. Qualified employee is the one who fulfills the needs and wants of the customer. This definition is the requirement of the meaning of quality. As paradoxically, firm is the customer of the employee and employee is the customer of the firm. There is mutual interaction. In this study, ISO 9001 Quality Management System and human factor in implementation of the system, so the role of the employees will be emphasized. The purpose of the study is to research the effects of the system on firms and employees. In evaluation of the questionnaire results, this study was supported by the department of statistics at Science-Literature Faculty, Selcuk University. The cross tab method was used in analyzing the values, the chi square tests were found to be significant, the p (pearson ch-square) test was not used because of spaces in the questionnaire resulting from less number of subjects, instead of this, the numbers at tables and the relevant percentage values were taken into consideration in comments.

Keywords: Quality, Quality Management System, Human Resources

Core Technology Analysis based on Public Big Patent Data: Fuel-cell Vehicle

KyungBae Park
Kyungpook National University, South Korea

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Kyungpook National University, South Korea

Weina Liu
Kyungpook National University, South Korea

Won Sakong
Kyungpook National University, South Korea

Abstract

With the shift from an industry-based society to a knowledge-based one, there is a gradual increase in the importance of intangible assets such as technologies and information. Patents are a representative intellectual outcome of intangible assets and can be used as an objective measure of the level of technology or innovation of individuals, firms, and countries occurring in society. In addition, patents can be regarded as a rich source of data for the provision of technological and commercial information. Patent data facilitate research on technological advances and innovation, so an analysis of this data can provide important insights into innovation activity and technology management strategies. This paper presents a method for extracting core technologies from core fuel cell vehicle (FCV) patents registered with the United States Patent and Trademark Office by using a data-mining technique. Core patents will be determined by analyzing patent citations and the data mining technique will identify those firms with core FCV technologies and reveal the overall research focus of firms with more than one core patent by analyzing patent portfolios and considering extracted core technologies.

Keywords: Patent Analysis, Patent Citation, Data Mining, Fuel-Cell Vehicle

ERP Product and End User Interaction: An Experimentation of User Perceptions

Ayse Hepkul
Anadolu University, Turkey

Vichuda Polatoglu
Anadolu University, Turkey

Abstract

ERP (Enterprise Resource Planning) product is used very extensively in almost all industries. Even it has been qualified as barrier for entry in some industries. However, many unsuccessful attempts and implementation problems have been stated in the literature. The reasons for the failure can be attributed to the implementation process, as well as the product itself. Whatever the factors are that attributes to projects failure, most of the researchers pointed to the end user dissatisfaction with ERP product interaction. The purpose of this study is to explore the user's judgments and perceptions of the software when they meet the interface, especially the understandability of the screens and the field names, their impressions about finding connections and the relationships between their tasks and the software according to Task Technology Fit model. The experiment will be conducted at

a large public university in Eskisehir, Turkey which is a candidate for an ERP implementation in the future. Two types of users are included in the study: the clerk level employees who are responsible for data entry and managers who are responsible for accessing the data and preparing reports. When the relationship and the connections between the fields in the enterprise screens (both that needs to be filled by the clerk level employees and that needs to be retrieved by the managers) and the content of the tasks can be figured out quickly without any further help or search, the satisfaction with the ERP product is expected to be higher. The screen characteristics, such as visual complexity, background, completion time and emotional valence also will be explored for their influence in the interaction process.

Keywords: ERP, End User, Task Technology Fit Model, Screen Characteristics, Turkey

Exploring Knowledge Sharing Practices: A Study on the Omani Banking Sector

Tareq Mohammad Alhousary
Dhofar University, Oman

Abstract

The banking sector is one that is characterized by the high need of management experience and agility to cope with the fast-paced competition raised by the international alliances in this business. The Omani banking sector is one of the infrastructure business that has essential role in the realization of the Omani Renaissance. This sector has achieved remarkable improvements in terms of the cutting edge technology it has adopted. To reach the Omani aspiration in its economic renaissance, various soft issues beyond technology are to be tuned well to reach of the required competitiveness. Softer issues, like knowledge management, is one of the critical soft issues that forms the aim of this research and particularly to explore how organizational knowledge is shared and nurtured in the sector. Questionnaire-based survey and interview were used to collect data from over 300 hundred employees. Clustered sampling was used in survey and interviews were selective targeting senior administrator in the sector. Data were sifted then analyzed using SPSS version 16 for the quantitative data and thematic analysis used for the qualitative type ones. The study finds that the sector has built over relatively short span of time a competitive cutting edge banking technology, yet, there is still a vast room for improvement at the administrative side of the work. Among the recommendations of this study, is to have a conscious systematic effort by the sector administration to build physical and virtual facilities for exchanging knowledge among its employees and to provide work stability and an effective reward system for knowledge sharing behavior.

Keywords: Knowledge Management, Knowledge Sharing, Banking Sector, Oman, Developing Economy

Enterprise Database Platforms

Krassimira Shvertner
Sofia University, Bulgaria

Abstract

The enterprises today face an overload of information. New types of data in the form of corporate data, social networking, multimedia, machine-to-machine (M2M) communications and the need to manage multidimensional relationships have put a strain on enterprise databases. Organizations need advanced relationship analysis, including predictive analytics that take advantage of traditional and nontraditional data relationships. Enterprises need to deepen their understanding of data by examining context to add information on why events happened as they did and what patterns of events generate what outcomes. Faster business execution can be achieved by automating decision management and by conditioning application behavior with real-time analytics. Cloud Computing, Big Data, mobile computing, social media, in-memory computing and integrated ecosystems are creating to support fast analytics against large data collections, smart extreme transaction processing, and real-time analytics. The enterprise database, in combination with an architecture designed for performance, must enable the enterprise to do business at the fastest practical rate from the perspective of customers, partners, and suppliers. To meet this requirement, the database must execute even complex transactions at a speed that ensures that it creates no drag on the business process. In addition to the need for fast transactions, businesses also require smarter transactions. Speeding up transactions can result in multiplying mistakes unless more intelligence is introduced into the process. The ability to deliver timely business intelligence as quickly as tactical decisions need to be made, and with the latest data, is called "real-time analytics" because the analytics are so time sensitive that they must be delivered within the effective time interval of actual business activity. They require specific DBMS technologies – in-memory databases. Cloud services are based on the principles of utility computing, resource virtualization, and an approach to shared resource management that enables a service to offer users the illusion of limitlessly expandable resources (memory, processing power, etc.). To fit into such a framework, database technology must also offer virtualization, horizontal scalability, and multi tenancy.

Keywords: Databases, DBaaS, SQL Databases, NoSQL Databases, In-memory Database

GROWTH AND DEVELOPMENT II

Room: Re
Chair: Eiji Okano

Reaction of Interest Rate on Inflation Gap, Output Gap and Exchange Rate

Wai Ching Poon
Monash University, Malaysia

Abstract

We test whether interest rate reacts to inflation gap, output gap and real exchange rate in ASEAN-10 (three are inflation targeters (IT) and seven are non-targeters) from 1990 to 2010 using dynamic panel approaches and pooled estimates. Results exhibit that both IT and non-IT responses to inflation gap, output gap and lagged interest rate in setting interest rate movement, with larger weight on output gap compared to inflation gap. Output gap carries more information than inflation gap in setting interest rates for IT and non-IT. This result lends support to the literature that the real term is more important than the nominal term. Real exchange rate appears as a weaker key determinant in setting interest rates for non-targeters than the targeters.

Keywords: Inflation Targeting, Real Exchange Rate, ASEAN Countries
JEL Classification: E43, E52

Sustainability, Consumption, and Technology

Mustafa Akan
Halic University, Turkey

Abstract

Objective: The objective is to study the sustainability of consumption economics in the context of increasing population, technological developments, and limited natural resources. **Data/Methodology:** An optimal control theoretic model is built to determine the optimal paths of consumption and natural resource extraction rate to maximize the discounted utility of consumption over the infinite horizon in the light of technological advances. Natural resources are assumed to decrease by their rate of extraction and increase by new discoveries of the same kind of resources or the discovery of new sources made possible by technologies. Technology level is assumed to increase by new investment in it (difference between production and consumption) and decrease by obsolescence. The solution is characterized by using Phase Diagrammatic Analysis of the differential equations implied by the necessary conditions for optimality. **Results:** It is shown that there is a saddle point equilibrium point (long term sustainable point) only if population remains constant. Otherwise, there is no sustainable solution. **Conclusions:** Investment in technology and population control should be regarded as strategies of primary importance for the current economic system to be sustainable.

Keywords: Optimal Control Theory, Technological Advances, Consumption
JEL Classification: C61, D24, O32, Q32

«New normal», Output Gap and Multivariate Kalman Filter

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CMASF, Russia

Irina Ipatova
National Research University Higher School of Economics, Russia

Abstract

In this paper we test whether post-crisis growth slowdown is a structural phenomenon. World economy slowdown in 2011-2013 after the global economic crisis is often considered a transition to the new regime of economic growth at smaller rates. PIMCO coined in the term «New Normal» in 2009 for a period of about 2010-2015. The term implies that slowdown is structural, thus demand-side measures would not revive trend growth but may cause overheating. The policy question here is an important one: IMF estimates US output gap for 2014 at -4.0%, for euro area at -2.5%, for Japan at only -0.5% potential GDP. Our hypothesis is that potential GDP slowdown signifies structural change. To define «New Normal» slowdown as cyclical or structural we estimate potential GDP for major economies with a variety of methods typically used in the literature. We then proceed with a structural break analysis to determine whether «New Normal» takes place. Potential GDP is some long-term GDP trend that differs from actual GDP for the output gap. We estimate potential GDP with CRS production function, univariate HP-filter, band-pass filter, and several multivariate Kalman filters, accounting for Okun's law and Phillips curve-style relationships. We use data on GDP, labor force, inflation, labor and capital stock in US, euro area, China and Japan for 1985-2013. Forecasts for output gap closing dates are more optimistic than IMF, probably a Kalman filter byproduct. Euro area, Japan and China are in the «New normal», while for the US situation is ambiguous because of a lapse in labor force participation ratio. There is still large cyclical component (output gap), which should recede by 2015 for US and EA and by 2020 for China and Japan (for the latter – in case of successful structural reforms). Demand stimulation measures are potentially effective but for China, which runs huge excess supply (currently over 10%), mostly because of structural overinvestment. From comparative analysis of potential GDP estimators we proceed to test for structural breaks in the series of potential GDP with a simple Chow test for a break in 2007, 2010 and 2011. Chow test results are robust to model choice including a break in the series for euro area, Japan and China. Break for the US is detected conditional on labor force participation ratio. Overall, this signifies that we can talk of «New Normal» period in the sense of structural slowdown in mean growth rates of all major economies.

Keywords: New Normal, Potential GDP, Output Gap, Kalman Filter
JEL Classification: C53, F01, O11

Trust and Delegation: Theory and Evidence**Nurullah Gur**

Istanbul Commerce University, Turkey

Christian Bjornskov

Aarhus University, Denmark

Abstract

Social trust is associated with good economic performance, but little is known about the transmission mechanisms connecting trust and performance. We explore the effect of trust on delegation decisions. In a theoretical framework, we note that delegation is a low-cost option when management decisions can be implemented without monitoring. This option is, however, risky and more likely to be profitable in higher-trust environments. In a set of cross-country regressions, we show a strong association between trust and delegation, which is increasing in economic sophistication.

Keywords: Social Trust, Economic Development, Delegation**JEL Classification:** L22, O40, Z13**Reindustrialization by Encouraging Start-ups****Nikolay Sterev**

University of National and World Economy, Bulgaria

Diana Kopeva

University of National and World Economy, Bulgaria

Dimitar Blagoev

University of National and World Economy, Bulgaria

Abstract

Reindustrialization is in the focus of the contemporary economic policy not just in Europe but in all developed economies worldwide. One policy cannot be effective if it sidestep start-ups. Contemporary economic studies give a slight answer what is the exact impact of the business entrants on the industrial dynamics and economic growth. The basic aim of the paper is to explore some interconnected industrial growth problems: first, industrial dynamics and industrial growth measured by entrants, surviving and exiting companies; second, the impact of start-ups and exits on industrial dynamics; third, the role of reindustrialization policy for encouraging industrial growth. Thus, the paper makes an attempt to explain the reindustrialization policy as a tool for industrial growth; to provide the methodological approach for measuring the industrial growth and factors having influence on it; to reveal the links between "start-ups - industrial growth - reindustrialization policy" on the basis of the Bulgarian case; to give a set of measures for improving the national industrial policy. According to the objectives the next methods will be used: first, literature review and construction of the production function, based on the Solow-Swan's one; second, statistical analysis of empirical data; third, correlation and regression analysis; forth, synthesis of empirical knowledge to effectively working policy recommendations. The data is derived from EUROSTAT for Bulgaria for the period 2003-2012. The basic results of the paper analysis are the following three: theoretical synthesis of production function with mathematical and economic expression of the start-ups impact on industrial dynamics and growth; analysis of the interconnection "start-ups - industrial growth - reindustrialization policy" for Bulgaria (2003-2012); policy recommendation for improvement of the methods and instruments of the Reindustrialization Policy. Finally, the structure of the paper is as follows: Introduction; State of art; Methodology; Data analysis; Conclusions.

Keywords: Industrial Dynamics, Industrial Growth, Reindustrialization, Start-Ups, Policy Impact**JEL Classification:** D90, L11, O14**The Benefits of Informality: Street Markets and Economic Mobility?****Dipinder Singh Randhawa**

SIM University, Singapore

Niti Pawakapan

Chulalongkorn University, Thailand

Abstract

Despite employing well over 50% of the working population in developing economies, the informal sector remains poorly understood. A number of factors account for this lack of understanding. Its heterogeneous nature; the blurred boundaries between legal, quasi-legal and illegal activities that preclude a uniform definition; the absence of reliable data – all of these factors rule out cogent analysis. This paper studies a visible, albeit, neglected segment of the informal economy - street markets in Bangkok, that over time have become inextricably tied to the formal sector, and possibly operated as an economic shock absorber. Our research poses two questions: 1) Despite lacking formal recognition and availing of its attendant benefits and security, how have these enterprises survived, and often thrived, in rapidly growing urban locations. 2) We seek to delineate the institutional constructs that help explain its links with the formal economy. Bangkok street markets are a distinct 'institutional innovation'. Lacking formal recognition, these markets constitute a visible and essential part of the urban landscape in Bangkok and other major urban areas in Thailand. Aside from providing opportunities for entrepreneurship to the poor and unskilled, street vendors complete markets by offering low cost supplies to those at the lower end of the economic ladder, thereby helping fill a gap in markets. Our research work is carried out at three levels. We conduct over 500 structured interviews spread across several

locations in Bangkok. The questionnaire seeks to understand how street vending impacts livelihoods of these micro-entrepreneurs. The questions attempt to glean economic prospects in this sector, the extent to which it helps to expand economic choices, the nature of engagement with civic officials, and the operational constraints faced. Next we identify a range of stakeholders including civic officials, advocacy groups, and officials from the Bangkok Metropolitan Authority - the agency that tasked with overseeing the functioning of these markets. We attempt to understand the policy regime or the absence of it that allows street markets to sustain themselves. In the third stage of the study we synthesize the structured interviews with insights provided by the unstructured interviews and case studies to bridge the gaps in our understanding of the operational issues faced by street vendors and the institutional constructs that enable vendors to survive and often prosper. We seek to delineate lessons that the Thai experience may offer to other developing economies.

Keywords: Street Markets, Public Policy, Property Rights

MARKETING V

Room: Mi

Chair: Doris Berger Grabner

A Study on Backward Business Partner Networking Advantage and Pareto Distribution Network Accessibility as a Bridging Process for Marketing Performance: Indonesian Evidence

Augusty Tae Ferdinand

Diponegoro University, Indonesia

Maklon Killa

Wira Wacana School of Economics, Indonesia

Abstract

This study was conducted to provide a theoretical bridge for the research gap of the inability of entrepreneurial orientation in enhancing company performance. In order to fulfill this gap we propose the strategic role of Backward Business Partner Networking Advantage and Pareto Distribution Network Accessibility to be the strong bridge for facilitating entrepreneurial orientation to enhance marketing performance and formed a model which then tested in Indonesian entrepreneurial small business. Data for the owner manager for 162 small entrepreneurial companies confirmed our model adequately. In order to indicate the importance of the bridge-concepts used in this study, our study demonstrated the two mediating role hold by Backward Business Partner Networking Advantage and Pareto Distribution Network Accessibility in mediating the relationship between Entrepreneurial Orientation and Marketing Performance

Keywords: Entrepreneurial Orientation, Backward Business Partner Networking Advantage, Pareto Distribution Network Accessibility, Marketing Performance, Indonesian Evidence

Marketing of Personal Transformation via Consumption, Materialism, and Sustainability

Ioannis Pantzalis

Saint Leo University, U.S.A.

Lorrie McGovern

Saint Leo University, U.S.A.

Abstract

Among Maslow's pyramid of needs, self-actualization occupies the top level. It is the kind of need that is more dominant in the affluent economies, but its roots are ancient. One of the fundamental questions in philosophy that has occupied just about all exceptional minds from Plato to Heraclitus, Lao Tzu, Confucius, St. Augustine, Spinoza, Kant, Nietzsche, all the way to contemporary philosophers is the question on how to live a good life. What constitutes a living a good life, and how should one practice it? This paper looks at how some key philosophers answered this question, and the emphasis that is placed on personal development. It is believed that improving oneself is a critical factor in living a worthwhile life. Although there are significant differences in the approaches, certain patterns are common. The process is supposed to be difficult, and in most cases long and even painful. It is also supposed to be "personal," in other words mostly driven by personal effort. What is observed in today's economy is a commercialization of the process. How to live life has become a commodity and there are two essential elements that define the quest in the 21st century. First, living the good life is marketed as having the most luxurious brands and lifestyle. The more materialist the life, the closest it is supposed to be to the ideal of being "good." Second, even the specific decisions on what to consume and how to do it have been outsourced to "life coaches" who have nothing to do with the classic mentoring of ancient Greece or Rome. This paper explores how this process not only undermines the whole concept of a good life, but also how it promotes excessive materialism and creates major sustainability problems both at the environmental as well as cultural environment.

Keywords: Self-Actualization, Commercialization, Materialism, Sustainability

Sentiment Classification in Multiple Languages - Fifty Shades of Customer Opinions

Tomas Kincl

University of Economics, Czech Republic

Michal Novak

University of Economics, Czech Republic

Jiri Pribil

University of Economics, Czech Republic

Abstract

The others' experience has always been very important when making an own decision or choosing among multiple options. The WWW made it further possible to find out what others are thinking or experiencing, however the online environment is much more fragmented than the traditional media. This also brings new challenges to media monitoring and marketing research and results in new emerging fields like opinion mining or sentiment analysis. Sentiment analysis is a natural language processing task where the goal is to classify the sentiment polarity of the expressed opinions. However the aim to reach the highest accuracy in sentiment classification for one particular language doesn't reflect the needs of business. The sentiment analysis is often used by multinational companies operating on multiple markets. Such companies are interested in consumer opinions about their products and services in different countries (thus in different languages). However most of the research in multi-language sentiment classification simply utilizes automated translation from minor languages to English (and then performing sentiment analysis for English). This paper aims to contribute to the multi-language sentiment classification problem. It proposes a language-independent approach which could provide a good level of classification accuracy in multiple languages without using automated translations or language-dependent components (i.e. lexicons). The results indicate that proposed approach could provide a good level of sentiment classification accuracy even for multiple languages and without the language-dependent components.

Keywords: Sentiment Analysis, Language-Independent, Customer Reviews, Opinion Mining, Marketing

Marketing Planning and Performance: The Case of Transitional Economy

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Riste Temjanovski

Goce Delcev University of Stip, Macedonia

Snezana Ristevska – Jovanovska

University "Ss. Cyril and Methodius", Macedonia

Abstract

This paper is inspired by the distorted marketing practices of companies that operate in a transitional economy, specifically Republic of Macedonia. This analysis has two main objectives: 1. identification of weaknesses in the marketing planning process, 2. providing an evidence of the connection of continuous formal marketing planning with business performance, i.e. profitability and market orientation. The data was obtained both from primary and secondary research. Secondary research was based on books, journals and web-cites, while primary research explored the food, i.e. confectionery industry, with the use of two techniques – survey and interview with the managers of 38% of the registered companies in the industry. The analysis was executed with IBM SPSS 19. Conclusions are given on the base of descriptive and deductive statistical analysis. The findings show that the analyzed companies have multiple weaknesses in the marketing planning process: continuous formal marketing planning happens rarely, there is evident lack of knowledge about the systematic planning process and a tendency of misuse of analytical tools. In addition, the research showed a direct connection and dependence of business performance (profitability and market orientation degree) on continuous formal marketing planning. Limitations arise mainly from the sample size and the (one) chosen industry sector. On the other hand, there are evident practical and social implications which can contribute to better competitiveness of companies in transitional economy: possibilities for correction of current practices and development of a systematic marketing planning process. This research is of a great value on a national level because it is one of few that analyzes this subject through primary data. Also, the results can be consulted by researchers and practitioners from other transitional economies.

Keywords: Marketing Planning, Business Performance, Transitional Economy, Food Industry

JEL Classification: M3, P21, L66

Explaining Consumer Acculturation among Immigrants through Homeownership: Evidence from Spain

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Carlos Iglesias-Fernandez

University of Alcalá, Spain

Abstract

The process through which immigrants establish in a new society is complex. It involves a wide array of different dimensions and layers. Within these dimensions, the acculturation of immigrants as consumers is of key importance for marketing scholars and practitioners. The extent to which an immigrant has acculturated as a consumer in the host society may define distinct

preferences and predispositions for certain products and services. In addition, it may also help explain different attitudes toward particular marketing practices across immigrant groups. However, assessing the degree of acculturation of immigrants in host countries is not an easy and straightforward task. The decision to own a home by an immigrant is a sign of commitment to the culture of the host society as well as a milestone in his or her pursuit of economic success and stability. We argue that the analysis of homeownership among immigrants represents a fruitful approach to expand our knowledge about their consumer acculturation processes. This research examines the degree of consumer acculturation of immigrants in the host country using their homeownership decisions as a sign of an advanced stage of this process. We use the case of Spain's immigrant population as an empirical approximation on the basis of this country's intense and accelerated growth in the flow of immigrants received during the last decade and its substantially higher homeownership rates than other developed countries -almost 86% of Spanish households own their homes, nearly 30 percentage points higher than the corresponding rate in USA or Germany-, defining a gap of more than 60 percentage points with respect to the homeownership rate displayed by Spain's immigrants. Using logistic regression and a simulation approach, our analyses reveals that the study of consumer acculturation through homeownership stands out as a richer analytical perspective. On the one hand, the simulation performed on our model shows that, on average, 70% of the homeownership gap between natives and immigrants is explained by citizenship status. We argue this result highlights the extent to which homeownership rates can be used as indicators of the degree of consumer acculturation of immigrants. On the other hand, a more in-depth exploration of this adaptation process sheds light in the complexity of acculturation processes, which should consider not only economic outcomes, such as employments and earnings, but also social and cultural ones.

Keywords: Acculturation, Immigration, Homeownership, Consumer Behavior, Cross-Cultural Marketing

JEL Classification: M39

Analysis of the Relationship between Emotions, Price and Expectations in the Valuation of Hotels by E-customers

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University of La Rioja, Spain

Mario Arias-Oliva

Rovira i Virgili University, Spain

Alicia Izquierdo-yusta

University of Burgos, Spain

Abstract

Objective: According to World Stats (2014) the figure of internet users around the world reached 2.405 million in 2012. It has been also estimated that the global online travel segment, valued at nearly \$256 billion, represents 30% of total travel market. Previous researches have pointed out important differences in the way of valuing the offer between the clients who buy by internet and those who do it by traditional channels. Previous research on how the consumer values the supply has highlighted the importance of price (objective and perceived), the expectations about the quality and the emotions. Now a day, there is not any previous research that analyzes jointly the relationships between these variables. The aim of this research is to analyze how these variables influence the value given by the tourist to the offer when they have bought through internet. Data and Methods: To reach this aim, we propose a model that brings together the relationships between these different variables. This model has been given to 254 tourists that have hired the hotel on-line. To estimate the perceived price logit binomial modified has been applied. Concerning the estimation of predictive expectations and the emotions produced by the hotel, the factorial confirmatory analysis has been used. The hypothesis of the proposed model has been contrasted by structural equations models. Results: Results show that the level of objective price (observed) affects positively on the predictive expectations. Emotions produced by the hotel influence positively on the predictive expectations. Conclusions: Our results contradict previous works in several ways: (i) Expectations are influenced by the level of objective price and not by the perceptions of cheap or expensive. (ii) Literature established that the higher is the objective (real) price the less the product is perceived as an expensive or cheap product. Our results show that the level of objective price doesn't affect to price perception, and we can't accept these hypotheses. (iii) Positive emotions affect to expectations, but we can't confirm that it would affect to the perception of the price.

Keywords: Price, Quality Expectations, Emotions, Consumer Behavior

JEL Classification: M31

SMEs II

Room: Fa

Chair: Dipinder Singh Randhawa

Growth Traps in Polish Micro and Small Businesses

Jaroslaw Ropega

University of Lodz, Poland

Abstract

Objectives: The paper attempts to identify types and characteristics of the traps encountered by small businesses in the development phase "Unstable management of the new growing company" identified in the trajectory of economic failures. Meeting this objective required: Identification of growth barriers, both the entrepreneur, organization and environment, Identification of business failure symptoms in small firms in this phase, Identification of business failure factors in small firms in this phase. The implementation of the presented objectives was based on the following assumptions: Small firms after start-up process require changes of management, Phase "Unstable management of the new growing company", identified in the trajectory of economic failure, is characterized by large demands on the entrepreneur and his company, Lack of identification of the risks

associated with failure to meet these requirements, and lack of knowledge in the field of overcoming barriers associated with the growth of small business, lead to its entry on the path towards business failure. Data and Methods: Qualitative research were conducted in 2012 - 2013 in the form of 32 case studies selected from 1,000 companies in Poland, which from 2006 to 2011 were deleted from the Polish system of identification of companies. To Phase "Unstable management of the new growing company" has been classified eight case studies. Results: As a results of research were identified specific barriers that limit the growth of small businesses. Lack of adaptation to the demands of the phase allowed identify specific symptoms and causes of business failures. Threats to the functioning of this group of companies are: no change in the management, lack of investment adjusted to changes in the company and its environment, the inability to obtain and use information from the environment, the lack of development of internal procedures within companies. As a result, occur: the lack of growth (in some cases decrease) in investment, the cost of execution of processes due to lack of innovative solutions and technologies, increasing conflicts in the organization (including family members - family businesses), legal problems, due to lack of knowledge. Conclusion: Early diagnosis of traps arising in a growing business should allow to choose effective corrective actions that will prevent economic failure of small businesses. The paper will present assumptions of the failure prevention model investigating cause-effect relationships, and possible proceedings in order to avoid failure.

Keywords: Small Firms, Firms Growth, Business Failure

JEL Classification: L26, L25, D21

E-business in Micro Enterprises - Lessons Learned

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University of Maribor, Slovenia

Simona Sternad

University of Maribor, Slovenia

Monika Mravljak

University of Maribor, Slovenia

Abstract

E-business is entering its mature stage. It is widely presented in companies despite there are differences between companies regarding different industries and regarding the size of companies. E-business in large companies has been researched in several surveys, SME have been researched more rarely and the smallest companies - often referred as micro companies have been researched very seldom. Micro companies are together with SMEs very important part of national economies world-wide and both are central to the development strategies of EU. It is well known that in information society business models are driven by e-business concepts and e-business models are emerging so in-depth understanding of e-business use in micro companies is crucial for success of such companies. In the paper findings from the survey carried on the sample of micro companies will be presented. Research model included i.e. where and how e-business is used in communication with business partners, how micro companies use e-business to communicate with governmental institutions, which benefits are they seeking through e-business, which problems are arising, what influence the e-business use in micro companies etc. Data have been collected on the basis of e-questionnaire.

Keywords: E-business, Micro Companies, E-business CSFs

JEL Classification: M10

Innovativeness SMSs of Polish Regions on the Example of the Lodz Region

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Abstract

Innovations and innovativeness are major factors determining social and economic development of regions. On a regional level innovation and innovation play a particularly important role. The Polish regional policy approach to innovativeness means primarily the creation of new resources in the regions and not as in the past, actions aiming at optimizing the allocation of resources that already exist. Innovativeness is closely linked with the development of the economy. In the literature it is often mentioned as one of the key drivers of economic growth, primarily in the sense of raising the level of education, infrastructure, health, the environment, etc. Innovation contributes to raising the level and quality of social life and thus to leveling social inequalities. A characteristic feature of modern economy is growing awareness of the role of knowledge and innovation in generating economic progress. The goal of this paper is to characterize the Lodz region in terms of its innovativeness and economic growth. The subject of analysis required that much attention was paid to the analysis of innovativeness as a key driver of regional development.

Keywords: Innovations, Regions, Lodz Region, SMSs

Open Innovation Practices by Turkish Small and Medium Sized Firms

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Muammer Zerenler
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Abstract

Open Innovation is the purposive use of inflows and outflows of knowledge to, respectively, accelerate internal innovation, and expand the markets for external use of innovation (Chesbrough, 2003). This exploratory paper investigates if open innovation practices are also applied by small and medium-sized enterprises (SMEs). Drawing on a database collected from 119 innovative SMEs in the Turkey, we explore the incidence of and apparent trend towards open innovation. The survey furthermore focuses on the motives and perceived challenges when SMEs adopt open innovation practices. Within the survey, open innovation is measured with eight innovation practices reflecting technology exploration and exploitation in SMEs. We find that the responding SMEs engage in many open innovation practices and have increasingly adopted such practices during the past 3 years. In addition, we find no major differences between manufacturing and services industries, but medium-sized firms are on average more heavily involved in open innovation than their smaller counterparts. We furthermore find that SMEs pursue open innovation primarily for market-related motives such as meeting customer demands, or keeping up with competitors. Their most important challenges relate to organizational and cultural issues as a consequence of dealing with increased external contacts.

Exporting and Profitability of Italian SMEs in a Downturn Period: The S-curve Hypothesis and Moderating Effects of Technology Investments

Silvia Cantele
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Abstract

This study explores the exporting-performance (EP) relationship by analysing a sample of 1,231 Italian manufacturing SMEs for the period 2009-2011. Following recent developments in internationalization-performance (IP) relationship, based on the three-stage theory (Contractor, Kundu & Hsu 2003; Lu & Beamish 2004), we hypothesized a S-curve EP relationship; the data support this hypothesis, verified by an OLS regression in which we control for past performance, size, age, leverage and industry, but also, in light of Resource Based View (RBV), for firm's specific tangible and intangible resources. The analysis shows that in the first stage of exporting, the costs of internationalization exceed the benefits, which generates a negative effect on profitability (measured by Return on Sales, ROS); in the second stage increased export engagement improves profitability because, in this intermediate stage, the initial disadvantages of entering new foreign markets are overcome by the firm's more established presence. This phase is characterized by economies of scale, but also on the exploitation of acquired knowledge, thus constituting the learning-by-exporting effect (Martins & Yang 2009). Finally, in the third stage, firms reach an excessive degree of internationalization: new costs arise (e.g. further investments to adapt the products, higher costs of transportation, information and coordination costs) exceeding benefits. Our verified second hypothesis concerns the negative moderating effect of capital intensity on the relationship between exporting and profitability: for firms with a low level of capital intensity increasing exporting intensity is beneficial, while firms with a greater stock of technical assets (measured by the incidence of machinery, plant and equipment on total assets) do not experience a positive marginal "learning-by-exporting" effect; our results also showed that the relationship between intangible assets intensity and profitability is not significant, neither intangible moderate the relationship found between exporting and performance. The study contributes to extant literature by testing the S-curve hypothesis on a large sample of SMEs consistently focusing on exporting strategies and by studying a moderating effect not explored so far. As our managerial implication, we note that exporting strategies may be beneficial only after some delay, during the time the firm engages in establishing relationships in the foreign markets, gaining credibility for its products and itself; data also show that the learning effect of exporting depends on the level of technology intensity; a high level of technology intensity implies that the firm has not the possibility to further increase its learning by increasing exporting intensity.

Keywords: Three-stage Theory, Internationalization, Profitability, SMEs, Exporting, Capital Intensity

Savings of Households Run by Self-Employed Persons in Rural Areas in Poland

Dorota Krupa
Nicolaus Copernicus University, Poland

Damian Walczak
Nicolaus Copernicus University, Poland

Abstract

Objectives: The research objective of the article is to characterize the level, form and structure of savings of households of self-employed persons (private entrepreneurs) from rural areas in Poland, including the determinants of maintaining different types of savings. Also, other characteristics of this group compared with households of private entrepreneurs from non-agricultural areas will be presented. According to the definition ("Social Diagnosis 2013") of a household of the self-employed this is such a household whose primary source of income is self-employment outside agriculture or performance of professional services. For the purposes of the work, a group of households of private entrepreneurs who are residing in rural areas, regardless of the place where the business activity is run, was distinguished. It will also allow more attention to be paid to the often overlooked investment needs of rural residents who are not farmers, but for whom special investment offers can and should be developed.

Preferences in the scope of the forms of savings allocation of entrepreneurs representing the SME sector may give rise to the creation and separation of investment products that meet the needs of this group. Data and Methods: The work was based on statistical data and a representative and nationwide study - 'Social Diagnosis' (the number of respondents in 2013 amounted to 12.3 thousand). In the article the dependence of characteristics was determined with the use of the chi-square independence (test). Each of such tests compared economic activities conducted by the respondents in rural areas with the motives of saving, saving size and forms of savings. Comparisons were made for the time period covering the years 2005-2013. Results and Conclusions: The studies conducted indicated that there are significant differences between the place of residence of entrepreneurs and possessing savings, their size, or the determinants of maintaining different types of savings. More entrepreneurs' households in rural areas possess savings than other rural households, however, if compared with households of entrepreneurs in the city, they save less. Similarly, in terms of their size, entrepreneurs residing in rural areas more frequently have savings exceeding their semi-annual income than other rural residents, but less than entrepreneurs living in non-rural areas. The conclusions presented as well as the characteristics of households in rural areas of self-employed persons (excluding farmers) compared with entrepreneurs from other areas can become an inspiration for financial institutions to create special investment offers for the researched group.

Keywords: Savings, Rural Area, Entrepreneur, SME

JEL Classification: D14, G21, P42

INVESTMENT III

Room: Sol

Chair: Jonathan Batten

Pricing Anomalies and Costs of Arbitrage: A Possible Explanation of Persistence on the Cross-section of Shares Listed on the JSE

Daniel Page

University of the Witwatersrand, South Africa

James Britten

University of the Witwatersrand, South Africa

Abstract

A major question relating to persistence in stylistic investment anomalies is why "smart money" or arbitrageurs, who are assumed to have a better understanding of fundamental value, do not trade away inefficiencies. This study investigates two central components to arbitrage costs; transaction costs and holding costs. Transaction costs are described as the indirect and direct costs of engaging in arbitrage where 'indirect' implies price impact, transaction speed and liquidity while 'direct' relates to fees and costs involved in trading. Holding costs are defined broadly as the level of idiosyncratic risk that arbitrageurs expose themselves to in pursuit of a factor strategy. By deconstructing arbitrage costs into transaction and holding costs, a testable hypothesis emerges between costs of arbitrage and stylistic anomalies. If the costs of arbitrage are high, such costs may explain why arbitrageurs have not traded away anomalies and therefore why mispricing persists through time. This study considers the costs of arbitrage and analyses the returns generated from portfolios sorted on the log of market capitalization (size), the book to market ratio (value) and the historical cumulative excess return over the previous year (momentum) on the Johannesburg Stock Exchange (JSE) over the period 1 January 1992 to 30 April 2014. To determine the effects of arbitrage holding costs on the stylistic anomalies considered, both Asymmetric and GARCH-in-the-mean models are estimated using the hypothetical zero cost portfolio return series. Furthermore, to test for the effects of direct and indirect transaction costs, both price and zero daily trade liquidity filters are applied at each portfolio formation date. The portfolio simulations reveal both a significant and persistent value and momentum effect. However, the size premium has largely dissipated on the cross-section of shares listed on the JSE. The value premium is highly sensitive and negatively related to direct transaction costs. Conversely, momentum has greater sensitivity to indirect transaction costs and displays a negative relationship. Importantly, the results show that an increase in idiosyncratic risk results in an increase in the value premium. However, the momentum premium does not react positively to an increase in idiosyncratic risk. The findings therefore imply that the costs of arbitrage seem to play a major role in the persistence and existence of the value premium on the JSE, yet the same cannot be said for medium term momentum in share prices.

Keywords: Investment, Asset Pricing, Idiosyncratic Risk, Value, Momentum

Are Discounted Incomes Modal and Capitalization Method Reliable in Real Estate Appraisal?

Nurgun Komsuoglu Yilmaz

Istanbul Aydin University, Turkey

Dilara Dincyurek

Yildiz Technical University, Turkey

Abstract

Real estate appraisal has gained importance because of the use of mortgage credit in Turkey especially in recent years and it increase in importance day by day. By reason of the fact that one of the leading actors of economic crisis in America not long ago had mortgage credits, Turkey shows a tendency to be cautious on this matter as do all the world. Real Estate Appraisal sector and its activities are one of the sectors in Turkey that are open for development and have high potential. It is known that appraisal sectors around the world which perform well make remarkable contributions to banking and capital market activities as well as real estate. In "Real Estate Appraisal" in our country, International Financial Reporting Standards (IFRS) method is followed as

many countries in the world. These employed methods can be split into three main topics as method of comparison of equals, cost method and method of discount of incomes. In this study, discounted incomes as well as other methods are discussed and later it is focused on results of applying this methods. It analyses market value of income-generating real estates for investors by utilizing direct capitalization in appraisal. Throughout the study, it is important in terms of evaluating the relation between current values of real estates in determined areas of Istanbul and their real returns.

JEL Classification: L85, E43, G28, G21, G2, G01

Diversification Benefits on Eastern European Equity Markets

Cristiana Doina Tudor

Bucharest Academy of Economic Studies, Romania

Andrei Anghel

Bucharest Academy of Economic Studies, Romania

Maria Tudor

Bucharest Academy of Economic Studies, Romania

Abstract

This paper investigates portfolio diversification benefits on Eastern European equity markets (EE) by studying the co-movements and the lead/lag linkages between stock markets from Romania, Hungary, Czech Republic and Russia. The study employs daily observations for a ten years period (2004-2014) and uses both the principal components analysis (PCA) and Granger-causality tests in order to identify the channels of news transmission (if any) from one market to another. A priori, we expect the principal components analysis (PCA) results to indicate that the co-movements among Eastern European stock markets have become closer and that portfolio diversification benefits have decreased during the considered time interval.

Keywords: Portfolio Diversification, Principal Component, Granger

The Value Relevance of the Operational Leases

Claudio Antonio Figueiredo Pais

ISCTE-IUL, Portugal

Abstract

Until so far, the leases are accounted for separating the operational leases from the finance leases and the former is accounted as an expense usually when the lease payments are made. This is about to change and the proposal of the joint project of the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) is to accounting the operational lease in the same way that a finance lease is accounted, namely recognizing at the beginning of the contract an asset and a liability, instead recognizing an expense for the use of the asset. Knowing this I test whether the accounting of an operational lease as a finance lease is more value relevant for the investors, due to the IASB says that improves the quality and comparability of financial reporting. The sample consists of the largest firms of the Stoxx Europe 600 at the end of the eight years from 2005 to 2012 excluding financial firms. Using a regression on price, my results suggest that the investor incorporates that information in the price of the stocks. These results confirm the assumption of the IASB that the accounting of the operational leases as a finance lease provides information which is much more useful. This is a very important topic since the leasing is a major industry and a very important source of finance for a wide range of entities.

Keywords: Lease, Operational Lease, Value Relevance, IASB

JEL Classification: G10, M41

Measuring Performance in Risk Premium Generation: Notional Returns and Qualitative Asset Classification

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Joan Montllor Serrats

Universitat Autònoma de Barcelona, Spain

Maria-Antonia Tarrazon-Rodon

Universitat Autònoma de Barcelona, Spain

Abstract

The aim of this paper is to examine which new insights into performance measurement we may obtain by isolating the risk of the assets under analysis and their premia by means of zero investment strategies (ZIS) built up through options. Any ZIS consists of combining long and short positions that capture a risk premium by assuming a risk position while making nil the net investment position. William Sharpe underlined the importance of ZIS when defining his 1994 performance ratio. There, he combines a long position in the asset under analysis with a short position of the same initial amount in the benchmark. We develop two ZIS. First, a long call plus a short put both with a strike price equal to the initial price of the underlying asset capitalized at the risk free interest rate. Second, a combination of long and short position in the exchange option between an asset and its benchmark that, at its maturity, delivers the differential risk premium between them. The latter enables us to examine Jensen's alpha and Graham-Harvey¹ in the framework of this methodology. The main results of this paper are: 1) We obtain a risk level for any asset, which consists of the quotient between the notional value of the ZIS and the asset initial value; 2) A qualitative performance

classification based on the notional return of the strategy that classifies the performances of any set of assets in four categories (long hedging, long, short and short hedging) according to their capacity of overcoming or not the cost of protecting a long position with a put or a short position with a call; 3) The composition ratio shows into how many points of the notional return has been turned each point of the risk level, which can be regarded as an indicator of the asset efficiency; 4) The Sharpe ratio and the risk level are quasi proportional for a range of volatilities between 5% and 50% (quasi-proportionality factor 2.5). We present two empirical illustrations for a temporal series of the S&P 500 and the stocks in the DJIA.

Keywords: Performance Measures, Zero Investment Strategies, Notional Return, Sharpe Ratio, Alpha, Asset Classification
JEL Classification: G11, G12, G23

The Cross-Section of Expected Stock Returns in Brazil

Gyorgy Varga
 FCE Consulting, Brazil

Ricardo Brito
 Insper, Brazil

Abstract

In this article, we have shown that the size characteristic of individual stocks is the most powerful variable for explaining average returns in Brazil. Different from the US, the book-to-market characteristic does not seem to matter much in Brazil, once size is included. The market β s do not play a convincing role in explaining the cross section of expected returns either.

Keywords: Size and Book-To-Market Characteristics, Emerging Markets
JEL Classification: G11, G12, G14, N26

COFFEE BREAK: 16:40-17:10

SESSION V: 16:50-18:45

FINANCE IV

Room: Do
Chair: Vedat Akgiray

Corporate Cash Holdings and Financial Crisis: Evidence from Jordan

Asmaa Al-Amarneh
 Applied Science Private University, Jordan

Abstract

The focal point of this study is to investigate whether the Jordanian companies hold more cash after the financial crisis compared to before and which theories can explain these cash holdings. This work addresses the following questions: 1) what determine the corporate cash holdings in Jordan in normal time and during crisis. 2) What is the effect of financial crisis on the cash holdings policy of the Jordanian firms? The study investigates the effect of capital expenditure, profitability, cash flows, liquid assets substitutes, leverage, and ability to access capital markets, dividend's payment policy, and investment (growth) opportunities. A sample of 47 publicly traded industrial companies was used during the period 2001- 2011, with total 517 firm-year observations. The study time period was distributed into four sub periods to assess the changes in cash holdings during each period. Panel regression was applied to examine the study model, also Anova test was used to test the differences in means for each sub period. The results show that Jordanian firms tend to increase their cash holdings during the financial crisis compared with pre crisis period. The increase in cash holdings was driven by increasing debt, decreasing investment activity and reducing payouts to shareholders. Moreover, change in cash holdings from the pre-crisis period to the post-crisis period has different patterns to the change in cash holdings from the base period to the pre-crisis period. In addition both trade-off and pecking order theories explain the determinants of cash holdings of Jordanian firms. Our results support the trade-off theory of cash holdings. Precautionary motive was the most important motives for the Jordanian firms to hold cash. Generally, Cash flow, liquid assets substitutes, dividend payment policy, and leverage are the important determinants of corporate cash holdings in Jordan.

Keywords: Corporate Cash Holdings, Trade-Off Theory, Pecking Order Theory, Free Cash Flow Theory, Financial Crisis
JEL Classification: G30, G32, G010

The Responsiveness of Corporate Investments to Changes in Corporate Income Taxation during the Current Financial Crisis: Empirical Evidence from Slovenian Firms

Matjaz Crnigoj
 Institute for Economic Research, Slovenia

Abstract

I investigate the effect of corporate income taxation on the investments in Slovenian firms during the current financial crisis. Since Slovenian firms tend to be to a large extent financially constraint, I modeled the tax effects in the investment equation via two different channels; one being crucial for financial unconstrained firms and the other for financially constrained firms. I hypothesized that in financially unconstrained firms, corporate investments are affected by taxes through the user cost of capital, while for financially unconstrained firms I expect the effect that materializes through the cash flow channel to prevail. The

empirical model is based on the neoclassical (accelerator) model of investment demand. The model is tested applying an endogenous switching regression approach using two different splitting criteria, i.e. dividend payout behavior and the leverage of the firm, to separate financially unconstrained in financially constrained firms. The results show that investments in Slovenian firms during the crisis were not affected by the changes in corporate income taxation through the changes of the user cost of capital, however I found a strong evidence of the effect that materialize through the cash flow channel. More favorable corporate income taxation that was introduced during the crisis increased the availability of internal finance and thus the investments. The effect that materializes through the cash flow channel proved significant for all firms, however being more important for financially constrained firms.

Keywords: Corporate Investments, Corporate Income Taxation, Financial Constraints, Endogenous Switching Regression

Firm's Optimal Decisions of Downsizing, Debt Restructuring, and Default

Michi Nishihara
Osaka University, Japan

Takashi Shibata
Tokyo Metropolitan University, Japan

Abstract

This paper considers a situation in which a firm in distress has a choice of whether to default or downsize and repay debt. We consider cases with debt repayment and with debt restructuring on the downsizing timing. In the former the firm is all-equity after debt repayment, while in the latter the firm takes the optimal capital structure after debt repayment. The former corresponds to a case with an external financing constraint. In addition, we consider an internal financing constraint under which the amount of debt repayment is less than the sale price of assets. In the presence of internal and/or external financing constraints, the firm is more likely to choose default rather than downsizing. In particular, in combined with the debt financing constraint, the internal financing constraint inefficiently delays the downsizing timing and increases the default probability. The results entail several empirical implications.

Keywords: Real Options, Downsizing, Capital Structure, Default

The Correlation between Economic added Value and Profitability Indicators: Case Study on the Romanian Companies Listed at BSE10

Ganea Mirela
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Abstract

Economic value added (EVA) is a performance indicator strongly correlated with the firm's ability to create value for its shareholders. In the international literature, this indicator has been the subject of many studies designed to demonstrate both the superiority of economic value added in front of the traditional financial indicators as well as interdependencies between EVA and other performance indicators. This paper analyzes the nature, meaning and intensity of the relationship that exists between economic added value and profitability indicators in the companies listed on the BSE in Romania. The study was done at the level of the 10 Romanian companies with various fields of activity, for the year 2013. The analysis was conducted using the statistical method of correlation by calculating the Pearson index. The paper ends with some conclusions drawn from the results obtained from the research undertaken.

Keywords: Economic Value Added, Pearson Correlation Coefficient, Profitability Indicators

The Adaptive Market Hypothesis: Beyond a Static view of Market Efficiency

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Christo J. Auret
University of the Witwatersrand, South Africa

Turgay Celik
University of the Witwatersrand, South Africa

Abstract

In recent years, the debate on market efficiency has shifted towards providing alternate forms of the hypothesis, some of which are testable and can be proven false. This thesis examines one such alternative, the Adaptive Market Hypothesis (AMH), with a focus on providing a framework for testing the dynamic (cyclical) notion of market efficiency. One first examines the returns generating process and if found to not be random, attempts to model the said process is made. If the accuracy of this modeling procedure changes over time, it can be inferred that the efficiency of the market changes over time. By the use of different

¹⁰ This work was cofinanced from the European Social Fund through Sectoral Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/140863, Competitive Researchers in Europe in the Field of Humanities and Socio-Economic Sciences. A Multi-regional Research Network

frequency data, it was found that both the weekly and monthly market index returns series follow a random walk, indicative of market efficiency; whereas the daily market index return series did not follow a random walk. In an attempt to model the returns process, a Smooth Transition AutoRegressive model was utilized. The results indicated that while a regime switching model is appropriate, there did exist additional factors (perhaps exogenous) that influence the current daily index return. By the use of modeling techniques from the field of artificial intelligence, it was found that a Nonlinear AutoRegressive with Exogenous (NARX) neural network was quite accurate in modeling the index returns, with a number of exogenous factors being included in addition to lagged values of the index itself. The results over the entire sample period and non-overlapping sub-samples showed that this model's accuracy varied over time, providing evidence in favor of cyclical efficiency.

Keywords: Market Efficiency, Neural Networks, STAR Models, Emerging Markets

JEL Classification: C45, C58, G02, G14

Ramadan Effect: Evidence from Turkey

Ender Demir

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Deniz Yalcin

Istanbul Bilgi University, Turkey

Abstract

The holy month of Ramadan is widely celebrated in Muslim countries in all over the world. A number of recent studies reported significant positive effect on stock market returns during the Ramadan holy month arising from investor sentiment. In this paper, we examine whether Ramadan Holy Days has effect on Borsa Istanbul (BIST) during the period 1997-2013. We find that the stock returns during Ramadan are significantly higher compared to rest of the year due to change in investor psychology. Ramadan promotes feelings of solidarity and social identity which then lead to optimistic beliefs. However, this effect disappears in the last years.

Keywords: Mood, Ramadan, Return, Turkey

ENTREPRENEURSHIP

Room: Re

Chair: Iiris Aaltio

Culture and Other Determinants of Venture Capital Investments

Pascal Gantenbein

University of Basel, Switzerland

Christophe Volonte

University of Basel, Switzerland

Abstract

The growth and prosperity of countries are dependent on the productivity of their economies. Innovation is a driving factor behind productivity and innovation is often generated by start-ups which typically require some sort of venture capital finance. However, early stage investments involve substantial uncertainty because of risky projects and an asymmetric distribution of information. As a result, trust which is affected by a society's culture is likely to play a substantial role in connection with venture capital. Culture and the associated norms and values may influence the way how such uncertainties are perceived. In this study, therefore, we investigate whether culture proxied by language and religion can explain venture capital investments across 148 countries from 1999 to 2011. Controlling for economic and institutional factors, we find that countries where Protestantism is the predominant religion depict a higher level of venture capital investments relative to other cultures. In contrast, the German and Spanish languages are negatively related to venture capital investments. Overall, our results suggest that culture may play an important role in venture capital.

Keywords: Venture Capital, Institutions, Culture

How does Social Entrepreneurship Differ from Commercial Entrepreneurship?: A Process Perspective

Chul Woo Moon

Sungkyunkwan University, South Korea

You Sang Koh

Sungkyunkwan University, South Korea

Sang Kyun Kim

Sungkyunkwan University, South Korea

Abstract

We review the literature on social entrepreneurship and propose a conceptual framework to explain how social entrepreneurship works. We argue that social entrepreneurship is undertaken by a breed of firms that are different from those that undertake

commercial entrepreneurship in that they pursue social impact, sustainability, and scalability rather than profits, growth, and isolation. Such theoretical divergences from the existing literature on entrepreneurship suggest that a process perspective may be useful to understand social entrepreneurship phenomena in totality. Building on the process model around opportunities, we argue that the social entrepreneurship process is cyclical in that the successful exploitation of opportunity creates similar opportunities in different locations, whereas the commercial entrepreneurship process is linear in that opportunity is born and deteriorates as a result of successful exploitation. A review of the social entrepreneurship process reveals several distinctive characteristics and future research propositions. Our process model offers both theoretical implications for future research on social entrepreneurship as well as a revised perspective on traditional entrepreneurship theories. It also draws some practical implications that can be used as tools for the discovery, evaluation, and exploitation of social opportunities.

Keywords: Social Enterprise, Social Entrepreneurship Process, Entrepreneurship

Heterogeneous Self-Employment and Work Values: The Case of Russian-Language Internet Freelancers

Andrey Shevchuk

Higher School of Economics, Russia

Denis Strebkov

NRU Higher School of Economics, Russia

Abstract

This study contributes to the literature on heterogeneous self-employment by investigating the varieties of work motivation. Using the large sample of Russian-language freelancers working via the Internet, we analyze the relationship between employment status and individual work values. We found that people who work exclusively as freelancers, moonlighters who also hold regular jobs, and entrepreneurs who also run small businesses have distinct sets of work values. Freelancers are indeed independent professionals seeking meaningful job that meets their abilities and preferring moderate work pace. Entrepreneurs tolerate risks, but challenging job for them should be accompanied by social recognition. Moonlighters appreciate job security and good pay most of all and ready for hard work. Although dealing mainly with self-employment, the study also shed light on the general association between employment status and work values.

Keywords: Self-Employment, Work Values, Freelancers, Entrepreneurs, Moonlighters

Empowering Female-owned SMEs with ICT in Selected Arab Countries and Brazil

Mona Farid Badran

Cairo University, Egypt

Abstract

This research paper embarks on a comparative empirical study to investigate the impact that ICT plays on empowering women entrepreneurs in 5 developing/ emerging countries, namely Egypt, Jordan, Morocco, Algeria, and Brazil. The World Bank's Investment Climate Assessment Surveys (ICA), are the primary source for data, for the four Arab countries, and Brazil. The ICA database provides comparable enterprise level data based on similar sampling techniques. The results obtained from the empirical study reveal that in the selected Arab countries, the increase in female owned SMEs is associated with a decrease in the Internal Rate of Return. However, when we control for ICT in terms of ICT index constructed using the Principal component analysis technique (PCA), the female owned SMEs becomes statistically insignificant, as well as the ICT index. This implies that IRR is negatively associated with the female owners of the SME, and there is a no association between IRR and the access and use of ICT. In Brazil, however, neither gender nor ICT played any role in the profitability of SMEs. However, as for the other measure for economic performance, namely the labor intensity, the findings reveal that in the selected Arab countries, the ICT index has a positive, statically significant, association with labor-intensity, while in Brazil the usage of a Website has a negative, statistically significant, association with the labor-intensity.

Keywords: SMEs, Females, Arab Countries, Brazil, ICT, ICA Survey

JEL Classification: J16, M13

On the 'Optimal' Corruption: An Analysis of Societal and Business Ethics in Greece

Irene Daskalopoulou

University of Peloponnese, Greece

Abstract

The paper analyses corruption as a distinct behavior of individuals embedded between the opposite poles of 'optimal' and 'destructive' rent-seeking. The first pole relates to the case where corruption is analyzed as an almost 'desirable' mechanism that can help the economy, and entrepreneurs in particular, to overcome bureaucratic and inefficient regulations. In this case, the optimal allocation of resources via the market mechanism depends upon the existence of an 'optimal level' of corruption. The second pole relates to the opposite case where corruption is used by both the public and the private spheres of the economy in order to change the allocation of resources and incomes to the benefit of certain groups. In this case corruption aims at continuously re-generating itself through self-enhancing institutional mechanisms that serve the 'rent-seeking facet' of corruption. Available knowledge agrees only upon the multiple facets of the phenomenon. Thus, corruption is acknowledged as a complex phenomenon whilst many of the existing conceptions about it might be misleading. First, it is an open debate whether entrepreneurial efforts using corruption as a means to change the institutional context may be equilibrium disturbing towards

enhancing or reducing welfare. In addition, corruption as a form of public office misuse is harmful not only because it changes the allocation of income and alters the motives of agents involved in the market but also because it privatizes valuable aspects of the public life and disturbs the institutional basis of public representation, debate and choice. Taken together these two areas of destruction effects create an institutional context that might be described by high levels of tolerance towards corruption or else a social consensus towards corruption. Here it is argued that the effects of corruption might be detrimental by means of destructing both the public and the private sphere of the economy. To that extent we analyze the society's and the entrepreneurs' views in order to provide evidence on whether certain important instructional characteristics and values aspired by individuals in Greece are understood as rent-seeking or corruption practices. In other words, the study attempts to identify whether there is a widespread social consensus towards the one or the other behavioral context. We construct five indices to approximate views, attitudes and practices towards corruption and build a set of interrelated hypotheses that can give us an empirical approximation of the potential existence of societal and business consensus towards corruption.

Keywords: Corruption, Rent-Seeking, Ethics, Entrepreneurship, Greece

Sustainable Reporting - Evidence from Croatia

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University of Zagreb, Croatia

Ivan Strugar
University of Zagreb, Croatia

Abstract

Globalization, political, social and climate changes focus even in business: required are the balance between economic, social and ecological business aspects, the balance between short term financial interest and its long term social and ecological consequences, the balance between the profit and sustainability. Sustainable reporting present economic, social and ecological dimensions of business activities and enables dialogue between company and its stakeholders. The principles and targets of sustainable (integrative) reporting, communication and reporting channels in Croatian companies are the subject of our paper. In empirical part of our paper we present results about level of implementation of integrative reporting in Croatian companies: report categories, standards and availability, quantitative characteristics and additional report information. Data for the empirical study are acquired from Web company pages, annual reports and sustainable (integrative) reports. The basic research sample consists of 50 Croatian largest companies according to revenue in 2012 since we consider that social responsibility correlate and increase with revenue level. In the sample dominate the companies in domestic ownership (74%), mainly successful (68% reports profit), mainly export oriented (78%) and large companies (74% with 500 or more employers). Global Reporting Initiative (GRI) principles are used as the quality criteria for evaluation of sustainable reports in Croatian companies. According to survey only 24% of companies present sustainable reports (economic, social and ecological aspect) relate to their business; the rest of companies reports only economic aspects. Separate sustainable reports are present in 75% of companies, and for the rest of the companies sustainable reports are part of their annual report. GRI principles are dominantly used (42%), while the rest of the companies used their own standards, with undependable evaluation of the third part (in two cases). From the qualitative characteristic, sustainable reports integrate information about economic, social, ecological aspect, employee, product and service responsibility, human rights and anticorruption as well. Sustainable reports had 41 pages in average, varying from 5 to 110 pages. The majority of Croatian companies are aware of CSR and sustainable report importance and consequently we could expect growing trend of sustainable reporting.

Keywords: Sustainable Reporting, Sustainability, Communication Channels, GRI

MARKETING VI

Room: Mi

Chair: Tomas Kincl

Does One Year Difference in Education Lead to Different Web Credibility Assessment?

Oana Carmen Tugulea
Alexandru Ioan Cuza University of Iasi, Romania

Abstract

The purpose of this research is to investigate the perception of two types of samples on credibility's dimensions of a certain commercial presentation Website. The samples are: students in second year of study and students in third year of study from a faculty of economics and business administration. The hypothesis of this study states that one year difference in the education level leads to different assessment of online credibility dimensions. The objectives are: (1) to identify significant differences in assessment of credibility dimensions between the two categories of students; (2) to identify the important credibility dimensions from students' perception in the second year of study; (3) to identify the important credibility dimensions from students' perception in the third year of study. The method is a quantitative survey. Results reveal that in most cases, there are significant differences in credibility assessment between the two groups and for the two groups the important dimensions are different. For "younger" students, the important dimensions of the credibility of clothes presentation Websites are site-user connection and information support. "More experienced" students seem to focus on other dimensions: ease of use, real world feel and site-etiquette. "More experienced" students are more exigent in ranking credibility dimensions due to their extra online experience.

Keywords: Credibility, Website, Regression Analysis, Dimension, Construct
JEL Classification: M31, M39

Cross-Cultural Issues in Social Networking Sites: Review of Research

Elena Vitkauskaitė

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Abstract

People worldwide increasingly use social networking sites such as Facebook, Twitter, Google+ and other. eMarketer (2013) estimated that the number of users of these sites will rise to 2,55 billion in 2017 from current number of 1,73 billion. Largest and fastest growing regions in terms of numbers of social networking sites users are Middle East and Africa, Asia and Latin America. There are vast cultural differences between users from different countries not to speak about different regions. These differences affect the way people use social networking sites and purposes they use it for in different countries. The body of research addressing cross-cultural issues in social networking sites is growing, though they are researched for less than a decade. The research question addressed in this paper is: what are trends of research performed to date regarding cross-cultural issues in social networking sites? The paper also aims to identify gaps of the said research and to define areas and directions for future research in this area. Methods used: A systematic and critical literature review is undertaken into research carried out in the area of cross-cultural issues in social networking sites. Articles available in various online databases are selected according to pre-set criteria and compared in regards to a number of indicators, such as number of countries and websites analyzed, and other. Main results. Majority of research related to cross-cultural issues in social networking sites is based on G. Hofstede's (2001) culture dimensions, as well as E. T. Hall's (1989) dimension of high / low context. Most of the studies analyze only few social networking sites and/ or in respect of few countries. Majority of research is comparing cultures of USA and one or few chosen Asian countries. If specific social networking sites are chosen it is usually Facebook and a local website in an Asian country. Cultural differences in motivation to use social networking sites, issues of privacy and security, social capital and self-expression of users are the most widely researched aspects. In conclusion it could be suggested that larger scale research is needed to reach significant results in area of evaluating cross-cultural issues in social networking sites across the world: there should be more countries involved and more social networking sites taken into consideration, their list should not be limited to only the most popular ones, but could also include a few more of the less popular per country.

Keywords: Cultural Differences, Social Media, Social Networking Sites

Does a Global Young Consumer Exist? A Comparative Study of South Korea and Poland

Katarzyna Dziewanowska

University of Warsaw, Poland

Agnieszka Kacprzak

University of Warsaw, Poland

Abstract

In this paper we analyze the phenomenon of the global young consumer. Taking the example of young people from South Korea and Poland we show similarities and differences in their reaction to modern socio-cultural trends influencing consumption patterns. The globalization process is believed to affect most young people designated Generation Y. They are considered to be one of the most uniform market segments in the world. They were brought up in the Internet age, which ease communication and homogenization of cultural values, attitudes and consumer behavior. On the other hand, the impact of local culture on their behavior as consumers must still be considered. The results of quantitative studies conducted among 200 young Korean and Polish consumers were investigated. A research tool, in the form of six indices measuring the attitudes towards modern socio-cultural trends influencing consumer behavior, was used (materialism, impulsive consumption, greening, virtualization, virtual tribalism, tribalism in real space). The findings suggest that there are significant differences in the level of materialism, greening and tribalism in real space between young Poles and Koreans while their attitudes to behavior connected to Internet usage are similar. Therefore, the assumption can be made that the widespread use of new technologies is a characteristic feature that bonds Generation Y on a global scale while other aspects of consumer behavior remain strongly influenced by local cultures. This makes a significant contribution to knowledge of marketing strategy planning in global companies targeting young consumers. It seems that ethnocentric approach can be implemented only in the new technologies sector while for other products and services the polycentric strategy is more appropriate.

Keywords: Globalization, Young Consumers, Generation Y, Korea, Poland, Segmentation

A Study on the Socio-Psychological Factors influencing the Brand Addiction of Consumers

Jieun Lee

Kyungpook National University, South Korea

Soram Heo

Pusan National University, South Korea

Abstract

As importance of relation construction of consumer-brand has increased, marketing communications strategies for many companies have begun to be established. However, academics and business circle were unaware of the problem for the negative relationship types, such as addictive relations, only focusing on the positive relationship types out of various brand-consumer

relationships types. This study researches consumer's socio-psychological factors influencing the Brand Addiction based on the Addiction Theory and the Attachment Theory. Also we suggest that not only the components of Brand Addiction are Dependency and Compulsiveness but also, Brand Addiction is different from Buying Addiction and Brand Attachment. In addition, this study empirically verifies the consumer's socio-psychological factors influencing the Brand Addiction, in particular, in the field of fashion beauty.

Keywords: Brand Addiction, subordinate relations of consumer-brand, Dependency, Compulsiveness

The Influence of Product Presentation on Product Sales: An Eye-tracking Study in the Wholefood Sector

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Abstract

The main objective of this study was to observe the unconscious in-store purchase decisions of consumers in order to make product presentations more effective and to increase product sales. It is obvious that visual impact is an essential factor whether a product is bought or not. Therefore marketers have to know which in-store factors attract most of the consumers' visual attention. Hence, a mixed methods approach was used, combining an eye-tracking study with a hidden observation and a post-purchase survey. The study was conducted under real conditions in an innovative wholefood store in Austria. The eye movements of the randomly recruited participants (n= 21) were recorded with mobile SMI eye-tracking glasses during their entire stay within the store. The results clearly show that eye-catching and prominent positioned product presentations lead to the fact that dwell time of fixations are much longer and fixation counts are higher. Apparently, there was no correlation between duration of visual attention and purchase decision. Furthermore it has to be mentioned that the average length of a fixation was longer if it was an inexperienced shopper or if newly launched products were displayed. Eye-level on the shelves and theme-oriented product presentation was most effective when it comes to fixation count and dwell time of a fixation. From a marketing perspective the most interesting finding was that there was a correlation between the length of stay in a store and number of products purchased. Therefore it is essential to make the stay in a store as pleasant and welcoming as possible.

Keywords: In-Store Purchase Behavior, POS, Eye Tracking Study, Product Presentations, Product Sales

Moderating Effects of the Consumer Experience on the Precedents of the Behavioral Intention to Purchase in the Searching Process

Ana-Maria Argila-Irurita
University of Barcelona, Spain

Francisco-Javier Arroyo-Canada
University of Barcelona, Spain

Abstract

The aim of this study is to explore the moderating effects of the consumer's experience on the precedents of the behavioral intention to purchase a searched product in presence of a website recommendation system (WS-RS). Recommendation systems are web technologies that proactively make suggestions of products and contents to each consumer according to their preferences, from the information provided by him and similar consumers. This research uses a questionnaire to collect empirical data of the attitude towards a website recommendation system, the response to recommendations, the flow state, the perceived usefulness of the WS-RS, the satisfaction with the WS-RS and the behavioral intention to purchase a searched product. We use a structural equation modeling approach to test the hypothesis. First, we check the validity and reliability of scales using an exploratory factor analysis (EFA), and then we test the relationships between the variables with a confirmatory factor analysis (CFA). The model was tested for two groups: heavy users and light users. Findings suggest there are significant differences between the groups according the consumer experience, above all as regards the indirect effect of the attitude towards a website recommendation system. On the other hand, the most important precedent of the behavioral intention to purchase a searched product is the satisfaction with the WS-RS. These findings advance theory and contribute to the foundation for future research aimed at improving our understanding of user psychological responses. Managers of ecommerce platforms may consider the results to encourage the behavioral intention to purchase in the searching process. They can differentiate strategies for light and heavy users in the context of website recommendation systems.

Keywords: Behavioral Intention to Purchase, Consumer Experience, E-Commerce, Internet, Structural Equation Modeling, Website Recommendation System

JEL Classification: M31

FOREIGN DIRECT INVESTMENT II**Room:** Fa**Chair:** Selahattin Bekmez**Export Spillovers from Foreign Direct Investment: Evidence from Turkey****Burcu Fazlioglu**

TOBB Economics and Technology University, Turkey

Basak Dalgic

Hacettepe University, Turkey

Abstract

This paper explores export spillovers that arise from foreign direct investment generated linkages between domestic and foreign firms in Turkish manufacturing industry. By making use of a recent firm level dataset, we investigate how supplying to foreign affiliated firms, as proxied by their presence in downstream industries and foreign presence in firms' own industry affects (i) extensive and intensive margins of domestic firms' exporting, (ii) the quality of exports proxied by unit values, (iii) the decision of domestic firms to export or start exporting, (iv) firms' export orientation towards destination markets with high income levels. The results of the study suggest that even after controlling for firm heterogeneity, stronger presence of foreign firms in downstream industries yields better export performance of domestic firms. We do not find any evidence on the effect of supplying to foreign affiliated firms on the quality of exporting. Furthermore, it is shown that foreign presence in downstream industries is associated with higher probability of exporting, while foreign presence in firms' own industry is found to have a negative effect. Finally, we find evidence on the fact that supplying to multinationals in downstream industries is positively associated with firms' both intensive and extensive margins of exports towards developed regions of the world.

Keywords: FDI, Export Spillovers, Extensive Margin, Intensive Margin**JEL Classification:** D22, F14, F23**Thai Outward Direct Investment: Trends, Patterns and Determinants****Tientip Subhanij**

Bank of Thailand, Thailand

Chitchanok Annonjarn

Bank of Thailand, Thailand

Abstract

Over the past decades, Thailand has been one of the major destinations for foreign direct investment (FDI) and a net importer of capital. Recently, however, this trend has changed as outward FDI (OFDI) has outpaced inward FDI. Using a unique firm-level FX transaction data, this paper is the first attempt in exploring the distribution of Thai OFDI by types of investment (horizontal, vertical, conglomerate) and as well as by controlling-stakes (Thai-controlled and foreign-controlled companies) and discover a new set of facts on their patterns, trends and main drivers. We use a gravity type model of foreign outward direct investment as a basis for our analysis and augmented by other variables used in earlier empirical studies. Panel data analysis with Fixed-Effects (FE), Random-Effects (RE) and Hausman-Taylor (HT) methods are performed on both aggregate and firm-level dataset. The paper highlights key features of Thai OFDI that have not been identified in the literature to date. First, the majority of Thai OFDI is horizontal in nature and more than one-third of these enterprises are in fact foreign-owned. Second, in contrast to what is commonly believed that horizontal OFDI usually flows to developed countries to serve the local market and vertical investment to developing countries to source production of intermediate goods, we show that both horizontal and vertical investment look much more similar than previously thought, with both types of flows going mostly to developed countries. Third, we find that conglomerate investment strategy which has by and large been ignored by the empirical literature is in fact far from uncommon and that a considerable proportion of Thai OFDI involves conglomerate investment. Fourth, evidence is found in support of the market access theories of horizontal investment and the comparative advantage theory of vertical OFDI. The motive of conglomerate investment strategy is found to be more similar to vertical than horizontal investment strategy. Fifth, we show that Thai-controlled OFDI is market-seeking in nature and tend to prefer investing abroad in the form of equity investment in location closer to home. On the contrary, foreign-controlled companies are driven by other motives than replicating or outsourcing production and the bulk of their investments are in the form of extension of inter-company loans to related corporations abroad. Last, in terms of implication of Thai OFDI to domestic economic activities, we found no evidence that Thai OFDI has significantly crowded out domestic investment or replaced exports.

Keywords: Foreign Direct Investment (FDI), Multinational Firms, Thailand**The Impact of Foreign Direct Investment on Economic Growth of Jordan****Hadeel Yaseen**

Applied Science University, Jordan

Abstract

Foreign direct investment (FDI) has been one of the significant sources of economic growth in Jordan, and become an important channel for Jordan to enhance the economy and financial systems. The purpose of this paper is to identify the impact of FDI on economic growth of Jordan. The study covered the period from 1990 to 2012 using time series data from World Development Indicator and IMF International Financial Statistics tables, published by International Monetary Fund to find out the relationship between FDI and economic growth in Jordan. Ordinary least square (OLS) regressions and the empirical analysis are conducted.

Our findings indicate that Jordan's economic performance is positively affected by foreign investment and its gross domestic investment also has benefitted its economy. Moreover, trade has a positive impact on the economic growth. While, the nation's debt, inflation have found to have a negative impact on its GDP. In addition the inflow of foreign investment will not leave a significant impact on the unemployment level.

Keywords: FDI, GDP, Domestic Investment, Trade

JEL Classification Numbers: F21, O17, O19, O47, P45

The Mergers and Acquisitions in Hungary between 1997 and 2013

Laszlo Zoltan Kucseber

Szechenyi Istvan University RGDI, Hungary

Abstract

In Hungary between 1997 and 2013 altogether 1740 companies were involved in the 730 mergers and acquisitions (further M&A), which required permission. The goal of my study is to reveal the market, financial and spatial features of Hungarian M&A analyzing all the 730 cases. The decisions of Hungarian Competition Authority (in Hungarian: Gazdasági Versenyhivatal, further GVH) contain important information concerning e.g. sector types, fines. The investigation refers to a period from 1997. until the end of 2013, because you can find the decisions on the homepage of GVH only for this period. In my study I also analyse the connection between the different features with statistical investigations (e.g. cross-table analysis). Regarding the owners' structures I observed that in 28 % of the cases the owners were Hungarian, while in 72 % they were foreign investors. From the 730 M&A transactions 129 cases were cross-border M&A. Acquisitions carried out by foreign subsidiaries had 29 % share of all cases. 85 % of foreign acquirer companies are European. In 71 % of the cases the headquarters of investor companies can be found in Budapest, that is in the Hungarian Central Region, where the German subsidiaries acquired the most target companies. There are different types of M&As: horizontal, vertical and conglomerate. The horizontal transactions are created between companies which are on the same level of the supply chain, being competitors. In 66 % of the examined cases the transactions were horizontal. I also examined the sector features. The manufacturing industry has the biggest share (25 %), which is followed by the commerce and logistic sector (16%). The results are representative concerning the fusions which require approval on the basis of threshold values of competition authority. As a conclusion we can state that, Hungary was a preferred acquisitions target in the examined period, both regarding the number of transactions and the acquired shares, as the acquirer firms bought 81 % in the target companies on average. The high proportion of horizontal M&A can also show that in the investigated period there might have been transactions, following which the foreign investors wound up the activity of the acquired Hungarian competitors. The spatial proportion of M&A in the country (71 % in the Hungarian Central Region) intensified the spatial inequalities in Hungary.

Keywords: Mergers, Acquisitions, Cross-border M&A, Horizontal transactions, Competition Authority, Decisions

JEL Classification: F21, G34, M21

Influence of Macro-Economic Factors Related to the Expansion Process of Business Entities Managers Allocate to their Decisions in Terms of Country Selection

Helmut Birnleitner

University of Applied Sciences Kufstein, Austria

Abstract

Attractiveness and value adding characteristics of countries for foreign direct investments are not only depending on customers, growing demands or competitive situations, they are also closely connected to macro-economic factors, which build the focus of this research project. To make it differentiable, those factors have been separated into five major dimensions: Political/Legal, Economic, Social, Technological and Intercultural Factors. Each of those factors consists of minimum five sub-factors which have been analyzed and taken into consideration. Managers allocate for a country selection the highest importance to the political stability and legal transparency. This is followed by the economic health of a country. Also the sub-factor "Infrastructure", which is part of the technological environment, is of essential importance. The Intercultural Dimensions occupy a minor role in influencing the decision process. Derived conclusions from these results are, that countries can increase their attractiveness for foreign direct investments by putting focus to the political stability, more transparency and stable economic conditions.

Keywords: Internationalization, Macro-Economic Factors, Foreign Direct Investment (FDI)

JEL Classification: F62

MANAGEMENT V**Room:** Sol**Chair:** Michael Nastanski**Creating Value within Romanian Companies¹¹****Adrian Budica**

University of Craiova, Romania

Abstract

The aim of this paper is to point out the close connection between value creation for shareholders and the way in which companies are run. In the context of the economic and financial crisis over the last years, value creation stands out as a big challenge for the management of enterprises facing a turning point in their activity. Because of unfavorable conditions over the last period, many enterprises find themselves on the borderline between bankruptcy and survival, and value creation seems to be the only thing that can save their future. The concept of value creation doesn't involve necessarily only those enterprises facing economic and financial problems, but all enterprises pursuing a healthy and especially sustainable development within the framework of an economy whose flaws reside in the lack of real values created at the level of enterprises. Value management involves the orientation of the board of a company towards the creation of value. Given the increase in competition as well as the high demands regarding the economic and financial performance of companies, value creation must be adjusted to the exigencies of sustainable development in order to ensure a healthy and stable economic and social environment for the whole community, in which companies as well as their customers, suppliers and employees live along. In other words, one must take into account that each decision made by the company's management has a major impact both on its internal environment as well as on the external environment that it belongs to. At the same time, another aspect that needs to be retained is the fact that the measurement system of a company's performances is in tight relation with the orientation of its management towards value creation.

Keywords: Value Creation, Value Management, Strategic Management, Enterprises, Economic Crisis, Performance

Values in Postmodern Management**Eneken Titov**

Estonian Entrepreneurship UAS, Estonia

Abstract

The world is changed. People are different and should be managed accordingly, not like 50 or even 20 years ago AS THE new generation domineers in organizations. THE classicist or modern management models, principles and values are not adequate anymore. Management as managers behavior bases on the values of the manager him(her)self and the managers should be supported to acquire values which are suitable in postmodern society and organizations. Hardly all the important values could be listed, but mostly according to different researches the common principles, which are characteristics of postmodern management can be brought out. Those principles are like values - leaning to those values in management decisions, higher job performance, job satisfaction, employees commitment etc can be achieved, because values are suitable to employees and other stakeholders. The aim of this article is to clarify the concept of postmodernism in management from the management values perspective and develop an understanding of the change of management values. Results shows that generally the researches enhance the importance of human centred values as the process based autocracy values have lost their significance.

Keywords: Postmodernism, Management, Values

Comovement as a Measure of Stock Price Informativeness: The Case of Social Media**Yana Shigina**

National Research University Higher School of Economics, Russia

Alexander Kostrov

National Research University Higher School of Economics, Russia

Abstract

Nowadays social networks play a crucial rule in company's relationship with investors. Among companies, there is an increasing trend of awareness that they can use these opinions, statuses, links etc. to better serve customers and investors. Moreover, companies get 24% higher revenue when they systematically control and manage their social media activities (Hinchcliffe and Kim, 2012). Social media create an opportunity for conversation between companies and stock traders. The most important is that they help investors to form a community around niche topics of interest. They use online sources to discuss stocks, bonds and other financial products. These investors seek for advice, discuss ideas, state opinions and even guide other investors. Hence, companies should put more emphasis and efforts on the development of social media channels to announce key investor-oriented information, communicate and attract investors to follow a company via social media. In this paper we have discussed the role of social media for investor relations in a company. We have addressed the advantages of social media use such as higher transparency, meeting the investor's need and an ability to obtain a feedback rapidly in response to the corporate events. Also we provide a detailed explanation that social media employment may probably improve stock price informativeness for the involved companies. The unique dataset was collected for the cross-countries analysis. The propound directions for future

¹¹ This work was cofinanced from the European Social Fund through Sectoral Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/140863, Competitive Researchers in Europe in the Field of Humanities and Socio-Economic Sciences. A Multi-regional Research Network".

research is described as well. In the end we offered the guidance on social media implementation that can be potentially useful for business.

Keywords: Social Media, Stock Price Informativeness, Investor Relations, Twitter, Facebook, Youtube
JEL Classification: M30, G17

The Use of Online Technology in the Inbound Commerce

Andrzej Szymkowiak

Poznan University of Economics, Poland

Abstract

The purpose of this article is online tools characteristic used in e-commerce, which allows customization of products and the identification of the main limitations of applying this kind of technology. Hypothesized that the main reason for the reluctance of entrepreneurs to provide to consumers a visual wizard is the increase in production costs. In order to achieve this objective and to verify the hypothesis has been conducted primary research. In May-June 2014 was conducted telephone interviews with company representatives manufacturing clothing and haberdashery. 327 companies were invited to participate in the study. Based on the collected results were classified determinants of implementation of these tools online. In the last part, the author proposed the sample solutions leveling appearing restrictions.

Keywords: Online Tools, E-Commerce, Visual Wizard, Inbound Commerce, Customization

Methodological Assumptions for Creating a Model of Business Performance

Tomasz Czaplą

University of Lodz, Poland

Maciej Malarski

University of Lodz, Poland

Abstract

Each national economy has got its own characteristics and uniqueness which influence the shape and way of operating of businesses. It is the main importance to understand what kind of powers and notions are laying under the running enterprises in specific country. The article contains the assumptions for creating a model of national business performance which consists of four dimensions: culture, structure, strategy and integration. Each dimension is defined and described in the context for further studying of companies in real business world. The model is to be used for establishing the program of research of Polish companies searching the basic traits which are distinguish and exclusive for Polish style of running successful business. The model can be developed and multiply in order to conduct comparable research and discover other national styles of business management.

Keywords: Business Model, Culture, Structure, Strategy, Integration

The Impact of Leadership Style as a Moderator Variable on the Relationship between Leadership Practices and Organizational Performance: Analytical Study on Jordanian Commercial Banks

As'ad, H. Abu-Rumman

Applied Science Private University, Jordan

Anas Yahya Al Hadid

Applied Science Private University, Jordan

Faisal Al Bourini

Applied Science Private University, Jordan

Abstract

Purpose: The purpose of the study is to examine the impact of Leadership both transformational and transactional style as a Moderator Variable on the Relationship between leadership practices and Organizational Performance, Analytical Study on Commercial Banks on Jordan. **Design/Methodology/ approach:** The questionnaire was developed and distributed to the higher managerial employees and the middle managerial employees (General Manager, Assistant General Manager, head of department, assistant head of department and Branch manager). The researchers used the multiple regression and hierarchy regression analysis to measure the impact of Leadership practices on Organizational Performance and leadership style both transformational and transactional style as a Moderator Variable on the Relationship between leadership practices and Organizational Performance. **Findings:** The present study of the relationship between leadership practices and organizational performance had an positive effect, also the interaction between leadership practices and leadership style (transformational and transactional style) were positive.

Keywords: Leadership, Style, Practices, Performance, Banks, Jordan

SATURDAY, OCTOBER 25 (DAY 3)

REGISTRATION: 08:00-16:00

SESSION I: 08:00-10:00

POLITICAL ECONOMY
Room: Do

Chair: Jonathan Batten

Crimea Crisis and European Neighborhood Policy: Revisiting Energy Security Dilemma between EU and Russia

Dina Fakhry Ishak Jaccob
Cairo University, Egypt

Abstract

This paper examines the energy security dilemma between the EU and Russia especially after the Russian invasion of Crimea. EU depends assertively on the Russian gas mainly due to logistics while Gazprom funds 20% of the Russian budget from its gas revenue (Aalto 2007; Mackintosh 2010). Russia had used energy supply disruptions on numerous occasions as political tool since the early 1990s (Kropatcheva 2014). Recently, any conflict of Russian interests with its neighbors has significantly led to the deployment of the energy weapon, which undeniably affects EU consumers (Morozov 2007). Occasionally Russia stops gas going into Ukraine as a pressure tool since Russia's foreign policy address Ukraine as an ally and push Ukraine to remain outside the EU influence. Ukraine is considered an essential neighboring country as 80% of the exported Russian gas goes through pipelines in Ukraine (Heinrich 2008). This paper proposes a structure of energy policies and mutual energy trade between EU and Russia in the context of their respective approaches to international relations by distinguishing analytically among energy resource geographic, institutional, financial and ecological dimensions of energy policy. An assessment of major constraints and possible ways to enhance EU-Russia energy collaboration and coordination is analyzed. EU is exerting huge efforts among member states to converge into a European common energy security policy but unfortunately, EU is still divided on its energy issues (Monaghan 2007). On the one hand, EU is trying to institutionalize the EU-Russia energy relationship in order to secure its energy supply since Russia is the main producer and exporter of natural gas. On the other hand, Russia uses energy as a powerful political tool and increases the divergence towards a common energy policy. Therefore, EU and Russia visions towards energy security clashes with each other, as EU seek energy liberalization while Russia uses energy to achieve political goals. The EU-Russia relationship is generally asymmetric as EU uses normative power to integrate Russia into the European system while Russia's vision is placing itself as an ideological alternative to the EU (Helen 2010). The invasion of Crimea is considered another significant disappointment of the European neighborhood policy. The financial sanctions could be feasible to render Russia from its expansion on the Ukrainian sovereignty while the economic sanctions would not be significant since Russia succeeded in diversifying its energy exports while EU depends excessively on the Russian gas and needs several years to diversify its energy sources.

Keywords: Crimea, Energy Security, Russian Energy Policy, Gazprom, Gas Dual Pricing, European Neighborhood Policy.

JEL Classification: F51, F59, N40, N74, Q41, Q43

Overcoming Asian Paradoxes: Towards the Prosperity and Peace in the Region

Hieyeon Keum
University of Seoul, South Korea

Abstract

Power has shifted from the Atlantic to the Pacific Rim, and Asia is now becoming the global center for growth, prosperity, and political and social development. With almost half of the world's population, Asia is now producing more than 55% of its GDP. Social and economic development is unprecedentedly faster than ever, as regional geo-economic factors attract capital and investment from outside. Inter-regional cooperation is rapidly increasing and various regional economic integration forums are functioning smoothly. As Joseph Nye says, Asia is returning. Since the end of the Cold War, ideological confrontation and rivalry have lessened, and interdependence and mutually complementary relationships foster growth and facilitate prosperity and peace. Despite increasing economic interdependence and cultural exchanges, Asian countries do not coordinate their policies on peace, security and mutual prosperity, and they are often trapped in animosity, mistrust, and rivalry. Northeast Asian countries especially combine high degrees of economic cooperation, on the one hand, with significant animosity toward one another. For example, South Korea is now struggling with a nuclear threat from the North, Japan seeks to become a "normal nation" (i.e., robustly combining military and diplomatic approaches) and is making other Asian countries nervous about its remilitarization, and China and Korea criticize Japan for not apologizing for war atrocities in China and harsh colonial rule in Korea. China, Korea, and Japan are all stuck in territorial disputes, i.e., over Dokdo (or Takeshima) Island and the Senkaku (or Diaoyudao) islands. Fundamentally, the Northeast Asian states hold divergent interests. Asian neighbors face nettlesome conflicts between political-military interests, on the one hand, and the economic interests on the other. These remain incompatible and mismatched, and they view security and politics suspiciously through nationalistic lenses. Increased exchanges in people, capital, goods and services could ameliorate these problems, but the "power game" among leaders, social forces/interest groups, and governments operate on a different level. Only when economic and global interests win out over political-nationalist considerations will the "Asian Paradox" truly be overcome. That should be the primary task of Asian diplomacy, going forward.

Keywords: Asian Paradoxes, Asian security, Disputes in Asia, Foreign relations of East Asia, North and South Korea, Cross-Strait Issues

Is China in Security Dilemma?**Ling Li**

Military Economics Academy, China

Ruixing Huang

Military Economics Academy, China

Dewei Wang

Military Economics Academy, China

Abstract

Since 1990s, the military expenditure in China has grown rapidly. We are wondering that whether the security of China improves, and if China has been in security dilemma. We analyze how the military expenditures in other countries or districts respond to China. Based on the time series analysis of military expenditures, we find that military expenditures of the USA, Japan and South Korea show a positive relationship with that of China significantly, which means that those countries may be the main sources of security dilemma for China. Among those countries, the elastic coefficient of USA is the largest, then South Korea ranks the second and Japan is the third. The military expenditures of India, Taiwan and Vietnam do not show significant relationship with that of China. According to the result of positive research, the security dilemma faced up with China is related with the USA closely. In addition, China should improve the efficiency of transfer from military expenditure to military power in order to cut down the demand of defense spending, on the other hand, China should strengthen the trust and corporation with other countries.

Keywords: Security Dilemma, Military Expenditure, International Relationship, Time Series

The Transatlantic Trade and Investment Partnership: U.S.-EU-Turkey**Erjada Progonati**

Hitit University, Turkey

Abstract

One of the most important dimensions of the globalization process is the economy. Recently, the economic recession in Europe and the deceleration in multilateral trade negotiations increase the economic dependence between the U.S. and the EU. Till now they have led concrete steps. On 13 February 2013, the United States and EU decided to start negotiations for the establishment of a comprehensive trade and investment partnership (Transatlantic Trade and Investment Partnership-TTIP) that they announced. The trade between two economies has a significant place in the world. A comprehensive trade and investment partnership initiative would have important impacts on the other countries and the world trading system. Turkey's international economic relations are of great importance. Turkey is among the world's developed countries. Turkey has the world's 17th largest nominal GDP and is also a part of the EU Customs Union. Therefore, the TTIP impacts on Turkey would be an interesting study case. Firstly, in this study it will be searched the possible impacts of the TTIP on international economy and especially on Turkey's economy. In addition using the Global Trade Analysis Project (GTAP) database and the general equilibrium models in this study we will bring out various scenarios about the EU, USA, Turkey's economies. While with TTIP, the U.S. products upon EU are enabling for free access to the Turkish market, Turkey's exports to the U.S. are subject of customs duties. This situation on one hand will affect negatively the balance of trade in U.S. on the other hand will reduce the possibility of competition of Turkish products versus EU products in U.S. According to these results, the parts of TTIP should design new regulations and standards.

Keywords: Transatlantic, Partnership, Investment, U.S., EU, Turkey

The New BRICS Development Bank in Comparative and Historical Perspective**David Felsen**

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Lorrie McGovern

Saint Leo University, U.S.A.

Abstract

The recent announcement by the BRICS countries concerning the launch of a New Development Bank marks a turning point in the history of this economic group. Having emerged from the global financial crisis with greater clout, the BRICS now seek to create institutions not only to advance development strategies but also to challenge existing global institutions such as the World Bank. The paper looks at this strategic initiative of the BRICS in both historical and comparative perspective. The paper first looks at the reasons behind the formation of the BRICS bank. The discussion then places the BRICS bank in context, turning to look at the immediate post-world war two era and the creation of institutions such as the World Bank to promote economic development. It then turns to look at the successes and failures of post-world war II regional development banks which serve as instructive precedents to the BRICS development bank. Next, the paper analyzes the growing global role of the BRICS, particularly during the financial crisis. The paper also highlights the challenges and the risks that the group faces in recent years. The paper then turns to an analysis of the current BRICS development bank strategy. Finally, the paper concludes by positing three alternative scenarios for the BRICS development bank.

Keywords: BRICS, New Development Bank, Brazil, Russia, India, China, South Africa, Economic Development, Development Banks, World Bank, IMF, Regional Integration

Soft Power Concept and Soft Power Index**Murat Cetin**

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Kiyomet Yavuzaslan

Istanbul University, Turkey

Abstract

Many states continue their existences thanks to the power sources they own at domestic and international levels. Although the policies followed at both environments are chiefly based on military and economic powers the element of "Soft Power" first coined by Joseph Nye has become an important factor to keep up with the contemporary circumstances and the World order. The sources of soft power have a legitimizing impact that enables one country to enforce another for adopting policies voluntarily. Many countries realizing the significance of soft power have struggled to develop strategies to obtain it. To measure the obtained results and compare them in many countries great deals of academic studies as well as various power indexes based on soft power elements have been published.

Keywords: Power, Soft Power, Soft Power Measurement, Soft Power Index

ECONOMICS OF INNOVATION**Room:** Re**Chair:** Steven McNamara**Scientific Linkage between Patents and Firm Productivity: Panel Data Evidence from Taiwanese Electronics Firms****Jong-Rong Chen**

National Central University, Taiwan

Kamhon Kan

Academia Sinica, Taiwan

I-Hsuan Tung

National Central University, Taiwan

Abstract

Using a unique panel data of the electronics firms listed on the Taiwan Stock Exchange, this paper explores the scientific linkages between patents held by the firm and its productivity performance. That is, if the increases in knowledge spillovers from academia to the private sector bring about a contribution to firm productivity? From the previous studies, it can be seen that knowledge spillovers from academia to industry have an influence on firms' abilities of technological innovation. However, there is not a great body of research regarding how a firm's patent citations to scientific publications impact its productivity. Most of the existing studies explore how scientific linkages affect a firm's inventive productivity. In this study, there are five models of citation variables defined according to different citation information. In addition, four levels of scientific linkage can be defined according to scientific contents for the first four models where citation variables include scientific publications. As for the econometric consideration, we adopt a two stage least square (2SLS) method with instrumental variables to reduce the bias caused by the endogenous problem of patent citation data. The empirical results confirm that the firms' lagged internal liquidity constraints are good instrumental variables and that the scientific publications cited by the patents contribute significantly to the firms' productivity, especially the publications which are found in the ISI-Web of Science database.

Keywords: Scientific Linkage, Patent, Productivity

JEL Classification: O34, O31, O47

A Comparative Study on Sino-US Science and Technology Innovation Policies**Geng Zhe**

Beijing University of Technology, China

Zhang Yong'an

Beijing University of Technology, China

Abstract

Innovation has become a way to deal with and solve great challenges faced by the society of various countries in the world. In February 2006, the State Council of the People's Republic of China issued "the Outline of the National Program for Long- and Medium-term Scientific and Technological Development" (hereinafter referred to as "the Outline") and formulated long-term development plans for national science and technology. In the meantime, the Domestic Policy Council of the White House Office of Science and Technology Policy (OSTP) in United States released a report entitled "American Competitiveness Initiative: Leading the World in Innovation"(abbreviation for ACI). The two science and technology strategic plans, to a certain extent, reflect the great emphasis that all circles of society in China and America, especially the governments, put on national innovation ability in the international competition in the future. In this paper, we will make a comparative study on science and technology innovation policies between China and the United States in three aspects.(all the data and policy text come from the government work reports and their web site). The first aspect is the objectives of science and technology innovation policy; second, we make a comparative research in specific implementation measures; finally, we made a comparison in terms of legal support. Based on

the comparison of science and technology policies between China and America, we have the conclusion and it gives China some enlightenment on the development of science and technology: 1) the party of financial subsidy should increase investment, improve use efficiency, and play a role in government procurement; 2) the industry-university-research cooperation needs to strengthen the cultivation of incubator and focus on the advantages of industrial cluster; 3) promote the innovation of venture capital fund operation mode, improve the evaluation system of guidance fund and attach importance to financing guarantee mode; 4) formulate policies according to national conditions, optimize law protection system as well as protect legitimate rights and interests of intellectual property owners.

Keywords: Science and Technology Innovation Policies, Comparative Study, Sino-US

JEL Classification: L52

Innovational Systems of National Economic Management

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Abstract

The article considers problems of modernization of national innovational system of Russian under the conditions of forming 'new economy', related to transforming innovations, informational technologies and education into the key factors of growth. Innovations become strategic factor of growth, influence structure of public manufacture, modify economic organization of the society, stabilize social situation in the country. The most intensive process of forming innovational systems of management (ISM) of national economy occurs in the developed countries. In dependence of national peculiarities and economic potential different types (or models) of NIS are formed. This article includes different definitions of ISM of national economy in interpretation of C. Freeman, B.-A. Lundvall, R. Nelson, J. Schumpeter, F. Hayek, D. North, R. Solow, P. Romer and R. Lucas, and every author suggested his own definition of ISM, focusing the attention of its separate elements. The author detects the common features and base structure of ISM of different countries, necessary for their functioning, which includes totality of interacting blocks, generating knowledge and training innovational staff; creating innovational infrastructure; manufacturing innovational product and conducting state policy. Analysis of ISM, conducted by the author within the article, allows to mark out four main types of ISM of national economy, which are discussed in details on the examples of several countries. At the same time, choice of the model is mostly determined by the actual level of economic development, system of education and science. Development of this or that model of ISM of particular economy is a durational process, in which business and state interact, performing their traditional functions and getting new ones. The leaders become the countries with high scientific and educational potential, which are able to introduce innovational developments into manufacture quickly. This purpose is in many respects encouraged by developed business-like relationship of science and business, and active protectionist policy of the state.

Keywords: Innovations, Modernization of National Innovational System, Transforming Innovations, Informational Technologies, Innovational Systems of Management (ISM)

JEL Classification: O31, O33

The Effect of Patent Grant on the Geographic Reach of Patent Sales

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Abstract

The market for patents operates as a means for knowledge and technology diffusion. While issued patents and patent applications can be exchanged through this market, their effect on the localization of technology transfer might differ. In this paper we focus on the influence of patent grant, meaning the event in which a patent application is awarded a patent. Our aim is to investigate whether issued patents have higher likelihood to be sold outside a state compared to patents that are still under prosecution; i.e. patent applications. The dataset is compiled by 25,127 patents which were granted between 1990 and 2003 and traded among US located firms during the period 1986 to 2010. In order to compare patents traded before patent grant (i.e. during the application phase) and patents traded after patent grant, we followed the procedure proposed by Iacus, King and Porro (2012) and performed a coarsened exact matching between the two groups of patents based on the lag of sale since filing date, on their citations, and on the state's patent profile. Results indicate that patents with similar characteristics (lag, citations, and state's profile) are more likely to be traded outside a state compared to patent applications. Thus, patent grant reduces the effect of geographic distance on technology transactions and helps impel the dispersion of knowledge. Our findings also illustrate that the effect of patent grant varies across sectors; it is strong for Electronics and Mechanicals, while modest for Computers and Pharmaceuticals. Finally, we find a negative relationship between the event of a patent grant and a state's innovative activity, which implies that the publicity of a patent grant is more effective in the market of ideas for patents originating from the less innovative states of the U.S.

Keywords: Patent Grant, Patent Applications, Market for Patents, Geographic Reach Of Technology, USPTO

Financial Barriers to Innovation: A European Perspective

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Joan Freixanet Solervicens
Universitat Pompeu Fabra, Spain

Petra Nylund
Universitat de Vic, Spain

Eric Viardot
EADA Business School, Spain

Abstract

In today's knowledge economy, firms need to innovate to compete. To be able to innovate, however, firms need to dedicate resources to innovation. Few firms can afford to invest as much as they would want to in innovative activities. The possibilities for allocating funding to innovative activities could thus constitute a significant obstacle for firms to engage in innovation. In this paper, we review the financial barriers to innovation that firms encounter. Barriers to innovation are conceptualized in association with short and long-term financing opportunities, as well as with the profitability and internationalization of the firm. We deduct hypotheses regarding the impact of each barrier on firm-level innovation. We conduct an empirical investigation using a cross-national panel-data set including the firms present in the French and Spanish stock market indexes. The empirical analysis supports our conceptual development, and the discussion of the results allows us to detail implications for research and practice.

Keywords: Innovation, Financing, Longitudinal Data

HUMAN RESOURCES II

Room: Mi

Chair: Nidzara Osmanagic Bedenik

The Impact of Transformational Leadership on Organizational Innovation Moderated by Innovative Behaviors

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UTM International Business School, Malaysia

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Abstract

Leading innovation in a competitive business environment is one of the most challenging aspects of an organization. To move through growth and survival, companies must develop new and inimitable approaches to attract and sustain their customers. Although innovation is accepted as a key factor to future competitiveness of firms, organizational innovation has not been given a priority and is generally neglected particularly in many developing countries. This conceptual paper explores the relationship between transformational leadership and organizational innovation at the organizational level. Since previous studies have identified leadership as an important determinant of organizational innovation, this study seeks to explore the direct and moderated effect of transformational leadership on organizational innovation at the organizational level. Therefore, this paper develops a conceptual framework to show the moderating effect of idea generating, risk taking and decision making as innovative behaviors in an organizational context. Appropriate methodology will be proposed.

Keywords: Transformational Leadership, Innovative Behavior, Idea Generation, Risk Taking

Job Stressors as the Catalysts of Employees' Turnover Intention: A Study of Malaysian Oil and Gas Industry

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UTM International Business School, Malaysia

Nomahaza Mahadi

UTM International Business School, Malaysia

Siti Zaleha Abdul Rasid

UTM International Business School, Malaysia

Abstract

It is evident that job stressors significantly affect employee's level of job satisfaction, commitment, and retention behavior. However, little has been known about such behavioral aspects from the oil and gas industry's perspective. Therefore, this study aims to examine the relationship between job stressors, burnout, job satisfaction, and turnover intention in the context of the Malaysian oil and gas industry. It is hypothesized that time pressure, workload and role ambiguity positively affect burnout, whereas, burnout negatively affects job satisfaction and consequently job satisfaction negatively affects turnover intention. Data were collected by administering survey questionnaires among five Oil and Gas companies located in Kuala Lumpur area. 117 questionnaires were returned among which 107 were usable to proceed to subsequent analysis. Data were analyzed by using SPSS version 20. Results reveal that time pressure and workload positively affect burnout, whereas, burnout negatively affect job satisfaction. Data also supports the negative relationship between job satisfaction employee's turnover intention. Findings of this study suggest that human resource manager should be careful about workplace job stressors in order to retain their employees. The present study provides useful knowledge to the human resource managers in motivating and managing their employees in better way.

Keywords: Job stressors, Burnout, Employees' turnover intention, Oil and Gas Industry, Malaysia

The Mediating Role of Cynicism on Authentic Leadership and Organizational Identification Relationship

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Abstract

Positive organizational behavior is a contemporary field in organizational behavior and authentic leadership can be considered as a leadership style, emerged from positive organizational behavior. Authentic leaders can be described as genuine leaders who are transparent, have integrity, high ethical standards and who create trust. As authentic leaders are motivated by the well-being of their subordinates and organization, they help employees find meaning and connection at work through greater self-awareness and internalization of values. Hence, the follower's organizational identification is expected to be higher. Authentic Leadership is also found to have a negative effect on cynicism, whereas in some studies, organizational cynicism is found to have a negative and significant effect on organizational identification. It can be expected that through the effect of authentic leadership, followers may experience lower cynicism. One of the consequences of lower cynicism can be higher organizational identification. The purpose of this study is to explore the mediating role of cynicism on the relationship between authentic leadership and organizational identification. In the context of the study, a survey using questionnaires is conducted. The data were gathered conveniently from 122 white collar employees who work in companies of different sectors and departments. For measuring organizational identification, Male and Asforth's (1992) scale is used. Organizational cynicism is measured by the scale, developed by Brandes et.al. (1999). For measuring authentic leadership, Gardner et. al. (2005)'s authentic leadership scale is used. The mediating effect of leadership was tested with three step regression analysis (Baron & Kenny, 1986). The results reveal that the relationship between authentic leadership and organizational identification is mediated with cynicism. The results were also cross-checked by conducting the test of Sobel. The research concepts can be considered as contemporary areas in organizational behavior literature and the findings can provide theoretical contribution. This study not only explores the relationships among them, but it also intends to provide further practical contribution to the literature by pointing out managerial implications of the findings.

Keywords: Organizational Identification, Cynicism, Authentic Leadership, Organizational Behavior

JEL Classification: M19

Human Resource Management in Romania: Strategic or Utopia?

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Carmen Claudia Arustei

'Alexandru Ioan Cuza' University of Iasi, Romania

Andreea Apetrei

Catholic University of Valencia, Spain

Abstract

Since 1990, Central and Eastern European countries have gone through major changes, in their attempt to successfully compete in the international environment. One of the major aspects which has been particularly challenging is human resource (HR) management. Even though organizations acknowledge the importance of HR policies and practices, we cannot help but

wondering if organizations actually believe in the strategic role of HRM and create HR strategies integrated into organizational strategies in order to prove it. The current study is based on in-depth interviews with general managers / HR managers from 10 companies present in Romania - 5 multinational companies (MNC) and 5 local companies - in an attempt to identify similarities and differences between MNC and local companies from the point of view of their HR strategies. The research methodology is a qualitative type, relying on sociological inquiry, as method and semi-structured interview, as technique. Results show that all companies included in the study have HR policies and practices in place, but differences reside mainly in the industry specificity and in the importance awarded to HR strategies. Results can be used both by Romanian companies to improve their HR strategies by using 'best practices' from MNCs and also by foreign companies entering Romania in order to improve their knowledge concerning HR specificity in the country.

Keywords: Human Resource Management, Strategy, Romania, Case Study

JEL Classification: M51, M52, M53, M54, R23

Structural Levels and Phases in the Process of Social Adaptation of Laid-off Bulgarian Army Servicemen and their Family Members

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University of Agribusiness and Regional Development, Bulgaria

Sevdalina Dimitrova

Vasil Levski National Military University, Bulgaria

Abstract

This publication aims to study the technology of the process of social adaptation of laid-off army servicemen and their family members. It focuses on the stages of that process, the phases through which it goes and their corresponding "wheel" of competence, the social environment factors and behavioral types. It also investigates certain aspects of the interaction among the bodies and structures responsible for the social adaptation of laid-off army servicemen and their families, which interaction enables the defining of social needs and their satisfaction, as they emerge, in the process of the target group's interaction with the social environment and the specific community inhabited during the period of transition from military service to civilian life.

Keywords: Social Work, Social Management, Social Adaptation of Military

MANAGEMENT VI

Room: Fa

Chair: Gregory John Lee

Impact of Culture on Entrepreneurial Characteristics: Women's Status in Turkey

Gunes Nezire Zeytinoglu

Anadolu University, Turkey

Abstract

The principal objective of this paper is to analyze the relationship between culture and entrepreneurial attitudes in the context of the status of women in Turkey. It is based on a qualitative empirical research that includes a philosophical argument incorporating professional experience. The rationale of the paper is that culture is the grounding for managerial and entrepreneurial attitudes based on gender bias, stages of the life cycle, family, education, career experiences, environmental institutions, among many other factors, including access to capital. This paper aims to add to the empirical data about the relationship between culture and entrepreneurial attitudes in general with a focus on women's status in Turkey. Regarding this purpose, the first part introduces the case in Turkey through the analysis of national and international statistical data. The second part covers the results of a qualitative research study about the circumstances surrounding individuals initiating and implementing a business idea in Turkey. The relevant interviews are conducted with female SME entrepreneurs in the city of Eskisehir, the center of a rapidly developing region in middle Anatolia. The city is served by two large state universities and is within close proximity of Istanbul. The findings of the research are content analyzed and are enriched by the author's long association as an executive in higher education with managers in the private and public sectors of the region.

Keywords: Culture and Entrepreneurship, Female Entrepreneurs, Women In Turkey

Moving beyond Ethics: "The Story of Truth Oriented Governance"

Ali Asghar Pourezzat

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Khadijeh Rouzbehani

University of Tehran, Iran

Ghazaleh Taheriattar

University of Tehran, Iran

Abstract

Majority of the common strategies employed to tackle corruption, underscore the adoption of a passive approach through the elimination of the qualities of the corrupt organization or resistance against corruption. However, it's possible to curb this phenomenon, using an active or even proactive approach. The present study, through presenting an idealistic and corruption-free organization, aims to redefine one of the best ways to combat corruption. In fact, the present study emphasizes that through the

projection of truth oriented governance and excellence administration, it's possible to spur the synergetic capacities of organizational elements to develop a corruption-free, truth oriented, inspirational, and learning organization. A healthy and truth oriented governance with many complementary characteristics such as having commitment to observe the laws, ethics beyond law and commitment to ethics beyond law, fair social transactions and commitment to justice beyond law, friendly relations free of imposition and oppression, adherence to and responsibility for the organization's goals, and the establishment of the culture of accountability and answerability. This idealistic conformation is law-abiding and looks for a democracy respectful of law. Following this approach, an organization would be formed which can be an epitome of a corruption-free system. In fact, an evolutionary movement can start in the actual world to help organizations orient themselves toward the dimensions presented in the story of truth oriented corruption free governance.

Keywords: Truth Oriented Governance, Ethics Beyond Laws, Corruption Free Organization, Accountability and Answerability, Justice Beyond Law

The Effects of Corporate Culture on Ethical Behaviors

Halit Buluthan Cetintas
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Abstract

Corporations live intense competitive pressure due to economic developments, technological advances and changes in social life. In today's business life corporations are evaluated with intangible elements such as corporate image, corporate brand, and customer and employee satisfaction as well as products, services, prices, buildings, equipment and other intangible assets. Therefore corporations are certain responsibilities to society with their goods or services and also their employees. These responsibilities are ensured corporate continuity and corporations are forced to behave ethically. Many corporations have specific principles, thoughts and beliefs consisting of ethical values and they want their employees adhere to these values. Corporate ethical values are informed employees on current ethical rules, ethical and unethical situations, and all subjects related to business ethics. Corporate culture consist of corporate's values, beliefs, attitudes, and rituals. Corporate culture has a major impact on organizing and shaping employee behaviors, employee relations and employee interactions. Corporate culture is also effective on employee's ethical behaviors. Ethical principles that should be adhered and sanctions for unethical behaviors will be transfer to employees with corporate culture. Thus, employees will be able to adopt behaviors that help to maintain corporate presence.

Keywords: Corporate Culture, Corporate Ethic, Ethical Behaviors

A Framework for Evaluating Corporate Social Responsibility

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Kaunas University of Technology, Lithuania

Vytaute Eismontaite
Kolping University of Applied Science, Lithuania

Abstract

Scientific publications, various research results and best practices of foreign companies justify the importance of corporate social responsibility (CSR). However, the lack of simple and clear evaluation system of social responsibility consolidation in Lithuanian small and medium enterprises (SMEs) impedes the consolidation of social responsibility into organization's core activities. Due to this reason, the main problem, which is analyzed in this paper, is: what are the factors and indicators that could reveal the level of the social responsibility's consolidation in business organizations and evaluate social performance? The purpose of this article is to build an evaluation system of social responsibility consolidation, which could disclose the level of social responsibility's implementation in small and medium enterprises and its social performance in society. Design/methodology/approach - using thematic analysis and case study methodology are build social responsibility consolidation model, which used to evaluate social performance of small and medium enterprises (SMEs). Findings - this paper develops CSR consolidation system based on the levels of social responsibility. Practical implications - the importance of understanding the level of social responsibility and barriers to achieve social performance is discussed, concluding with implications for further SME social performance research. The theoretical aspects of corporate social responsibility were analyzed and the main factors of micro and macro environment that have influence on the consolidation of CSR were identified. The complex evaluation system of social responsibility's consolidation was created and applied in order to measure the level of consolidation of social responsibility in Lithuanian business organizations, which have won the national socially responsible business award. Firstly, the application of this system is used so that SMEs could measure their progress and learn from the mistakes in four areas of responsibility: the market, the workplace, the society and the environment. Secondly, this evaluation system helps the organization to detect theirs social performance. Finally, to assure partners, suppliers and investors, that the company is indeed socially responsible. The research showed that in all business organizations social responsibility is consolidated at the different level.

Keywords: Social Responsibility, CSR Consolidation System, Social Responsiveness, Indicators, SME

JEL Classification: M14

Does Access to Finance Matter in Microenterprise Growth? Evidence from Bangladesh**Rubaba Ali**

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Shahidur Khandker

World Bank, U.S.A.

Hussain Samad

World Bank, U.S.A.

Abstract

This paper investigates the role access to finance plays in promoting the efficiency and growth of microenterprises. Based on the sources of start-up capital, fewer than 10 percent of the enterprises have access to institutional finance, although the rate of return on microenterprise investment is almost 60 percent, which is much higher than the interest rates charged by commercial banks or microcredit lenders. This paper estimates the relative impacts of credit and non-credit constraints on microenterprise profitability, taking into account the endogeneity of such constraints. Lack of access to credit reduces the profit margin of an enterprise by as much as 8.6 percentage points. In contrast, non-credit constraint reduces profit margin by as much as 9.8 percentage points. Reducing the scope of both types of constraints is thus critical to microenterprise growth in Bangladesh.

Keywords: Business Constraints, Financial Markets; Returns to Capital Investment**JEL Classification:** O1, O12, O16**GROWTH AND DEVELOPMENT III****Room:** Sol**Chair:** Hatice Jenkins**An Investigation of Cointegration and Causality between Public Debt and Economic Growth: Panel Evidence from G-7 Countries****Serdar Ozturk**

Nevsehir Haci Bektas Veli University, Turkey

Ali Sozdemir

Cumhuriyet University, Turkey

Ebru Topcu

Nevsehir Haci Bektas Veli University, Turkey

Abstract

This paper investigates the nexus between public debt and economic growth in G-7 countries over the period 200:Q1-2012:Q4. To this end, panel cointegration and causality approaches are employed in the presence of capital stock. Panel cointegration results reveal a long run relationship among public debt, capital stock and economic growth. Panel causality results, on the other hand, show a fed-back relation between capital stock and economic growth in the short-run which indicates a bi-directional causality between these two. When it comes to long-run causality, we find that capital stock and public debt cause changes in economic growth.

Keywords: Public Debt, Economic Growth, G-7, Panel Cointegration, Panel Causality**JEL Classification:** C23, H63, O40**Influence of Fiscal Decentralization on Economic Development in the European Union: Generalized Method of Moments Approach****Irena Szarowska**

Silesian University in Opava, Czech Republic

Abstract

The paper investigates the impact of fiscal decentralization on a long-term economic development. The aim of the paper is to examine and quantify influence of fiscal decentralization on output in the European Union in a period 1995-2012. The empirical evidence (based on data taken from OECD Fiscal Decentralization Database and OECD) is performed on a panel which contains 21 countries. Explanatory variables are not examined in individual regressions, but analysis newly uses Generalized Method of Moments (Dynamic Panel Data). For a model specification, Dynamic Panel Data Model Wizard is applied. This wizard aids in specifying a member of the class of dynamic panel data models with fixed effects. Results of dynamic panel analysis suggest positive impact of expenditure decentralization, negative effect of revenue decentralization and negative but statistically insignificant impact of tax decentralization. Across the analyzed countries, the influence of decentralization is considerably higher and more intense on GDP growth than on GDP per capita levels.

Keywords: Fiscal Decentralization, Fiscal Federalism, Economic Development, Expenditure Decentralization, Revenue Decentralization, Dynamic Panel Data**JEL Classification:** E62, H77, H72

Debt and Economic Growth in the European Union: What Causes what?

Candida Ferreira

ISEG, ULISBOA and UECE, Portugal

Abstract

OBJECTIVES: This paper contributes to the empirical investigation of the causality relations between real GDP growth and the growth of three debt categories, namely public, foreign and private debt, in the universe of the 28 European Union countries during the past decade. It also analyses the possible differences after the outbreak of the recent financial crisis considering two time intervals: 2001–2012 and 2007–2012. **METHODOLOGY AND DATA:** We follow the conventional Granger causality test as well as more recent approaches developed to analyze the existence of causality relationships among variables in panels. Our data are sourced from the European Commission's AMECO dataset, which is based on a commonly agreed methodology that guarantees the time and country consistency of the provided statistical information. **RESULTS AND CONCLUSIONS:** We find nonstatistically significant causality between foreign debt and economic growth and the limited importance of the causality between private debt and real GDP growth. On the contrary, the results obtained show statistically relevant bidirectional causality relations between public debt and economic growth, and this is true before and after the outbreak of the recent financial crisis. Moreover, there is clear evidence of economic growth's contribution to the decrease in public debt. Summarizing, our results are in line with those that underline that we should never consider that "debt is debt". They confirm that during the past decade, for the universe of the 28 EU countries, public debt was relevant to economic growth but, at the same time and with even more strength, economic growth had clear negative causality effects on the growth in public debt. Furthermore, these effects were statistically more relevant after the outbreak of the global financial crisis, when some EU countries faced problems with their sovereign debt.

Keywords: Public Debt, Economic Growth, Panel Granger Causality, European Union

JEL Classification: E60, H63, F36, C33

Modeling of Evolutionary Processes in Economics: Multi-agent Approach

Kateryna Kononova

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Abstract

A scientific paradigm of irreversible changes in the natural sciences has opened new prospects in economic researches and generated a large variety of new schools and areas (one of which is the modern school of evolutionism). A key factor of the evolutionary concept is the human factor; the models built on this concept deal with unique agents (with their set of the relationships) whose knowledge is limited, and the behavior is caused by the environment. Nowadays the multi-agent approach is one of the most suitable to model the behavior of economic agents. So the objective of the study is modeling of the macroeconomic growth as the result of the agents' interactions based on evolutionary concept and the theory of multi-agent systems. To solve this problem the hypotheses of the model have been formulated; and the multi-agent model of macrogenerations evolution has been developed in NetLogo. The model has shown the macro-effects that are not inherent to the individual agent behavior. The series of calculations has allowed: 1) defining the acceptable range of parameters changes; 2) investigating the influence of parameters to the model trajectories; 3) studying the types of growth and trajectories stability depending on the parameters variations; and 4) comparing actual and model trajectories to confirm the quality of the simulation. All the obtained results correspond with the theoretical assumptions and are suitable for further analysis of techno-economic development.

Keywords: Economic Growth, Evolutionary Theory, Multi-Agent Based Simulation, Sensitivity Analysis

Minimum wage policy and country's efficiency

Mohd. Zaini Abd Karim

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Sallahuddin Hassan

Universiti Utara Malaysia, Malaysia

Sok-Gee Chan

University of Malaya, Malaysia

Abstract

Recently, the government has decided that Malaysia would introduce a minimum wage policy. However, some quarters argued against the idea of a nationwide minimum wage asserting that it will lead to an increase in the cost of doing business and thus will hurt Malaysian competitiveness. Although standard economic theory unambiguously implies that wage floors have a negative impact on employment, the existing empirical literature is not so clear. Some studies have found the expected negative impact on employment, yet others have found no impact or, in occasional cases, a positive effect of minimum wages on jobs. It is also argued that, a minimum wage law, if pegged above the market wage, could lead to a general misallocation of resources and loss of efficiency in the overall economy. However, there is no study linking minimum wage on a country's efficiency. Hence, the objective of this study is to analyze the effect of minimum wage policy on a country's efficiency. To achieve the objective, in the first stage, we estimate efficiency for all the sample countries by using the non-parametric method. In the second stage, after having estimated the efficiency scores, we analyzed the effect of minimum wage on efficiency by estimating a Tobit regression model where the efficiency scores is included as the dependent variable. Results of the study show that there is no difference in

efficiency between countries with and without minimum wage policy. Hence, Minimum wage policy is not harmful to an economy's efficiency. Furthermore, looking at the countries with minimum wage policy, the amount of minimum wage up to a certain level has a positive effect on economic efficiency. The results suggest that minimum wage helps in increasing a country's efficiency provided that the rate does not exceed the optimal level.

Keywords: Minimum Wage, Efficiency, Non-Parametric, Tobit, Competitiveness

SSA Model Based View on FDI, Fixed Investments and Consumer Consumption for Economic Growth: Take NingBo as a Case

Yue Guo

Ningbo University of Technology, China

Zhu Zhanfeng

Ningbo University of Technology, China

Zhou Jiani

Jiangxi Vocational College of Finance and Economics, China

Abstract

The paper makes an empirical analysis of the influence of foreign direct investment (FDI), fixed investments and consumer consumption on Chinese economic growth which uses Shifi-share Analysis (SSA) method in combination with Chinese statistic data from 2001 to 2011. Our research shows that FDI, fixed asset investments and resident consumption all the three factors having promote of China competition capability, especially like Ningbo city. Among them, fixed asset investments plays the most important role in driving the economy forward while resident consumption follows, FDI minimum impact. So, Chinese government need do all the more economic reform to move forward the economic structure adjustment and optimization and upgrading. At the same time, government should make full use of function of macro-control and monitor the market in an effective way as well as perfect law system in resident consumption. When ensuring market on work, government should protect consumers benefit to promote consumption, widen domestic demand consumption all the three factors having promote of Chinese competition ability, especially like Ningbo city. Among them, fixed asset investments plays the most important role in driving the economy forward while consumer consumption follows, FDI minimum impact. So, Chinese government need do all the more economic reform to move forward the economic structure adjustment and optimization and upgrading. At the same time, government should make full use of function of macro-control and monitor the market in an effective way as well as perfect law system in resident consumption. When ensuring market on work, government should protect consumers' benefit to promote consumption, widen domestic demand.

Keywords: SSA, FDI, Consumer Consumption, Fixed Asset Investments, Economic Growth

COFFEE BREAK: 09:50-10:20

SESSION II: 10:05-12:05

RISK MANAGEMENT

Room: Do

Chair: Thomas Ilin

The Relationship between Strategy, Perceived Environment Uncertainty and Enterprise Risk Management Implementation

Siti Zaleha Abdul Rasid

UTM International Business School, Malaysia

Bahareh Hossein Nezhad Nedaei

Universiti Teknologi Malaysia, Malaysia

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UTM International Business School, Malaysia

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Abstract

Organizations are facing increasing challenges and growing risks in their business environment. As such, many have begun to understand the necessity of holistic enterprise risk management (ERM) process. The priority goes for continually searching for new methods to address the risks that are either inadequately or not addressed by the conventional method. Despite the focus on ERM, the element that can help organizations manage their risks appropriately and improve their performance is not only the usage of ERM but more importantly how ERM process should be designed for different circumstances. Therefore, there is a need to study different designs of ERM process and their implications in different situations. This study proposes a framework on the effect of perceived environmental uncertainty (PEU) and strategy, which are the two main sources of risk for their organizations, on the design of ERM process including method of event identification techniques and frequency of risk identification. This study

will provide further understanding of the present risk management practices by offering a framework for determining the best fit between strategy, PEU and ERM process design.

Keywords: Strategy, Perceived Environmental Uncertainty, Enterprise Risk Management

Dynamics of Economies and Risk of Bankruptcy of Firms

Iancu Eugenia

Stefan cel Mare University, Romania

Abstract

The rapid evolution of the new society enabled smart devices either at the beginning as desktop computers, then laptops, tablets, smart phones and others, to get in people's life in order to facilitate access not only to information which is considered today the most valuable thing, and also in order to facilitate the decisions we make every day in the daily life. In this study there are addressed the estimation techniques of bankruptcy risk, classical techniques, compared to new techniques that are used in artificial intelligence. There are proposed a number of techniques aimed at the clustering algorithms. There will be brought some synthetic clarification on economic models that are known and applied in theory/practice to estimate the risk of bankruptcy: comparative analysis of the most representative traditional models used in predicting the risk of bankruptcy; highlighting variables measuring intangible assets of the firm to include this "part" in the equation to estimate the risk of bankruptcy; determining the opportunity of using expert systems for route planning of the company for a certain period of time.

Keywords: Bankruptcy Risk, Clustering Algorithms, Intangible Assets, Economic Models, Expert Systems

JEL Classification: M1, M2

Probability of Default Evaluation in Residential Mortgage Lending

Alexander Karminsky

National Research University Higher School of Economics, MGIMO-University, Russia

Agatha Poroshina

National Research University Higher School of Economics, Russia

Abstract

Default modeling is one of the key elements of developing an effective risk management system by credit organization. Using regional data on the Russian mortgage market for the period 2008-2012, we estimate the bivariate probit model of credit risk. It takes into account credit underwriting process and corrects for sample selection bias problem. Obtained results allow ranging factors influence underwriting and default decisions among macroeconomic, sociodemographic and loan-level variables. We find that special credit programs for the low-income borrowers and individuals without reliable information on income and ability to pay long-term debt can be developed. For example, Polterovich et al. (2007) analyzed developing construction and savings programs in Russia as an alternative to mortgage lending. At the same time, our findings can be used to develop internal system of credit risk evaluation under IRB approach that contributes to an effective capital allocation.

Keywords: Mortgage Lendings, Probability of Default, Sample Selection Bias

Analysis of the Available Forms of Protection against the Adverse Impact of Weather Risk in the World

Dorota Michalak

University of Lodz, Poland

Abstract

The aim of the study is to identify the available forms of protection from the elements, depending on the type of weather risk. The next step is the SWOT analysis of each type of instrument. To accomplish this objective the research method was used desk research. Price and fairness undertaken subject indicates the strategy of the European Commission of 16 April 2013 (An EU Strategy on adaptation to climate change, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM(2013) 216 final) and the subject of the last Climate Summit in Warsaw (Poland, November 2013) Analyzing the weather risk and ways to protect against the negative influence of the risk we have to divide those risk of catastrophic weather risk and not catastrophic weather risk. Catastrophic weather risk is the danger associated with the occurrence of extreme weather events such as hurricanes, floods, torrential rain, hail, snow storms or extremely high temperatures. Concepts not catastrophic weather risk is used to describe the financial exposure of the company to weather events such as heat, cold, rain, snow or wind. In the event of catastrophic weather risk insurance is a dedicated tool for catastrophic and financial market instruments such as Cat bonds, Industry Loss Warranties, CatEPut. Weather derivatives are used while in the case not catastrophic weather risk. Analysis of existing systems and programs to protect against the effects of disasters in the world can distinguish two models which are used, depending on the degree of support by the state and performance of security system in the country. In the model I system is based on the function of state care. Government and public institutions of this country are involved in the prevention, insurance coverage and compensation processes arising from catastrophic events. In the model II system of a country is based on the insurance market, and therefore is provided by insurance companies offering insurance products. In practice, these two models are blending together, but always one of the models dominates. Model I is in France, Switzerland, Norway, the Netherlands, Spain and the USA, while Model II meets in Germany, Austria, Denmark, Great Britain, Portugal.

Keywords: Adaptation to Climate Change, Management of Weather Risk, Catastrophic Insurance, Weather Derivatives

Identifying SIFI Determinants for Global Banks and Insurance Companies

Maiya Vasillievna Anokhina

National Research University Higher School of Economics, Russia

Henry Penikas

National Research University Higher School of Economics, Russia

Victor Petrov

National Research University Higher School of Economics, Russia

Abstract

The increased role of financial institutions in the economy leads to a need to determine those that are systemically important. The bankruptcy of such institutions creates negative effects for the economy on the global scale. The aim of this article is to identify important financial coefficients that can be used in the methodology of identification of G-SIB and G-SII. Models of binary choice and models of ordered choice are used in this article, several models are highly predictive. Besides this paper has revealed several financial coefficients, that helped to find the probabilities of G-SIF for Russian banks and insurance companies.

Keywords: Systemic Importance, Basel Committee, Probability of Default, Financial Coefficients, Models of Ordered Choice, Models of Binary Choice, Global Systemically Important Banks (G-SIB), Insurance Company

The Risk of Bankruptcy - Interdisciplinary Research

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Irina Cibotariu

Stefan cel Mare University, Romania

Rozalia Kicsi

Stefan cel Mare University, Romania

Colomeischi Tudor

Stefan cel Mare University, Romania

Abstract

In times of crisis, we wonder if managers are prepared to give their business a diagnosis in order to take action in time to avoid the black hole of the economy. Whether we are talking about bankruptcy in a corporate firm or a small firm the only difference between the two is the resulted from the amplitude of the "shock" wave induced in socio-economic plan. If the size of the economic entity going into bankruptcy is big, more several other economic entities (default employees, families, etc.) will be negatively affected. The economic theory is not able to provide a particular model (in the sense of ready built) for decision makers in the real economy, based on which it can be prevented/avoided bankruptcy. Every business needs to build and to apply its own business strategy in the competitive environment, both in boom economic periods and in times of economic crisis. This paper attempts to provide some answers regarding risks and if there is a model/technique to predict in advance the risks.

Keywords: Economic Models, Method of Scores, Knowledge Management, Stock, Predicts

JEL Classification: M1, M2

MANAGEMENT VII

Room: Re

Chair: Mari Kooskora

International Diversification or Firm Resources? Examining Their Effects on Firm Performance Risk

Nejat Capar

Meliksah University, Turkey

Abstract

Researchers in international business and strategic management have long been interested in understanding international diversification as a strategy to manage and control firm performance risk. The general argument in this research stream has been arguing that international diversification or multinationality serves as a portfolio diversification strategy that can reduce firm performance risk. However, a major shortcoming of existing studies has been the failure of incorporating firm resources in examining the relationship between international diversification and firm performance risk. Given the importance of firm resources, this study examines the effect of firm resources on firm performance risk relative to that of international diversification. The present study has tested this alternative hypothesis by examining 188 firms over a 5-year period from 13 industries. Results show that it is not international diversification but firm resources such as marketing assets that have a dominant effect on firm performance risk.

Keywords: International Diversification, Firm Resources, Performance, Risk

National Currency Changeover to Euro: Case of Micro Enterprises of Trading Sector

Ilmars Kreituss
RISEBA University, Latvia

Madara Pavare
RISEBA University, Latvia

Abstract

The research investigates the changeover process of national currency to Euro and investigates the theoretical aspects of proper project planning and practical implications specifically for micro enterprises of trading sector of Latvia. Joining Euro zone is not only an important step for national economy but also a major project for private business sector as it may imply both extra costs and benefits. The research analyzes to what extent Euro changeover planning phase was in accordance with project's actual implementation phase and how presence of project plan affected the realization of the project in micro trading enterprises in Latvia. The paper assesses universally accepted project management principles, Latvia's National Euro Changeover project and Euro introduction in micro trading enterprises in Latvia. Primary data were collected before and after Euro implementation through quantitative surveys of micro entrepreneurs involved in trading. The research results are justified with experts' opinions directly involved in changeover project. The research results disclosed that project costs are independent of presence of project plan and an average Euro changeover project costs in micro trading enterprises in Latvia have obtained. Moreover, project time is dependent on project plan, the results revealed that those businesses who had project plan managed to implement Euro more accurately than those who did not have plan. Traders on average rate the project to be successful with average grade 8. The authors have developed an ideal Euro changeover plan for Lithuania's micro trading businesses that can be used while preparing for Euro changeover. Analysis of Euro changeover realization in micro trading businesses in Latvia would allow to make valuable recommendations to other upcoming Euro zone countries.

Keywords: Project Management, Euro Changeover, Micro Trading Enterprises

Comparative Research on Leadership Profile of Estonian and Finnish Female Top Executives

Mari Kooskora
Estonian Business School, Estonia

Marta Piigli
Estonian Business School, Estonia

Abstract

Despite the overall progress made at board level with female representation in the EU, there still remains a gap between those in the top of the list and the last. Within the EU, Finland is leading the way with more than 29,1% of women on boards; yet neighbouring country Estonia, with both language and cultural proximity with 8.1% is far lower than EU average of 16.6%. In order to identify the reasons for the gap among the member states a high level comparative research was conducted on the example of Estonia and Finland with the focus on high end top female executives, managing companies with an international scope with a turnover up to billion euros and thousands of employees. The research set out to identify the similarities and differences in the context of Estonian and Finnish top female executives with the aim to assess whether the leadership profile is influenced by the context and what are the possible effects on their leadership profile. In order to reach the study objectives, a mixed-method research was conducted. The results of the in-depth interviews supported by the leader's personality profile test analysis revealed an overlapping leadership profile of the two nationalities, with significant differences due to the historical background.

Keywords: Leadership, Female Leadership Studies, Estonia - Finland Historical Differences, Personality Profile, Empirical Research, Combined Research Methodology

A Business Approach to Information Systems of Italian Public Administration - From Governance to E-government

Ubaldo Comite
University of Calabria, Italy

Abstract

During the last decade in the 20th century, the Italian public administration system entered into a phase of intense transformation. The development needs of the country-system ask, in fact, for competent and competitive Public Administrations, capable of implementing effective policies, able to better the quality of services offered and to create conditions for the development of the entire country. Public systems are, consequently, affected by the processes of modernization and innovation founded on administrative simplification, transparency, corporatization, and accountability. Even information technology has, in the last few years, contributed to giving further impetus to the process of Public Administration innovation. This scenario has led a number of countries, including Italy, to implement, through e-Government, paths to reform aimed at revamping the image of the public sector, improving the performances of the single administrations in terms of efficiency and effectiveness. E-Government not only represents a resource that allows economic and operational advantages to be obtained, but is also an instrument that is capable of modifying the pre-existing operational mechanisms of the organization, guaranteeing a fast adaptation to continuous changes in the external environment. The use of e-Government within Public Administration can have the following impact: -the rationalization of internal management of single administrations through the streamlining of procedures; -the modification of the system for the provision of service, usable on-line; -the unification of information and services provided by different administrations; -the improvement of communications with citizens and a greater transparency of administrative activities thanks

to the large quantity of information that is easily accessible to all; -strengthening the consensus formation process in the choices of the administration through the use of digital communication that will support the traditional institutions of representative democracy. In any event, the impact that e-Government can have is that of a better Public Administration, in that it allows public policies to be optimized, the quality of services to be raised, the involvement of the citizens to be widened, and other specific fundamental activities to be improved. In summary, the present work intends to illustrate the comprehensive framework of the public administration system in Italy and of the main tendencies in progress, paying particular attention to the development of new management logic, considering e-Government not only as a merely technological phenomenon, but also analyzing it in its full meaning with regards to the process of change and modernization of the public administration.

Keywords: Public Administration, Governance, E-Government, Accountability, Information System

JEL Classification: M1, M14, M15

Analyzing Relationships between Organizational Cynicism and Organizational Silence: A Comparative Study on Textile and Food Sectors

Sabire Sen

Usak University, Turkey

Abstract

In this research paper it is aimed to determine whether there are effects of organizational cynicism on organizational silence. The population of the research is consist of textile and food firms which are located in İzmir Atatürk Organized Industry. The research was conducted on middle managers. Organizational cynicism is the negative attitude of employees to the organization. The roots of this negative attitude is associated with the belief of organizations' lack of justice and trustworthiness. Organizational cynicism is examined into three dimensions. These dimensions are cognitive dimension, affective dimension and behavioral dimension. On the other hand, organizational silence can be defined as the employee's avoidance behavior of expressing opinions about organization. In this research, quantitative research methods were used to analyze the data. Two scales were used to measure the relationships between organizational cynicism and organizational silence. In order to determine the level of organizational cynicism "organizational cynicism" scale was used. The scale was developed by Brandes, Dharwadkar and Dean (1999). To measure organizational silence, Dyne, Ang and Botero's "Organizational Silence" (2003) scale was used. In this research, a comparison of two different sectors and demographic factors of the population were evaluated. Also it was tried to revealed that if there was a relationship between organizational cynicism and organizational silence.

Keywords: Organizational Silence, Organizational Cynicism, Industrial Differences

University Students' Perceptions and Attitudes about Entrepreneurship and their Intentions to Startup Businesses: Literature Review

Adil Hasan Khalid

Sohar University, Oman

Abstract

An important question is why some students decide to pursue entrepreneurial while others search for employment. Research has investigated the possible reasons behind this behavior from the perspective of the individual themselves as well as economic and other factors in their environment (Audretsch and Keilbach, 2004; Hofstede, 2001). Competition for employment in the public or private sectors is the cause of graduates' failure to choose a career in entrepreneurship, which they view as a second or final choice (Norasmah and Salma, 2009). What is not clear however is how the students themselves perceive entrepreneurship and how these perceptions influence their attitudes and intentions to start their business? The aim of this paper is to review the available literature on university students' perception towards entrepreneurial activity. This will help develop a framework for a project seeking to recommend solid entrepreneurial policies towards youth. The paper specifically aims to find out how to measure the perceptions of young people towards entrepreneurship and what are the definitive variables influencing their perceptions; attitudes and intentions to start businesses. There is a growing body of literature arguing that perception plays a very relevant role in the decision to start a new business. The importance of personal traits in understanding this personal decision has been highlighted by many researchers. In their view, perception provides additional insights into the complex process of entrepreneurship. There are many theories attempt to explain the origin of entrepreneurship and its contributions over time. They attempt to answer the question of why some people or even some communities more entrepreneurial than others. The entrepreneurship literature can be divided into two broad areas focusing on individual entrepreneurs and the structure of entrepreneurship (Martinelli, 1994; Thornton, 1999). The individual entrepreneurship literature seeks to explain the prevalence of entrepreneurs in terms of essential psychological traits or how special characteristics are formed in certain social groups. Structural entrepreneurship highlights how social and cultural structures call forth entrepreneurs by providing opportunities for entrepreneurship. (McClelland, 1961), claims that some societies have cultural attitudes that engender entrepreneurial individuals. The cultural and social support factors are used to explain the types and levels of entrepreneurship in a country context (Busenitz, Gomez and Spencer, 2000). These studies do not seek to explain entrepreneurial action on the micro level, but rather the amount of entrepreneurial activity in a certain place or time (Reynolds, 1995).

Keywords: Entrepreneur, Entrepreneurial, Entrepreneurship, Perceptions, Attitudes, Intentions, Startup

JEL Classification: M13

HUMAN RESOURCES & EDUCATION**Room:** Mi**Chair:** Ivan Etzo**Students Workload: Differences among Study Branches and Higher Education Institutions in Latvia****Ieva Brencē**

RISEBA University, Latvia

Inara Kantane

Latvian Academy of Sciences, Latvia

Abstract

Objective: The survey in general aimed to identify the students' workload during the study process in different branches and different types of higher education institutions and to estimate the students' opinions on the necessity to increase it. **Data and methods:** The research results are based on survey data carried out from September 2012 to January 2013 and organised by Council of Higher Education in Latvia. Students from 48 higher education institutions (total number of higher education institutions in Latvia being 58) participated in the survey. The response rate was above three per cent that can be reported to be high, if compared to similar surveys performed before-hand. Statistical calculations (central trends and location measures, regression, correlation and cluster analysis) are mostly used to report the results. **Main results:** We find that on average students spend 18 - 35 hours for studies, differences in the number of study hours both among different branches and among different higher education institutions exist, yet there is no particular trend that in any of the higher education institutions surveyed students spend very short or long hours on their studies. More than 60% of students report they are not willing to change the number of contact hours for lectures, yet more than 30% would prefer increasing the number of seminars and practical activities. On average students evaluate their workload with 7 points, where 1 - very small, 10 - very high. There are several branches identified where students are very sceptical about their studies - although the number of study hours and the quality of studies is considered to be high. In addition to statistical numbers the students provided, more than 3000 comments on the possible improvements in the study process were given in frames of the survey. In this regard, it is suggested to perform similar surveys by each higher education institution, in order to measure the study process and find tools for its possible improvement.

Keywords: Students Workload, Higher Education, Latvia**Financial Literacy Enhancement as a Task of Latvian Population Financial Education****Andris Sarnovics**

BA School of Business and Finance, Latvia

Inese Mavlutova

BA School of Business and Finance, Latvia

Līga Peiseniece

BA School of Business and Finance, Latvia

Santa Berzina

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Abstract

Living in a rapidly changing environment, financial literacy is an important set of skills, which allows to effectively manage resources and to use all available opportunities to improve one's quality of life. Financial literacy is topical already since childhood, therefore number of people has an important role in its implementation - social, financial and educational policy makers, as well as its executioners, including creators of educational content, financial institutions and, finally, school teachers and parents. Actions of different national and international organizations in Europe suggest that financial literacy has become an important topic also in agenda of political actions, which shows a belief that financial literacy promotion not only might improve well-being of young people, but also might have a long-term positive effect on regional and national economy and financial prosperity in the future. The objective of research is investigation of financial literacy and financial education from theoretical perspective, as well as evaluation the level of financial literacy in Latvia by performing a survey among secondary school students, and to identify the main directions for financial literacy promotion in Latvia in European environment. The qualitative methods used were following: theoretical comparison analysis of financial literacy, gap analysis of economic situation and financial literacy policy in Latvia, a survey of financial knowledge of secondary school students in Latvia, personal observations. As quantitative research method statistical data analysis was used. The research results confirmed the common tendencies observed in this area, as well as lead to a deeper understanding of what is the knowledge secondary school students are missing in the area of financial literacy, what are the topics they are interested in and what are the desirable methods of teaching. The study has identified the parties interested and involved in raising the level of financial literacy, their co-operation opportunities and required improvement of financial literacy results among school youth. It is recommended to promote cooperation among secondary school teachers and experts in the field. For all generations of people poor savings and investment decisions may carry serious implications for long-term financial security. With the changing of Pension system and uncertainty about government social security, Latvian people are being called upon to undertake their own different types of insurance policies and financial planning for retirement.

Keywords: Financial Literacy, Financial Education, Financial Knowledge, Financial Behaviour, Well-Being, Personal Financial Planning**JEL Classification:** A21, C10, D14, I21

Career Choice Motivation among Students in the North-Western Hungarian Vehicle Industrial District

Szabolcs Ramhap

Szechenyi Istvan University, Hungary

Abstract

The main objective of this study is investigating the career choice motivation among students in the north-west Hungarian region. Currently higher education has become a main strategic resource in the knowledge economy. The higher education institutions facilitate the development of their region, attract students and lecturers to their area, enlarge the human capital and establish workplaces. Nowadays the interaction among universities and industry has a growing role in the economy. Technological development in informatics and telecommunication has occurred changes and challenges for the society in our globalizing world. Knowledge economy and knowledge based society have been evolved in our history. The 21st century came with drastic social and economic changes. This is the era of knowledge based society, knowledge has become such substantial resource, that we have never seen before. In this context the structure of our economy will be based on knowledge. Institutions, particularly education institutes dealing with knowledge creation, exploitation, dissemination and reproduction have become the grounds of knowledge based society. Today the role and task of higher education institutions are re-evaluating among Europe, therefore new approaches will appear in economic and social roles and projects. Universities make a fundamental contribution to reproduction and adaption of human resources, so their importance is growing among regional actors. The part of higher education institutes in support of regional governance is widely respected. The Hungarian City Győr is the most important industrial basis of the country, the centre of Hungarian vehicle industry, where Audi, the world's largest engine plant is located. This research describes the career motivation of young people. The study is based on a survey among high school students. The database consists of 2000 responds. The research used some statistical methods for instance frequencies, means, factor and cluster analysis. The results show us the main dimensions of career motivations. Students expect better work conditions, higher wages and respect of society. As a conclusion we can say that personal motivations determine the maintaining of higher education institutions in the increasing competition and improve the regional competitiveness.

Keywords: Higher Education, Career Choice Motivation, Enrolment Management, Regional Competitiveness

JEL Classification: I23, I25, R11

Connecting the Learning and Real-Life Outcomes of Enterprise Education

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Tonis Mets

University of Tartu, Estonia

Abstract

While it is acknowledged that competences developed as a result of enterprise education (EE) should lead to real-life outcomes (Bridge et al., 2010; Kirby, 2006), little has been done to empirically research this dependency. We question whether learning outcomes of EE - cognitive, skill-based, and affective – explain changes in more tangible, real-life, outcomes - early-stage entrepreneurial activity (EA) and enterprising employability (Fisher et al., 2008; GEM, 2010). Since educators tend to expect these outcomes from their teaching practice, employers look for candidates with well-developed competences, and markets favour prepared individuals (Lee et al., 2011; Andrews and Higson, 2010), in this paper we hypothesize that this explanatory relationship exists and is statistically significant. The study is based on a statistical analysis of cross-sectional data collected from March to May 2013 in four leading higher education institutions (HEIs) of Latvia, N=362. Self-administered online questionnaire-based survey (ex-post) was carried out among last year students of entrepreneurship-related programmes at the Bachelor level and among graduates from these programmes within two years after obtaining a diploma. The following methods are employed in the study: exploratory factor analysis, composite indicator construction, multiple linear and binary logistic regressions. As a result of the analysis, we find only some support for the hypothesized relationship between the learning and real-life outcomes. More evidently, the findings indicate on a gap that exists between EE and real-life. Whether the gap is self-evident or needs to be overcome remains upon educators and decision-makers in education policy to conclude. If the first is the case and we have confirmed the earlier conclusion of Rideout and Gray (2011), who tend to undermine the widespread confidence in the belief that EE produces entrepreneurship, then we question rhetorically whether widespread growth of courses and programmes across Europe is justified and what it really brings to both efficiency- and innovation-driven countries. If this gap points out deficiencies in the current state of affairs and is to be overcome, then teaching entrepreneurship across European universities requires more circumspect approach and demands substantial changes pertaining to the tendency to make the discipline compulsory, to shift towards more experiential learning, to expand into non-business fields, etc.

Keywords: Enterprise Education, Impact Measurement, Learning Outcomes, Real-Life Outcomes, Latvia

JEL Classification: C21, I23, L26

Work Environment, Stress and Burnout among Egyptian Teachers

Sahar Mohamed Badawy

The British University in Egypt (BUE), Egypt

Abstract

Recent research has pinpointed the serious effects of job burnout on both personal life and productivity in work. In a country like Egypt, that suffers from a shortage of resources in schools and has difficulty providing an appropriate organizational climate for teachers, it becomes a necessity to care about the psychological welfare of those who work in such an inappropriate environment. Egyptian Teachers are exposed to great pressures that can lead to job burnout due to their direct contact with

students and parents on a daily basis. Hence, the aim of this study is twofold. First, to investigate the relationship between work environment, stress and burnout. Second, to build an explanatory model for the hypothesized relationships. The study was conducted on Egyptian teachers who work in 3 private schools with different study systems (British, American, and Egyptian) though all three are owned by one corporation. The study, which was carried out in 2013, is based on a questionnaire survey (administered in either Arabic or English) to measure the examined variables. The survey instrument was distributed to all 325 teachers working in the three schools (British 76, American 83, and Egyptian 166) through face-to-face interviews with the senior or by e-mail to the junior teachers. 250 completed questionnaires were received, representing a 76.9 per cent response rate. The proposed model included 6 work environment components based on the literature that affect work stress (physical comfort, involvement, innovation, autonomy, supervisor's support and work cohesion), which, in turn, may lead to burnout (measured by three components: exhaustion, cynicism and inefficacy). Confirmatory factor analysis and path analysis were used to test the data fit for the hypothesized model. The results confirmed the proposed relationships between four components of work environment (physical comfort, innovation, autonomy and supervisor's support), work stress, and burnout components (excluding inefficacy).

These results could help fill the gap in the study of burnout and burnout antecedents within the Egyptian context by highlighting the importance of specific work components that do not receive much attention in Egypt, especially innovation and autonomy. The study suggests that decision makers in schools should reconsider the work environment to give more space for autonomy and innovation, provide a comfortable physical environment and ensure supervisor support. The study proposes several variables that should be included in the model in future studies.

Keywords: Work Environment, Work Stress and Burnout

BANKING III

Room: Fa

Chair: Robert W. Vivian

Ecological Evolution of Financial Market

Leszek Dziawgo

Nicolaus Copernicus University, Poland

Abstract

Objectives: The international financial market is significantly influenced by idea of Corporate Social Responsibility. As it is commonly known - CSR-idea contains also crucial ecological components. Nowadays, a lot of leading financial institutions in Europe keep or gain clients thanks to using environmental aspects. The aim of the elaboration is to indicate and analyse the problem of implementation of environmental rules in financial business. The considerations are based on selected cases of business practice of Polish financial market and surveys conducted in the period of 2009-2014 on a representative sample of Polish society Poland is one of the most important and promising emerging markets hosting key financial players such as Deutsche Bank, Commerzbank, Citigroup, BNP Paribas, UniCredit, Millennium, Raiffeisen Bank, ING, and also Banco Santander. **Data / Methods:** The problem is analysed with the use of critical analysis of literature and business reports, case study method, comparison method, induction method and questionnaire method which are adequate for this problem. The questionnaire method is used in a survey on public opinion concerning the public perceptions and assessment of proecological activities of financial business. The surveys were created, ordered and supervised by the Author and conducted by internationally recognized institutes MillwardBrown SMG/KRC and GfK Polonia. Some relations between given answers were verified with the use of statistical methods. **Results:** The results clearly show that problem of ecological adjustment of financial institutions to public requirements concerning ecological standards really exist. The growing and consistent engagement of financial business for natural environment protection is a fact. **Conclusions:** Undoubtedly, the ecological challenge in financial business is an important subject of scientific research. The results could be useful for creating responsible financial business in modern economy. However, we should be aware of the fact that the implementation of environmental rules on financial market is not only inspiring, but also questionable.

Keywords: Banking, CSR, Ecology, Sustainable Finance, Financial Market

JEL Classification: G23, G11, G21, Q56

Impression Management through Banks' Annual Report Graphs

Laivi Laidroo

Tallinn University of Technology, Estonia

Nele Tamme

Tallinn University of Technology, Estonia

Abstract

The objective of this paper is to analyse the graph use in Central and Eastern European (CEE) banks' annual reports during 2006-2011 and determine the extent of impression management strategies employed. The results revealed distinct differences in CEE banks' graph use compared to other types of companies covered in previous studies. These included lower levels of graph use, differences in identified key financial variables (KFVs), and more extensive use of activity and macroeconomic indicator graphs. There was quite strong support for impression management in banks' graph use in the context of selectivity. Weaker support was found for the existence of favourable measurement distortions and employment of attribution strategies. Still, compared to previous research, weaker links existed between KFV graph use and banks' profit performance, and the proportions of materially distorted graphs remained lower. These results indicate that annual report users should pay more attention to sudden disappearance of certain graphs and cross-check graphed KFVs with numerical data presented in audited financial reports.

Keywords: Disclosure, Impression Management, Graphs, Banks, Key Financial Variable

A securitization Fund in the Securitization Process in Poland

Dorota Krupa

Nicolaus Copernicus University, Poland

Michal Buszko

Nicolaus Copernicus University, Poland

Abstract

Objectives: The research objective of the article is to characterize securitization funds, their role in the securitization process and the major issues of the development of the securitization funds market. Also, the potential and direction of the securitization development in Poland will be presented. Securitization funds in Poland have existed for almost nine years. A securitization fund, according to the Polish law, is one of the types of closed-end investment funds. In the securitization process the role of organiser (e.g., bank) and the investor are important. The subject of a securitization fund investment is acquiring receivables. A securitisation fund works with a debt collection company. In Poland, a securitisation fund can be created only by an Investment Fund Company. The supplier of receivables, because of the tax benefits, may sell them only to a securitisation fund. **Data and Methods:** In the article, the authors will use critical analysis of literature, statistical data analysis, and description and comparison methods. The work will be based on statistical data of the domestic market of investment funds, reports of financial institutions. The background of analysis are the results of the research conducted by one of the authors in 2005. The study was conducted on a group of financial market experts and it related to the prospects for the development of closed investment funds in Poland, including securitization funds. Comparisons were made for the time period covering the years 2005-2013. **Results and Conclusions:** The results showed: - the possibilities of using securitization funds in the securitization process, - the techniques available in the securitization process in Poland, - the main aspects of the securitization funds development in the years 2005-2013, - the current size and structure of the market of securitization funds in Poland. The major conclusion of the study refers to the potential development of the domestic market of securitization funds. The potential for development is related to the legal and tax aspects of securitization in Poland and the efficient cooperation between entities in the securitization process.

Keywords: Securitization, Investment Fund, Securitization Fund, Bank, Receivables

JEL Classification: G21, G23

Comparing the Financial Performance of Banks in Turkey with the Aid of PROMETHEE Method

Fusun Gokalp

Celal Bayar University, Turkey

Abstract

The recent financial crisis forced all sectors to be more competitive. Thus, these aspects suggest that performance measurement is very critical for success. Banks have important contributions to the economy of a country. The financial performance of the banks affects all of the sectors in Turkey. So the present study aims to evaluate the financial performance of commercial banks in Turkey. Moreover, the Turkish banks are rated based on their financial performance. In this respect, PROMETHEE (Preference Ranking Organization Method for Enrichment Evaluations) method is used in the study. In the study 5 main and 12 sub-financial ratios are selected to evaluate the bank performance. The selected ratios are organized into 5 categories (capital, assets, management, earnings and liquidity) in accordance with the CAMEL framework. The data set is taken from the Turkish Bankers' Association web site. 2006-2012 period is chosen as an observation years. The sample consists of Turkish commercial banks. The performance of state-owned, private and foreign banks' performance is compared with the aid of ranking results. This study will help to form a ranking system to compare Turkish banks with its competitors.

Keywords: Banks, Financial Performance, PROMETHEE Method

Adjusting for Revaluation of Currency and Securities in the Empirical Analysis of Comparative Bank performance

Mikhail Mamonov

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Andrei Vernikov

Higher School of Economics, Russia

Abstract

Objectives: We introduce a modification into the calculation of comparative bank efficiency. Previous empirical research on banking in transition employs gross revenue data. Some of those economies, however, were dollarized and volatile at the time of writing, so the effects of foreign currency and securities revaluation can be material in the balance sheets and P&L statements of local banks. Our hypothesis is that these alien components bearing little relation to the bank's core output might affect the calculation of comparative bank efficiency and upset the rankings. **Data and Methods:** We apply stochastic frontier analysis (SFA) to efficiency estimation based on bank-level data from CBR for Q1 2005 through Q4 2013. A refined definition of state-controlled and foreign-controlled banks is used in order to build more coherent bank clusters. We estimate statistically the observed differences in bank clusters' SFA-scores via a set of empirical equations with dummy variables and a long list of bank-specific and macroeconomic controls. Our estimations employ both the generalized method of moments (GMM) and a two-step Tobit with endogenous regressors to avoid endogeneity and to correct for heteroscedasticity. **Results:** We show that the effects of revaluation of foreign currency and securities are unevenly distributed among banks, so they matter for the estimation results. Having controlled for revaluations, we find that: (1) efficiency scores become higher and less volatile across the board; (2) the

spreads between different types of banks in terms of efficiency shrink; (3) foreign-controlled banks appear to be the least efficient market participants; (4) the core state-controlled banks are more efficient than other state-controlled banks and nearly as efficient as domestic private banks; (5) during financial turmoil the efficiency of banks grows as compared to normal circumstances. Some of these results are consistent with previous research (Karas, Schoors and Weill, 2010). Others challenge the conventional wisdom with regard to the general level of Russian bank efficiency, the performance of foreign-controlled banks (Bonin, Hasan, Wachtel, 2005; Fries, Tachi, 2005; Grigorian, Manole, 2006) and bank behavior during crises. We check the robustness of the findings by applying an alternative method of bank operating efficiency calculation (cost-to-income ratio) and find the rankings to be sensitive to the choice of the estimation method. Conclusions: A refined definition of bank revenue, controlling for the effect of currency and securities revaluation, yields meaningful results in comparative bank efficiency computations. Our method can be applied to other dollarized emerging markets.

Keywords: Russia, Banks, Operating Cost Efficiency, SFA, State-controlled Banks, Foreign-controlled Banks

Relationship between R&D and Firm Value in an Emerging Financial Market: Evidence from Turkey

Hasan Ayaydin

Anadolu University, Turkey

Ibrahim Karaaslan

Anadolu University, Turkey

Abstract

This paper aims at providing further evidence on the consequences of R&D investment on Tobin's q for firms publicly traded in an emerging financial market, Turkey. Panel data methodology is applied using data for the manufacturing firms listed in the Istanbul Stock Exchange, a market classified as emerging by the major securities analysts, for the period 2008-2013. The empirical findings show first, that the Turkish firms' R&D investment effect on the market value of a firm is consistent with other US and European studies. Second, the impact of the R&D investment on the market value is higher for small firms. The findings of this paper may have significant industrial and technological policy implications for other emerging markets sharing similar characteristics to Turkey.

Keywords: R&D, Innovation, Firm Performance, Tobin's q, Turkey

JEL Classification: G11, G30, G32

Eurasian Banks' National Culture: Effect on Loan Losses Provisions and Risk-Weighted Assets

Ana Isabel Lopes

ISCTE-IUL, Portugal

Abstract

The main objective of this paper is to compare the amount and weight of "loan losses provisions" and "risk-weighted assets" in the banking industry on Eurasian geography. We apply the dimensions of national culture identified by Hofstede (2009) and data from the World Values Survey Association to draw inferences about their effect on those two items. In additional analysis, we examine whether the findings are also influenced by the type of bank each country in a triple perspective: by ownership structure (e.g., public, own State,...), by type of consumers (e.g., investing, commercial,...) and by IFRS (e.g., versus local standards or US GAAP). We use a sample from the Datastream representing a diversity of countries, with data of listed Banks over 2007-2013 (the financial crisis period) from Europe and Asia. We contribute to the literature in several ways. First, it contributes to help identifying the factors that can be caring to understand the fulfillment of capital adequacy ratios in the banking industry (Tier 1 and Tier 2). Second, our study also shows that differences in national culture can be reflected in the success of Basel or similar accords. Third, it adds to understand the effect of different accounting practices in the enforcement of capital and liquidity ratios.

Keywords: National Culture, Credit Risk, IFRS, Banking

TOURISM I

Room: Sol

Chair: Nevenka Cavlek

Outbound Leisure Tourism Market of Saudi Arabia

Mourad Mansour

King Fahd University of Petroleum and Minerals, Saudi Arabia

Alhassan G. Mumuni

Western Michigan University, U.S.A.

Abstract

Using an array of multivariate statistical methods (principal components, cluster, discriminant, and ANOVA) applied to data from a survey of 455 respondents, this study develops market segments for the outbound leisure travel market of Saudi Arabia based on respondents stated preferences for common vacation activities. Cluster and discriminant analysis of the data reveal three market segments - conservatives, fun-seekers, and variety-seekers - with clearly distinguishable socio-demographic characteristics. Conservatives have a profound dislike for entertainment-oriented activities (nightclubs, music concerts, and movies). At 41% of

the sample, this is the largest segment, and is dominated by relatively older, married, male respondents. Fun-seekers emphasize shopping and leisure-related activities (such as visiting amusement parks and relaxing in beaches). This segment comprises about 25% of the sample, and is dominated by respondents that are young, single and female. Finally, variety-seekers (34% of the sample) like all vacation activities, and is made up of respondents that are young and middle-aged, single, and female. Implications of the results for destination marketers targeting leisure tourists from Saudi Arabia are discussed.

Keywords: Outbound Leisure Tourism, Saudi Arabia, Conservatives, Fun-Seekers, Variety-Seekers

Public Relations in the Tourism Sector

Andreanna Tragouda

Technological Institute of Central Macedonia, Greece

Abstract

Public Relations, nowadays, is the principal management function in many corporate and government institutions. This function helps establish and support mutual lines of communication, understanding and collaboration between an organization and its publics. It's the department that connects any business or even the whole industry with its audience. It helps management to keep informed on general estimation and public opinion and gives emphasis on the responsibility to serve the public interest. Its main tools are investigate, research, communication and finally and most important promotion. Purpose- The objective of this study is to examine the role of Public Relations' activities in the Tourism sector and its application on the tourist companies. Even though its purpose is not completely defined, its role is sufficiently recognized. Data/methodology- A literature review and specific tourism organizations in Turkey and Spain including some tourists were used in order to provide this research with more objective results. With an exploratory method of a descriptive survey design, this research used qualitative and quantitative methods which would be more helpful for the readers to understand. Results- The findings demonstrate that most of the people have acknowledged the significance of the Public Relations' department in the tourism industry. PR can give consumers and the media a better understanding of how a company works by highlighting its strengths and best features. What also derive from this study is that a PR person must be adept at multitasking and time management and be able to organize, plan, implement and serve people at the same time. Conclusion- Public relations hold a significant part in tourism and the companies involved in this industry because of the importance that they place on their reputations. The results of this survey show that PR techniques if used effectively they can help companies achieve their goals and meet their mission by increasing the sales and also the number of customers. Public relations should be distinguished from any other complementary activity that contributes to the promotional mix of a tourist enterprise.

Keywords: Public Relations, Management, Communication, Tourism, Marketing, Promotion

Competitiveness of Turkish Tourism and Travel Sector in the Context of Sustainable Development: A Meso-Level Comparison with the Euro-Mediterranean Countries

Meltem Caber

Akdeniz University, Turkey

Abstract

Objective(s): The objective of this study is to investigate the competitiveness of Turkish tourism and travel sector for sustainable development. Although the rate of growth in global tourism and travel sector is expected to slow down gradually, from 3.8% in 2011 to 2.5% in 2030 according to United Nations World Tourism Organisation's "Tourism Towards 2030" report, future forecasts also show that micro, meso and macro-level competition among the countries will strongly increase in the same period. In this respect, Spain, Greece, Portugal, Malta, Italy and Egypt are the main Euro-Mediterranean destinations that Turkey has to compete with in the meso-level. Therefore, the current study aims to examine the structure of competition among the Euro-Mediterranean countries and Turkey, and to suggest possible scenarios for the near future. Data and Method(s): By examining the secondary data of World Economic Forum's "The Travel & Tourism Competitiveness Report 2013", this study presents a SWOT Analysis of Turkey and discusses the results for achieving success for Turkey in the meso-level competitiveness against the Euro-Mediterranean destinations. Results: Strengths of Turkey are identified as the "Affinity for Tourism and Travel", "Cultural Resources", "Air Transport Infrastructure" and "Policy Rules and Regulations" issues according to World Economic Forum's The Travel and Tourism Competitiveness, 2013 index, while the "Price Competitiveness in tourism and travel industry" and "Environmental Sustainability" issues are relatively insufficient and the main weaknesses. In addition, a similar examination is done for the Euro-Mediterranean countries by using the same index and a comparison was made with Turkey and these countries. Conclusions: In the Euro-Mediterranean area, very similar tourism products or opportunities are offered to the tourists whose are mostly travelling to spend their holidays at the sea-sand and sun destinations. In such tourism areas, countries need to know their positions as well as their close rivals' in the context of meso-level competition. In this study, a comparison was made between Turkey and some Euro-Mediterranean countries with this purpose.

Keywords: Competitiveness, Tourism, Travel, Sustainability, Development

Entrepreneurial Activities as a Factor of Ecotourism Development: The Case of the Plitvice Lakes National Park, Croatia**Nevenka Cavlek**

University of Zagreb, Croatia

Vanja Budinski

University of Zagreb, Croatia

Danijela Ferjanic Hodak

University of Zagreb, Croatia

Abstract

Tourism development in any destination highly depends on the quality of its resources – both natural and cultural. The preservation of those resources should be the main focus of destination management in order to ensure long-term sustainability of tourism development. The main objective of this paper is to analyse the role of the public and the private sectors in terms of the preservation of natural resources and with the aim to develop ecotourism within a given community. When the resources are provided with an adequate level of protection and are presented in the tourism market as such, they are expected to attract some entrepreneurial activities and thus increase their quality and competitiveness. The final outcome of such activities should be not only ecological but also economic and socio-cultural sustainability of tourism development in the area. The paper analyses the mentioned entrepreneurial activities based on the case study of the Plitvice Lakes National Park situated in the Republic of Croatia that enjoys the protection of both national laws and the UNESCO. This is the oldest protected natural area in Croatia, and the most visited one as it attracts around one million visitors per year. The area of the national park was developed mostly due to tourism activities, providing the local entrepreneurs with an opportunity to distribute their products to tourists who seek local authentic products which increase the quality of their experiences in the destination. Consequently, the development of entrepreneurship in this area represents a highly sensitive process which should be scrutinised most thoroughly when deciding on the future development of this park's natural resources. New entrepreneurial activities should be implemented with the objective of raising the quality of products offered to tourists, but bearing in mind the park's carrying capacity. Alongside the case study method, the paper also includes comparative and statistical analyses of the available tourism data.

Keywords: Resource Protection, Entrepreneurship, Tourism Development, Ecotourism, Croatia

The Importance of Electronic Commerce in Tourism Sector**Ibrahim Bas**

Selcuk University, Turkey

Abstract

In this review, It is implemented the importance of developing and practising electronic commerce in the tourism sector. In the review "Emerald Management Journals", "Springer - Kluwer and Brill", "Wiley-Interscience - Blackwell-Synergy" out of databases and "googlescholar" search engine with the help of the relevant articles were screened. The tourism sector, service industry with a name other, is too great benefits to countries to close the current account deficit and provide input. Another benefit of the tourism sector in the country is helping to reduce unemployment. Developing of internet is too important in terms of customers by offering several advantages to businesses and marketing and sales activities through internet attracting customers. It is not required to making phone calls, going to business, utilizing of television and advertisement of customers. Thus, the customers are informed as soon as possible and sales of the product takes place immediately. Electronic commerce, in the tourism sector as all sectors also has led to the emergence of new business models. Customers in tourism sector don't have very detailed information, usually without purchasing products about the issues of tourism businesses. Currently, many potential tourists are accessed detailed information about product that will buy via electronic tourist sites that operating in a virtual environment. With this feature, tourism activities in the electronic media has been one of the most important sources of information which reference by potential tourists. E-commerce which is used in tourism industry has a important role in gathering, organizing and presenting touristic products to customers. As to the role of information, e-commerce has become a strategic weapon and main source of sustainable competitive advantage. Web sites with equipped information provide great opportunities to businesses in tourism marketing about presenting touristic activities. Tourism enterprises are able to sell and promote by operating regional and international reservation systems. Airlines which provide touristic service, car rental companies and hotel chains have developed e-commerce applications and directly reaches reservation systems to users. As a result, tourism sector which realize early on that conveniences have been developed rapidly in tourist activities of virtual environment.

Keywords: Tourism, E- Tourism, E-Commercial, Internet, Marketing, Tourism Sector, Service Industry

JEL Classification: L81, L83, L86, M31

KEYNOTE SPEAKER: 12:10-12:40

Room: Sol

Systemic Risk, Financial Crises and Macroprudential Policy**Jose-Luis Peydro**

Universitat Pompeu Fabra Barcelona, Spain

I summarize a forthcoming book at MIT Press co-authored with Xavier Freixas and Luc Laeven on "Systemic Risk, Financial Crises and Macroprudential Policy". Western Europe and USA suffered recently a strong financial crisis, followed by a severe economic recession with important costs in terms of aggregate output and employment. These phenomena are not unique: Financial crises are recurrent phenomena, triggering deep and long-lasting recessions. A key channel by which banks' balance-

sheet weaknesses affect the real economy is via a reduction of the supply of credit, a credit crunch, and also through some compositional changes of credit supply as the so-called zombie lending (or loan ever-greening) or a significant reduction of appetite for risk. Importantly, banking crises are not random events that come from exogenous risks, but come after periods of very strong private credit growth. Therefore, for systemic risk, it is crucial to understand the determinants and implications of credit in good and bad times, the so-called credit cycles. The costs of the recent global financial crisis have generated a broad agreement among academics and policymakers that financial regulation needs to get a macroprudential dimension that aims to lessen the negative externalities from the financial to the macro real sector.

SESSION III: 12:40-14:35

HUMAN RESOURCES III

Room: Do

Chair: Siti Zaleha Abdul Rasid

The Impact of Mother and Mother-in-laws' Work Experience on Married Women's Labor Force Participation

Joseph Lee

National Central University, Taiwan

Abstract

Due to the rapid aging of population and the low birth rates, the government is encouraging women to enter the labor market and to make up part of the reduction of labor supply due to the aging of population. Although large numbers of research work have been done regarding factors affecting women labor force participation rates, there exists little scholarship on the topic of how mothers and mother-in-laws' labor market experience affect their daughters and daughter-in-law s' decision to participate in labor market activities. This topic is important because in Asian countries a mother or a mother-in-law's attitude has a significant influence on a daughter and a daughter-in-law's behavior, including labor market behavior. The objective of this study is to investigate a mother and a mother-in-law's work experience on married women's decision to participate in labor market activities. In this study we also examine the moderating effect of cohabiting with a mother or a mother-in-law. Using a random sampling technique we sent out 14,000 mail questionnaires and 999 usable were returned. By using logistic regression analysis, we found that a mother's work experience has a significant and positive impact on a daughter's labor force participation, but a mother-in-law's has no impact. Since the educational attainment of women in Taiwan has been improved significantly and labor force participation rates are much higher for the better educated, therefore for the next generation women's labor force participation rates will be higher than this generation because these mothers provide a good role model for their daughters.

Keywords: Labor Supply, Female Labor Force Participation

The Impact of Globalization on the Changes in Industrial Relations and Development of Employee Participation - Evidence from Poland

Katarzyna Skorupinska

University of Lodz, Poland

Abstract

Globalization of the economy is a process of deepening interdependence between countries, which primarily results from the development of multinational corporations and the internationalization of finance. This process influences not only economic relations, but also causes significant changes in the area of industrial relations and employee participation. The answer to the challenges and problems that arise as a result of globalization has been the emergence of new transnational institutions of participation in the form of European Works Councils (EWCs) and European Companies (SEs) and concluding of transnational company agreements. The aim of this article is to examine the influence of globalization on the development of employee participation and on the shape of industrial relations in Poland. This article uses theoretical and conceptual analysis methods based on a survey of literature and statistics (especially from EU-linked sources such as ETUI, EIRO and Eurostat). The analysis regarding direct participation is based on the results of questionnaire survey conducted on the sample of 254 Polish enterprises. The article argues that: 1) Polish participation in EWCs affects the transformation of industrial relations in Poland by improving communication and development of a culture of dialogue; 2) globalization and increasing competition lead to dissemination of forms of direct participation but the scope of this forms in Polish enterprises is still lower than in companies in the old EU countries; 3) globalization and European integration have contributed to the transformation of a single channel of employee representation in post-communist countries into a dual channel.

Keywords: Industrial Relations, Employee Participation, Globalization, New Methods of Work Organization

JEL Classification: J53, J83, F66, M54

Human Resources Management of the East and West Companies: The Case of Spain versus Japan

Pilar Curoos Vila

University of Girona, Spain

Pilar Ficapal Cusi

Open University of Catalonia, Spain

Joan Torrent Sellens

Open University of Catalonia, Spain

Abstract

This article is a theoretical study comparing the model of Japanese human resource management, analyzing their characteristics from the point of view of the hierarchy and structure, recruitment and selection, promotion, performance appraisal and motivation, leadership, training and communication versus the model of existing human resources management in the West, in particular the case of Spain. The objective is to analyze the differences between the two models (the eastern and western). The result of the study indicates that the premium Japanese management maturity of its leaders based on age and experience, unlike the Spanish model did not take into consideration, there are managers with 30 years at the top of the chart. Japanese workers are more motivated because the criteria and decisions are made objectively, which expresses a sense of equality and justice among employees, which is more subjective in Spain and sometimes unfair. The promotion and management turnover is usually rapid and there are plenty of specialists who have an overview of the company, while in the Japanese model promotion is slow, careful and thoughtful. In terms of leadership decision making is individual in the West, unlike Japan that are collectively, by consensus, by participating employees. In performance evaluation, the Japanese believe that quality should be made rather than controlled, time and money is earned. Training in the Japanese company due to the long working relationship it is more extensive than in the West. The distribution of individual offices fosters communication not unlike the Japanese who have the open system, which improves communication between people. Be direct and say things as they can cause conflicts with colleagues, boss or subordinate. Ambiguity provides the flexibility of the Japanese organization. We summarize in general, that the Japanese model the worker is more committed to the company because everything is very structured, standardized and try to apply the principle of full equality in the different items analyzed.

Keywords: Human Resources, Japanese Company, A Spanish Company, Differences, Equalities

The Investigation of Emotional Labor as an Intervening Variable in the Relationship between Emotional Display Rules, Burnout and Job Satisfaction

Fusun Bulutlar

Yeditepe University, Turkey

Zeliha Nil Ozbingol

Yeditepe University, Turkey

Abstract

Role of emotions at workplace has gained much importance by researchers and practitioners through the recent years (Abraham, 1999; Cote & Morgan, 2002). The study of emotional labor is important because it is a part of any job requiring interpersonal contact and it may impact many individual and organizational outcomes such as job satisfaction and burnout. Recent research has shown that the appropriate management of emotions within workplace is important for many types of jobs such as judge, therapist and teacher (Diefendorff & Richard, 2003). For the purpose investigating the effect of emotional display rules on emotional labor and in turn the impact of emotional labor on organizational outcomes such as burnout and job satisfaction in faculty, questionnaires were distributed to 310 faculty members of six Public and six Private universities. The data obtained was analyzed with the help of SPSS programme. The results of the regression analysis yielded a strong relationship between emotional display rules and emotional labor. Deep acting is found to be positively related to job satisfaction, the dimensions of surface acting were found to have a negative relationship with job satisfaction. Lastly, a negative relationship between deep acting and burnout, and a positive relationship between both dimensions of surface acting and burnout were found.

Keywords: Emotional Labor, Emotional Display Rules, Burnout, Satisfaction, Regression, Factor Analysis

JEL Classification: M54, J28, J24

The Impact of Immigrants' Settlements on Italian Firms

Ivan Etzo

University of Cagliari, Italy

Carla Massidda

University of Cagliari, Italy

Romano Piras

University of Cagliari, Italy

Abstract

Immigrants workers differ from natives and their diversity brings opportunity for firms, who can diversify their skills, tasks and products, cut their costs and, in some cases, expand. The chance for firms to expand (e.g. by opening new establishments) can be given by the arrivals of immigrants that, earning lower wages than natives, contribute to reduce the production costs. The recent immigration literature started to investigate how firms respond to the growing availability of immigrants (Ottaviano-Peri,

2013). Olney (2013) highlights how firms' decisions may respond to low-skilled local labor supplies, he focuses on the extensive margin of adjustment by examining the impact of immigration on the number of establishments in U.S. cities. Following Olney's contribution, this study investigates the impact of immigration on firms' using data on the establishments in all sectors excluding agriculture, for 103 Italian provinces and the 2004-2010 time span. There are at least three important reasons to focus on Italy. The first is that, despite being one of the main destination country for low-skilled immigrants, Italy lacks of empirical studies focusing on firms' decision level. The second is that immigrants in Italy keep growing notwithstanding the economic crisis, with an annual average growth rate which was above 10% during the period 2004–2010. Moreover, immigrants growth rates are much higher in the South (i.e., the less developed area) than the Center-North. Third, during the same period, both the number of establishments and employees have increased by approximately 3% and 5%, respectively. Using instrumental variable technique in order to deal with the potential endogeneity of immigrants, this study analyses the impact of an increase in the share of immigrants on both the number of establishments and employment. The results show that an increase in the share of immigrants leads to an increase in both the number of establishments and employment. Interesting differences arise with respect to the macro area (i.e., Center-North and South), sector and establishments' size.

Keywords: Employment, Firms, Immigration

The Impact of International Migration and Remittances on Female Labor Force Participation in the Western Balkans

Esmeralda Shehaj

University of Tirana, Albania

Ardiana Gashi

University of Tirana, Albania

Artane Rizvanolli

University of Tirana, Albania

Hyrije Abazi-Alili

University of Tirana, Albania

Viktorija Atanasovska

University of Tirana, Albania

Abstract

The aim of this paper is to investigate the impact of international migration and remittances on the female labour force participation in Albania, Kosovo and Macedonia, using an instrumental variable approach. We apply the same estimation technique in these three economies so that we can generate comparative analysis. For the empirical analysis of the study for the case of Albania we employ LSMS of 2008 data conducted by the Institute of Statistics in Albania (INSTAT); for the case of Macedonia we use household survey data conducted by the South East European University in cooperation with UNDP in 2009 and for the case of Kosovo we employ UNDP Kosovo Remittance Survey 2011. We argue that given the expected relationship between uncontrolled variables and the explanatory variables, we have to instrument for other potential endogenous variables in the model such as fertility, education and health. Our model includes controls for the main determinants identified in the literature such as household wealth, social capital, community variables, and labour market characteristics, and in addition instruments for the international migration and remittances. The results from the empirical estimations indicate that most of the control variables have the expected signs of the effects and the expected statistical significance. With regard to international migration and remittances, they have an estimated effect of about 33 percent on the Female Labour Force Participation in Albania, whereas empirical results for the case of Macedonia indicate that women who do not receive remittances are more prone to be part of the labour force. On the contrary, the results from the conditional mixed process estimations for the case of Kosovo found that remittances do not have a significant impact on female labour force participation. These results can be explained by differences in the characteristics of the countries, and we also intend to provide a discussion on these differences and provide country-specific policy recommendations.

Keywords: Labour Force Participation and Employment, Women Empowerment, Remittances, Endogeneity

JEL Classification: J21, J16, F24, I21

ENERGY STUDIES

Room: Re

Chair: Meltem Ucal

Forecasting Oil Price with Many Predictors

Huseyin Kaya

Bahcesehir University, Turkey

Abstract

During the last decade the price of oil and its fluctuations have reached record highs. In 2002, the West Texas Intermediate (WTI), one of the most important benchmarks for crude oil prices, averaged around 26 \$/b, while in 2013 the WTI price has been around 98 \$/b. In this period the variation in the WTI price was around 40% of the average. These rise and fluctuations in the price of oil has renewed interest in producing reliable forecast of oil price because the future price of oil is one of the key variables for economic agents in making business decisions, in generating projections, or in assessing the macroeconomic risk. While many institutions including the European Central Bank and the International Monetary Fund relies on oil futures prices as a predictor of future spot prices there is no empirical evidence that oil futures prices help to predict oil prices. In this paper we investigate predictive power of the numerous variables including future prices, exchange rates and stock prices. Out-of-sample

forecasting results suggest that none of the aforementioned variables has marginal predictive power for oil price. However, when a Bayesian variable selection algorithm is used, considerably better forecasts for oil prices are obtained.

Keywords: Oil Prices, Future Prices, Stock Prices, Forecasting, Bayesian

Willingness to Pay for Improvement of Energy Efficiency in Residential Buildings: A Choice Experiment Study

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Korea University, South Korea

Seung-Hoon Yoo

Seoul National University of Science and Technology, South Korea

Abstract

Improvement in energy efficiency is one of cost-effective ways to reduce greenhouse gas (GHG) emissions and ensure a stable supply of energy. The Korean government has taken various actions to save energy such as rating of energy efficiency and certification of energy-efficient buildings. This study attempts to assess the economic benefits from improvement in energy efficiency of residential buildings by the use of a choice experiment (CE) technique. In addition, a nested logit (NL) model is employed to relax the independence of irrelevant alternatives (IIA) assumption that is required in multinomial logit analysis widely used in applied CE studies. The specification tests reveal that the IIA assumption is not satisfied and thus the NL model is appropriate for our data. The results from the NL model show that the Korean public is willing to pay for the measures that can save energy in residential buildings: reduction of GHG emissions, a highly energy-efficient boiler, better insulations, and a ventilation system. The marginal willingness to pay for a 1% of the reduction of GHG emissions, the highly energy-efficient boiler rather than current regular boiler, better insulations, than now, and the ventilation system are estimated to be KRW 3,302 (USD 3.22), KRW 52,220 (USD 50.85), KRW 51,595 (USD 50.24), and KRW 49,980 (USD 48.67), respectively, which are statistically significant at the 1% level. The quantitative information can be utilized in decision-makings related to enhancement of energy efficiency.

Keywords: Energy Efficiency, Choice Experiment, Nested Logit Model, Willingness to Pay

JEL Classification: Q49

Competition in Russian Oil Market: Recent Trends and Further Development

Ekaterina Sokolova

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Abstract

Oil industry in Russia is one of the backbone industries of the country's economy. Development of the industry depends on the behavior of key players. High level of concentration and peculiarities of the turnover of oil and petroleum products in the Russian domestic market suggest a low level of competition in the industry. Introduction of mandatory stock market of oil and petroleum products in April, 2013 changed the position of mining companies, on the one hand, obliging them to sell large part of the resources in the stock market, on the other hand – providing this opportunity to smaller producers. In fact, we can talk about the government's attempt to create domestic market of crude oil, which was absent before the decision on the mandatory exchange trading was taken – a vertically integrated oil companies sold its crude oil to their own refineries at corporate rates, exporting about 40% of the extracted hydrocarbons. Changes in the industry are focused on the competition development, the aim of which is to increase the level of oil production. Nevertheless, the effects of this novelty cannot be assessed unambiguously. The paper analyzes the state of oil and petroleum products market and the impact of its development on the competition. Based on the results of the analysis, the paper provides recommendations for the formation of public policy in the domestic oil and petroleum products market.

Keywords: Oil Market, Petroleum Products Market, Russia

Representation of Non-energy Processes in Modeling of Energy Sector Development¹²

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Vidas Lekavicius

Lithuanian Energy Institute, Lithuania

Abstract

Non-energy processes have significant impact on the operation and development of the energy sector. The sufficient number of skilled energy professionals, public acceptance of different energy technologies, and availability of land as well as other resources can be mentioned as examples of factors that have strong impact on attractiveness of particular energy technologies. The role of non-energy factors is increasing due to the rapid development of renewable energy, which leads to the increased consumption of agricultural and forestry products in the energy sector and, as a result, to changes in land use, food and feed production chains, water consumption, climate change, etc. These issues are in the top-ten of the priority areas for the sustainable development

¹² This research was funded by a grant (No. MIP-078/2014) from the Research Council of Lithuania.

goals. Therefore, possible changes have to be carefully analyzed when preparing long term development plans of the energy sector. In this context, appropriate representation of non-energy processes in mathematical energy planning models becomes an essential prerequisite for the relevant reflection of interactions between the energy sector and surrounding environment (natural, economic, social, etc.). This can be done in various ways, however, the easiest and probably the most convenient way is integration of involved processes in agriculture and forestry for simultaneous analysis with processes in energy sector. This paper focuses on presentation of modeling principles (including mathematical formalization) that allows for reflection of growing, harvesting and conversion of agricultural and forestry products, which are used in the energy sector, along with associated changes in land use for growing them. Product demand for energy purposes is considered as endogenous variable, while demands for food, feed and other non-energy purposes are exogenously specified. All above mentioned processes are integrated into the mathematical model for technical and economic analysis of energy sector development and operation. Modeling principles developed in this research can be applied in the environment of different energy modeling software packages, such as MESSAGE, Markal-TIMES, etc.

Keywords: Non-Energy Processes, Energy Sector, Renewable Energy Sources, Land Use, Agricultural and Forestry Products, Modeling Principles, Mathematical Models

Analysis of Awareness and Climate Change Impact in Energy Efficiency of Household Appliances

Meltem Ucal
Kadir Has University, Turkey

Abstract

It is obvious that with limited resources and increasing of energy consumption from day to day, increase in amount of greenhouse gases in the atmosphere will increase risk of climate change. The objective of "Raising Awareness in Energy Efficiency of Household Appliances and Climate Change" paper is to make the connection between climate change and energy saving to be understood. First of all, research and evaluation aiming improvement of women's behaviors of purchasing and using household appliances and also educate next generations who will be faced risks of climate change, with their mothers will be done.

Keywords: Energy Efficiency, Climate Change, Awareness, Household Appliances

LABOR ECONOMICS

Room: Mi
Chair: Sung Soo Lim

Controversies about Labor Costs in Poland

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University of Lodz, Poland

Stefan Krajewski
University of Lodz, Poland

Abstract

Since the beginning of the transition of Polish economy, there have been a lot of opinions about labor costs which not only distort the facts but also prove mutually contradictory. It is quite often that low salaries are quoted as a significant argument for making foreign investors attracted to Poland. On the other hand, it is commonly believed that high labor costs lead to unemployment and the development of black economy. The paper aims at clashing these common views with statistic data relating to Poland, some economies in transition as well as a number of members of 'old' European Union. On the whole, the paper tries to verify the following myths about labor costs in Poland: 1. An argument in favor of a cheap labor force as a factor which determines the attractiveness of Poland for foreign investment does not matter so much, especially in recent years. 2. Opinions about high labor costs in Poland (based on high social security contributions and high tax rates) are frequently expressed without reference to other countries including the Baltic States, the Czech Republic and Hungary. 3. The argument that high labor costs result in an increase of black economy becomes no longer valid in confrontation with comparisons of old European Union countries with new member states. 4. The hypothesis that high labor costs contribute to inflation doesn't take into account achievements in decreasing inflation in Poland as well as the relation between a rate of growth of real salaries and the one of prices. 5. The hypothesis that high labor costs hamper the development of investment and creation of new workplaces has not been proved because of a low (in comparison with other countries) coefficient of the relation between labor productivity growth and a rise of wages. 6. A decrease in labor costs is commonly treated as a factor which influences the downward trend in unemployment figures, whereas in Poland a decrease in labor costs coincides with an increase in unemployment.

Keywords: Labor Markets, Wages, Inflation, FDI

JEL Classification: J08

Economic Crisis - Unemployment and Occupation of Immigrants

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University of Crete, Greece

Abstract

Economic crisis, unemployment and immigration constitute phenomena which are all connected with each other and have destructive repercussions on the Greek society. The reasons leading to the present situation are numerous and of different nature: international economic environment, distortions of the social, political and economic system in Greece as well as human factors. The dimensions of the aforementioned social phenomena are so severe that a growing number of people is led to poverty and wretchedness while the flight of young people abroad deprives the country of its necessary force of development. The worst part is that a feeling of disappointment and despair takes over more and more people every day who sink in pessimism and a sense of uselessness believing that there is no hope in the future. Still, despite the adverse economic environment, there are solutions if there is the necessary will to implement them. The object of this research is the relation of the economic crisis with unemployment and employment of immigrants. The concepts of the economic crisis, unemployment and immigration are examined as well, along with the way these concepts are connected with each other. The reasons and the repercussions of the aforementioned social phenomena are also examined and ways are suggested to deal with them. The influence of the economic crisis on immigrants both in Greece and Europe is also analyzed along with the immigration policy necessary for the Europe of crisis. What is also examined are the levels of occupation of immigrants in Greece presenting the example of the Municipality of Piraeus in order to highlight the levels of occupation and unemployment of immigrants in one of the largest municipalities of Greece. Finally, part of the research has been a survey in the form of a questionnaire, the findings of which contribute to the important conclusions drawn concerning the economic crisis and unemployment. The target of the research is to highlight the importance and severity of contemporary social problems, like unemployment, economic crisis and immigration and find out how the economic crisis is connected with unemployment and the occupation of immigrants. The recent economic crisis, as well as all the phenomena connected with it, has affected the majority of the Greek population and the immigrants living in Greece. Therefore, it is a subject that touches most students, rouses their interest and renders them more sensitive. This has been the basic incentive for the choice of this particular subject within the scope of this research.

Keywords: Immigrants, Economic Crisis, Occupation, Unemployment

Recent Developments in Agricultural Worker Supply: Reasons behind its Scarcity in Rural India

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Abstract

Indian agriculture has always been characterized by excess labor supply, due to which, disguised unemployment prevailed in the country. Low levels of productivity and wages necessitated laborers to seek employment to earn a livelihood. This gave rise to a negative relationship between labor productivity and labor absorption. Latest trends have shown that the agricultural sector has been facing a shortage of workers due to a host of reasons. Hence, it has not been benefitting much from the "demographic dividend" of the country which stands second in the world in terms of population. With this background this paper aims to examine the trends of rural agricultural workers availability and some important factors affecting it and also empirically examine the factors determining rural agricultural workers supply. The data source used is the National Sample Survey (50th, 55th, 61st, 64th and 68th) reports on Employment and Unemployment. Trends of the employment status and wages in casual labor, supply of agricultural workers by broad industry and growth rates have been estimated. Male and female migration rates by reason were also studied to see the changes over time. To quantify the determinants of labor availability, an agricultural labor availability model was developed and estimation was done employing ordinary least square procedure (OLS) for two time periods 2004-05 and 2011-12. The study found that the decline in the supply of agricultural workers is occurring for various reasons such as the increase in wages in non-farm sectors especially in public works. The upward pressure on other wages due to recent Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is also leading to a shift of workers from agriculture to non-agricultural work. There has been a fall in the rate of employment related male migration but an increase in the same due to academic reasons. Apart from the rural-urban wage differential, the average size of land possessed also determines the supply of agricultural workers. Rural poverty and unemployment leads people to look for agricultural jobs as the cost of migration would be too high to bear and there would be a period of unemployment in the urban area when workers would not be able to fend for themselves. A large section of the population shifts to MGNREGS works because of the seasonal nature of agricultural work. Hence, MGNREGS works can be timed in such a way so that they do not coincide with agricultural work.

Keywords: Agriculture, Workers, Rural, Supply, Scarcity, Wage, Employment

JEL Classification: J21, J31, J43

National and non-National Labor Demand and Policy Implications in Saudi Arabia

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Abstract

Unemployment rates have become a phenomenon in Saudi Arabia since late Nineties when official unemployment rates among Saudis have become around 10.4. Saudis population has continued growing at high rates, and thus newly national entrants to the job market are increasing. While employers in Saudi Arabia have still been favoring expatriates over nationals, current labor market policies could not succeed in reducing the unemployment rate. The objective of the paper is to examine factors affecting

labor demand for both Saudis and non-Saudis over short and long run and to investigate their policy implications. The paper utilizes Fully Modified OLS (FMOLS) method and pooled data to regress labor demand for Saudis and for non-Saudis, an equation for each type of labor, on respective wages, interest rate, and GDP per capita. The data is for Saudi and non-Saudi labor demand and for factors of labor demand are classified according to occupations and cover the period of 2007-2012. Results show long-run elastic labor demand for both Saudi and non-Saudis with respect to respective wages and also with respect to real output. For the short-run, results are similar to those in the long-run for real output for both Saudi and non-Saudi labor demand, and mixed for wages effects though they are very low. These outcomes have important policy implications for employing Saudis as the effects of labor demand factors varies when compared between Saudis and non-Saudis.

Keywords: Labor Demand, Unemployment, Saudis vs. Expatriates, Saudi Arabia

JEL Classification: J23, J61, J68, O53

Labor Force Participation of Elderly in Malaysia: Evidence from Household Income Expenditure Survey

Saidatulakmal Mohd

Universiti Sains Malaysia, Malaysia

Abstract

Inadequate retirement financing from the current social protection schemes has been subject to many debates given the increasing number of elderly in the population. One of the many ways to supplement the inadequacy to maintain a good lifestyle is to prolong working, even after retirement. Data has shown that the percentage of elderly's labor force participation rate has increased over the years, from 36.7 percent in 2008 to 39.5 percent in 2012. The purposes of the study are twofold, to investigate the labor force participation of the elderly in Malaysia and to understand the factors influencing elderly's decision to continue or stop working after retirement. This paper uses the 2009 Household Income Expenditure Survey (HIES) to analyze the labor supply of the 7,586 Malaysian elderly. Descriptive analysis and chi square analysis are used to provide an overview of the elderly's labor supply. A logistic probability function is adopted to understand the factors influencing elderly's labor supply decision. The 2009 HIES data indicates that more than three quarter of the elderly are no longer working. Those who are working are mainly male and concentrating in the informal sectors such as agriculture and services. The logistic probability estimates indicate that all socio demographic factors included in the model such as age, marital status, gender, education level, ethnicity, household relation and strata are important factors in influencing elderly's decision to continue working after retirement.

Keywords: Labor Supply, Elderly, Household Income Expenditure Survey

JEL Classification: J14, I31

The Development of Unemployment in the European Union's Labor Market Due to the Recent Economic Crisis, Using Cluster Analysis

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Tomas Loster

University of Economics, Prague, Czech Republic

Abstract

The recent economic recession has had a significant impact on the labor markets of the Member States of the European Union. The overall unemployment rate from low pre-crisis levels increased significantly during the crisis. The impact on different groups of the labor force, however, was not uniform. Youth unemployment in particular has become the key problem. The continuing economic problems have led to a rapid increase of long-term unemployment. The aim of this paper is, in addition to the basic description of unemployment in the European Union due to the economic recession, to find groups of similar states of the European Union in the period before, during and after the global economic crisis. A cluster analysis was used to find such groups. Individual clusters were compared in terms of labor market characteristics, especially the overall unemployment rate, the unemployment rate of young people, and long-term unemployment. Another objective of this paper is to compare how the global economic crisis impacted the composition of these groups, so in other words, to explore how individual countries responded to the economic crisis, in terms of the labor market and employment. Cluster analysis is a multivariate statistical method, which aims to create a group of objects, called clusters. Its principle is based on the creation of groups of objects in such a way that objects in one group are the most similar and two objects from two different groups should be the least similar. Different methods and different metrics can be used for the formation of clusters. Based on numerous studies, it has been shown that in most cases the best results come from Ward's method in conjunction with the square Euclidean distances and therefore this was also used in this paper. To find the optimum number of clusters which would be further analyzed, various criteria were used, such as CHF criterion, PTS criterion or RMSSTD criterion. All data used were taken from the Eurostat database. We used system SYSTAT to cluster analysis. The results of the analysis showed that the economic recession had different impacts on unemployment in individual countries. This confirms that the impact of the recession on the labor market is influenced by many factors (e.g., labor market flexibility, social system, etc.), whose parameters vary by country.

Keywords: Economic Recession, Labor Market, Unemployment, Cluster Analysis

Informality and Poverty: A Causality Dilemma with Application to Egypt**Hanan Hussien Ramadan Nazier**

Cairo University, Egypt

Racha Ramadan Mohamed

Cairo University, Egypt

Abstract

This paper analyzed the inverse causality between informality and poverty in Egypt, in addition to the impact of different individual and socio demographic factors affecting both of them. Using the "Egypt Labor Market Panel Survey" (ELMPS) 2012, we studied the impact of individual, socio demographic, household's and firm characteristics, in addition to regional dummies, on the likelihood of being informal wage worker as well as on the incidence of being poor for male household's head. Our results came in line with the literature; informality and poverty are concentrated among the less educated and low skilled occupations in rural areas. Moreover, small firms, with limited access to capital market are more likely to offer informal employment. Our findings revealed that informality in Egypt might be a voluntary and supply led form of employment and not a result of being trapped into poverty.

Keywords: Informality, Poverty, Egypt**GROWTH AND DEVELOPMENT / INTERNATIONAL TRADE****Room:** Fa**Chair:** Ayla Ogus Binatli**Competitiveness of Russian Pharmaceutical Industry****Svetlana Bekareva**

Novosibirsk State University, Russia

Abstract

The investigation is devoted to the problems of Russian pharmaceutical industry development and its place at the world pharmaceutical market. Progress in this industry is very important for the national economy and social welfare. It has innovative segment and needs some investments to Research and Development as well as patent protection for the branded goods. Nowadays the competition is high on the pharmaceutical market, and it can influence competitiveness of the national pharmaceutical industries at the world pharmaceutical market. Besides, there are a lot of factors that determine competitiveness of the industry. Specific objectives of the investigation are: 1) to show the place of the Russian pharmaceutical industry at the world pharmaceutical market; 2) to determine key factors which have an influence on competitiveness of the Russian pharmaceutical industry. Statistical data has been found in the Euromonitor International web-site and Federal State Statistics Service of Russian Federation. About 50 countries have been investigated. Methods of investigation are component analysis, regression, and cluster analysis. Results of the investigation: according to the net export of pharmaceutical production as chosen criterion of competitiveness, Russian pharmaceutical industry is poor. It places almost at the bottom of the countries list. Conclusion is connected with determining of the main reasons of low level of Russian pharmaceutical industry competitiveness. They are as follows: high level of the competition at the national market, strong competition with foreign pharmaceutical companies, and lack of R&D investments in Russian pharmaceutical companies.

Keywords: Pharmaceutical Industry, Competitiveness, Competition, R&D Investment**Price Setting in Online Markets: Evidence from a Major Shopping Platform****Yuriy Gorodnichenko**

UC Berkeley, U.S.A.

Viacheslav Sheremirov

FRB Boston, U.S.A.

Oleksandr Talavera

University of Sheffield, United Kingdom

Abstract

Using special properties of online markets-low search costs, low costs of monitoring competitors' prices, and low costs of nominal price adjustment-and a unique dataset of daily U.S. and U.K. price listings and the associated number of clicks for precisely defined goods from a major shopping platform, we shed new light on how prices are set. We document that, although online prices are more flexible than offline prices, they continue to exhibit relatively long spells of fixed prices, large sizes and low synchronization of price changes, considerable cross-sectional dispersion, and low sensitivity to predictable or unanticipated changes in demand conditions. Qualitatively these patterns are similar to those observed for offline prices, which calls for more research on the sources of price rigidities and dispersion.

Keywords: Online Markets, Prices, Price Dispersion

The Monetary Policy Effects in Transition Economies: An Empirical Analysis

Gilson Pina

University of Minho, Portugal

Abstract

The aim of this paper is to analyze the effects of monetary policy in emerging countries in a situation of external dependence (both for foreign macroeconomic stability and accessing to external capital). Using data for 11 European transition economies and different VAR approaches, the results show that a contraction in monetary policy has an important and persistent negative effect both on output and price. Although the liquidity effect occurs only in the beginning of the shock in these countries, the results also show that monetary policy has also an important effects in controlling the financial securities prices behavior.

Keywords: Monetary Policy, Inflation, Business Cycles, Emerging Markets, VAR

Wheat or Strawberries? Intermediated Trade with Limited Contracting

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Penn State University, U.S.A.

Lena Sheveleva

Cardiff University, UK

Abstract

Why do developing countries fail to specialize in products in which they should have a comparative advantage? We propose a simple model of trade and intermediation that shows how holdup resulting from poor contracting environments can produce such an outcome. In the model, farmers can produce two types of goods. Wheat is suitable for subsistence but farmers are inefficient in producing it. Farmers are efficient in making strawberries, but cannot subsist on it, and have to sell them to an intermediary who makes profits by selling it at the world price. In a frictionless world farmers would specialize in strawberries. Central to the model is the inability of farmers and traders to contract ex-ante on a price. The absence of enforceable contracts sets the stage for the classic hold up problem and precludes negotiating the terms of trade prior to entry into production. We use a two period model with continuum of traders and farmers. In the first period, farmers decide whether to produce wheat or strawberries and intermediaries decide whether to enter the business of intermediation. In the second period, farmers and traders meet randomly and trade. Since meetings are random and traders do not know the number of local competitors but do know how thick the market is, they can infer the distribution of potential rivals and offer a price based on this information. In other words, traders compete for the output of farmers in the first price auction. As a result, some farmers fetch a high price for their strawberries; others fetch a low price, or even fail to meet an intermediary. Farmers make the production decision based on the expected price. We solve the model and characterize all the possible equilibria as a function of the primitive parameters. Of particular interest is the region in the parameter space that yields multiple equilibria. In the good equilibrium, specialization occurs according to comparative advantage and there is intermediation, while in the bad equilibrium, there is no intermediation and the staple is produced. Our work suggests that there may be some simple measures to ensure intermediation and specialization according to comparative advantage even if the government is not able to resolve the core issue, the underlying lack of enforceable contracts. A temporary production subsidy or a marketing board that ensures a sufficiently high minimum price to the farmer can help an economy remove the bad equilibrium without intermediation.

Keywords: Intermediaries, New Markets, Agricultural Trade

The Impact of Exchange Rate Uncertainty on Exports of Malaysia

Alam Khan

University of Malaya, Malaysia

Zarinah Yusof

University Malaya, Malaysia

Muhammad Shoaib

Kohat University of Science & Technology, Pakistan

Abstract

Voluminous work has been carried on the relationship between exchange rate uncertainty and international trade, all of which present unclear conclusion on the impact of exchange rate uncertainty on exports. The evolving economic environment with increasing globalization and technology advancements, not only making international trade becoming more important to economic growth but also deepening the impact of exchange rate uncertainty on international trade. This research examines the relationship between exchange rate uncertainty and exports volume of Malaysia over the period 1980 to 2013. The GARCH process is used to measure the effect of exchange rate uncertainty on Malaysian exports. The findings suggest that the conditional variance of nominal exchange rate has negative and significant impact on the volume of exports while economic condition of the home country has positive and significant impact on the volume of exports. It is also found that the nominal exchange rate and the consumer price index have positive impact but statistically insignificant.

Keywords: Exchange Rate, Uncertainty, Exports, GARCH

JEL Classification: F14, F31

International Competitiveness of Olive Oil Sector: The Case of International Olive Council (IOC)

Ozer Ozcelik

Dumlupinar University, Turkey

Guner Tuncer

Dumlupinar University, Turkey

Berna Turkekul

Ege University, Turkey

Abstract

The aim of this paper is to analyze international competitiveness of olive oil sector within the IOC member countries producing about more than 98% of the world's olive oil. In this study, Balassa Index is used to measure competitiveness of olive oil for the period of 2006-2011. According to the results, Tunisia has the highest competitiveness. However, Tunisia's competitiveness has decreased by 40,3432 in index value between 2006-2011. Greece follows Tunisia with a decrease of 7,7076 in index value. Portugal's competitiveness has increased with 2,7 index value. Syrian Arab Republic with increase of 2,5693 index value and Spain with increase of 1,9879 index value following Portugal. Negative effects of 2008 global crisis have been determined in general manner. Loss of competitiveness of Tunisia is based on the global crisis. In the same vein, Greece lost its international competitiveness due to high public debt burden. After global crisis of 2008, the rising olive oil export of Syrian Arab Republic led to a remarkable increase in competitiveness. Nonetheless, Portugal, and Spain have increased systematically their competitiveness thanks to the successful implementation of 1998 and 2001 olive oil reforms of European Union.

Keywords: Olive Oil, International Competitiveness, Balassa Index, IOC Members

JEL Classification: F13, F14

TOURISM II

Room: Sol

Chair: Mourad Mansour

Ten Essential Steps to Boost the Romanian Tourism Sector¹³

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University of Craiova, Romania

Adrian Budica

University of Craiova, Romania

Ilie Budica

University of Craiova, Romania

Tudor Florin

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Abstract

For more than two decades, the Romanian tourism sector has been struggling to catch up with the other tourism sectors in Europe, but unfortunately the disparities between the development levels have increased over the years, making the goal of improving this economic sector look more like a "mission impossible" scenario. Poor figures reported by the World Travel & Tourism Council (WTTC) show that the Romanian tourism sector is still underperforming in terms of GDP contribution (5.1%) compared to other European developing countries, falling behind Albania (16.7%), Bulgaria (13.3%), Hungary (10.6%), the Czech Republic (8.4%) and Slovakia (6%). One disappointing figure is the number of overnight stays by foreign tourists, registered last year. In this respect, foreign tourists spent last year in Romania circa 3.5 million nights amongst the lowest levels in the EU, over four times below results reported by Hungary (12.3 million nights) or Bulgaria (14.3 million nights). The goal of this article is to point the finger at those factors that impede the progress of the Romanian tourism sector as well as attempt to propose solutions for bettering the economic activity in this field. In our opinion, the strategies for the development of the Romanian tourism should revolve around more efficient ways for the attraction of both FDI and European funds, the improvement of the "quality-price" ratio with respect to services, the development of the infrastructure (for example building more highways to connect the most important tourist attractions and facilitate their access), a widespread online advertising campaign, the promotion of regional and national brands, such as the brand of Dracula. Another key element should be the promotion of other types of tourism such as agritourism in different regions of the country so that the foreign visitors can explore the natural beauties of the landscapes. The conclusions of our topic refer to the fact that the Romanian tourism sector has a lot of potential that needs to be capitalized on. With the right instruments and strategies applied to this sector, things can be turned around and Romania could become an attractive tourist destination. So, this is something we are trying to achieve in our article.

Keywords: Foreign Direct Investments, European Funds, Branding, Services, Infrastructure, Advertising

¹³ This work was cofinanced from the European Social Fund through Sectoral Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/140863, Competitive Researchers in Europe in the Field of Humanities and Socio-Economic Sciences. A Multi-regional Research Network".

The Impact of Technological Changes and Use of Internet on the Distribution Channels in Tourism and Hospitality - Case Study of Four Star Independent City Hotel "IN" in Belgrade

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Belgrade University, Serbia

Bojan Zecevic
Belgrade University, Serbia

Abstract

The development of information-communication technology is considered as one of the main drivers of dynamic changes in the tourism market in previous decades. E-tourism represents a paradigm in the tourism industry, which has emerged as a result of the application of information and communication technologies and Internet as well. It has turned out that their adoption has led to major changes in the business of tourism enterprises, as well as a change in their role in the global tourism market. Appearance of new category of intermediaries has influence on forming new web distribution structures with many layers of intermediation which have contributed to the complexity of the purchase process. All above mentioned has led to the increase of modern, ie. online market over traditional ie. online tourism market. In nowadays modern market, it is necessary to consider the extent of which hotels distribution as one of the supporting players of the complex tourist offer is relying on traditional channels and on the modern distribution channels. Since the development of hotel market can have a significant positive contribution to the future economic development of Serbia, it is important to consider how progress in technology has influenced the alteration of the structure of distribution channels in the domestic hospitality market. In accordance with the above mentioned, the analysis of the of modern distribution channels effectiveness was performed. The study was conducted in 2013 at the independent 4 star city hotel in Belgrade using case study. The findings indicate that the hotel follows the modern trends and adopts new patterns of activity in the tourism market. On the basis of the detailed analysis of completed bookings for the period 2008-2012 it is concluded that the share of online sales channels increases at the expense of sales through the offline channels.

Keywords: Information-communication technology, Hospitality, Distribution, E-commerce, Internet

Tour Operating Business: Survival or Revival?

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Antonio Vlahov
University of Zagreb, Croatia

Vera Krnajski Hrsak
University of Zagreb, Croatia

Abstract

The aim of this paper is to analyze how successful the most influential tour operators have been in transforming their business strategies in order to remain competitive not only in the traditional tourism market, but more so in occupying strategic positions and gaining competitive advantage in the emerging markets of organized travel (the BRIC countries). For this purpose a secondary data research will be conducted by using annual reports and accounts of the two mega European leisure travel groups (TUI and Thomas Cook), their websites, research reports of national and international associations of travel agents and of tour operators, specific tourism trade forums, relevant articles in tourism trade press, and academic journals. All available data will be critically evaluated and interpreted.

Keywords: Tour Operators, Business Strategies, European Tourism Market

Enotourism - a new profitable business? Poland's case

Elzbieta Szymanska
Bialystok University of Technology, Poland

Katarzyna Jesiotr
Bialystok University of Technology, Poland

Abstract

The research problem considered in this paper is enotourism. The aim of this article is to assess and suggest the prospects for the development of enotourism in Poland. The following research hypothesis was verified: appropriate promotion is the most important factor contributing to the development of enotourism in Poland. In order to achieve this objective, the questionnaire survey method was used. The survey questionnaire was sent to all the vineyards available (those that had an e-mail address). The return rate was 23%. The research was carried out in April 2014. As a result of the survey, the hypothesis posed earlier was verified positively, since the respondents recognized that the promotion of Polish wine-producing regions in the country would make the greatest contribution to intensification of enotourism. This was indicated by 84% of the respondents. The research results demonstrated that the wine tourism in Poland was at relatively low level, but a new tourism product, i.e. enotourism, was characterized by a large growth rate. The respondents believed that its prospects were very promising; particularly, when combined with other forms of culinary tourism and a change in the wine drinking culture among the inhabitants of the country. The

research makes an important contribution to the economic practice of the wine-making business and tourism by recommending measures which would drive the development of this form of tourism. The most important ones include the need to amend the wine-making legislation in effect in Poland. Supportive actions on the part of local authorities (territorial self-government units) and measures to popularize the wine drinking culture are also necessary.

Keywords: Tourism, Enotourism, Business, Poland

JEL Classification: M2, O1

Economic Effects of European Capital of Culture Maribor 2012: An Ex-Post Econometric Verification Approach

Andrej Srakar

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Abstract

Studies of the economic effects of sports, cultural, scientific and other large-scale events are/were being faced with a dilemma. Ex-ante economic impact studies based on Keynesian multiplier methodology have been widely (and correctly) accused of producing wrong and overblown numbers (see e.g. Seaman 1987; Seaman 2006). Corrections have been sought (particularly in environmental and cultural, while in the past years also in the sports economics, see e.g. Johnson, Mondello & Whitehead 2006) in the contingent valuation approach being able to measure use and passive/non-use values. Yet such studies were subject to severe criticisms as well (see e.g. Diamond & Hausman 1994), while on the other hand leaving the question of the macroeconomic effects of large-scale events largely open and unresolved. We, therefore, present an analysis of the economic effects of European Capital of Culture Maribor 2012 which uses a triangulation of methods: an economic impact study using data from visitors questionnaires done on site and multipliers calculated on the basis of latest (2010) release of the national input-output tables; an ex-post econometric verification (using static and dynamic panel data models and difference-in-differences approach) of the economic effects of the event on the private companies revenues, new employment, monthly wages and tourism visits and overnights using monthly based data of Slovenian Statistical Office; and, finally, results of a contingent valuation study done after the event on a larger set of questionnaires. We are able to show that while the multiplier based analysis predicts up to 1000 new employment spaces in the area, the actual effects were very different and the effects on new employment were negligible, if any. Furthermore, in several categories it was not the city of Maribor who profited most from the event but the other partner cities in the project. We conclude by summarizing the basics of the method (ex-post econometric verification) that is new in cultural economics and is able to bridge the futile conflict between the impact studies and contingent valuation by answering the right questions (the problem of contingent valuation) in the right way (the problem of impact studies).

Keywords: Economic Impact, Contingent Valuation, Ex-Post Econometric Verification, Treatment Effects, European Capitals of Culture, Maribor 2012

JEL Classification: R15, L83, Z11

Health Tourism and Customer Satisfaction at the Konya-Ilgın Thermal Spring Businesses

Abdullah Tarinc

Selcuk University, Turkey

Abstract

Nowadays several countries striving to raise its market share in tourism is concentrated on the various types of alternative tourism. Recently, thermal tourism earns value globally and Turkey in terms of tourism has been one of the leading varieties of alternative tourism. Customer satisfaction depends not only on serving the needs and wants for accommodation, food and beverage and recreation, but also it is related with the satisfaction level of their health expectations as they are the primary reasons among their choice. The Konya-Ilgın Thermal Spring with its natural values is one of the distinguished potential areas where recreation and tourism activities can be carried out. In this study, aims to among the guests staying at these centers and utilizing from the services of accommodation, food and beverage and thermal care applications together. 375 survey were conducted in the Konya-Ilgın Thermal Spring companies as part of the research. Also customer satisfaction, socio-economic, cultural and demographic differences between visitors were investigated.

Keywords: Health Tourism, Customer Satisfaction, Thermal Spring, Business, Konya-Ilgın

JEL Classification: L83, M31

SESSION IV: 14:40-16:35

MANAGEMENT VIII

Room: Do

Chair: Olen Gunnlaugson

Problems and Constraints in the Implementation of the Process Approach in an Organization

Alicja Gebczynska

Wroclaw School of Banking, Poland

Abstract

This article addresses an overall body of problems related to implementation of the process approach in organizations with reference to problems and constraints which may occur while the said concept is being implemented. The author has analyzed individual stages in which the process approach is to be implemented, with special importance attached to potential obstacles and

threats. The purpose of the article is to recommend specific solutions enabling efficient implementation of the process approach, assuming that customers' requirements are satisfied and the organization's goals are accomplished at the same time. The conclusions drawn in the article should facilitate the process approach implementation in an organization by applying necessary tools and existing solutions as well as avoiding the most frequent mistakes.

Keywords: Process Approach, Process Management, Problems and Constraints

The Cultural Heritage Preservation and Promotion through Development of Creative Industries

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Vilnius University, Lithuania

Abstract

Recently the creative economy has become one of the fastest growing parts of economy in post-communist and former Soviet countries in Europe, which is able both to generate substantial revenue and vigorously promote urban and regional development and its regeneration. One of the main growth-promoting factors of creative industries is the cultural heritage. In general, the cultural heritage and creative industries complement each other: cultural heritage encourages the development of creative industries, working as a key driver for community involvement, especially in tourism development and creative industries, in turn, contributes to the proper preservation and promotion of cultural heritage and helping to attract visitors. Because of significant growing of number of cultural SMEs, it increases opportunities to save cultural heritage through creative industry and in that case to regenerate economically poor regions. The goal of this paper is to discuss and compare the strategies on how creative industries help to preserve cultural heritage and regenerate poor territories. The methodology of this paper is based on comparative analysis of scientific literature and recently made research on successful creative business records on preserving and promoting cultural heritage in post-communist and former Soviet countries in Europe, especially in tourism's sector. This analysis reveals several key management elements on how to swimmingly save and promote the cultural heritage through successful development of creative industries.

Keywords: Cultural Heritage, Creative Industries, Business Management, Regional Development

JEL classification: M1, Z1, Z11

How to Attract Investments to Agricultural Enterprises in Latvia: Manager's Perspective

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BA School of Business and Finance, Latvia

Andris Sarnovics
BA School of Business and Finance, Latvia

Abstract

Investments may be considered one of the most important facilitating factors for the economic development in the country. Management of any enterprise should think about attraction of investments, because they can increase the competitiveness of the enterprise. In most cases, the reason for investments is a desire to increase profit. Important factors to take into account when investing are risk and payback period. Various investment assessment methods should be used when reviewing appeal of commercial investments. Since Latvia has joined the EU, Latvian farmers are receiving various types of support from the EU - both as direct payments and from the Structural Funds after submission of projects. Over the last years, state support for the farmers in the form of subsidies has reduced and the EU budget for 2014-2020 is not sufficient for Latvian farmers. Therefore the agricultural enterprises have limited opportunities for development, using new investment projects for renovation of the capital assets and modernization. The aim of the paper: based on the scientific approaches of investments to explore the availability of investment for Latvian agricultural enterprises, as well as the precise assessment of investment projects and their financial attractiveness. Following research methods was used during the study: analytic, constructive logical, statistical, comparative and mathematical. The authors conclude that the main requirements for correct assessment of a project are a description of the project realization schedule and preparation, substantiation and verification of initial data. More cost-effective investment sources for agricultural enterprises are associated with state's subsidies and the EU Structural Funds. Small and medium enterprises should attract business consultants for preparation of qualitative applications. In order to successfully adopt the EU funds according to the plan and to have more financially supported qualitative agricultural projects, execution of the Ministry's of Agriculture plan should be monitored and its staff should be educated.

Keywords: Investment, Investment Project, Attractiveness of Investments, Agricultural Enterprise, EU Structural Fund

JEL Classification: G31, M10

Hayek's Influence on Peter F. Drucker's Post-Capitalist Society

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Hitit University, Turkey

Abstract

The social and economic structures have been changed by the information flow in the knowledge based economy. According to Peter Ferdinand Drucker who is considered one of the most important management philosopher by many people, the change is based on a revolution of information in the capitalist society. In his idea of the revolution has brought the post –capitalist society. In Drucker's thought the state should be limited. In this regard Drucker defines the post capitalist society as apolitical. Nevertheless he maintained the free market ideology in his new society. Hayek was also the most important supporter for neoliberal policies. Hayek was accepted as father of neo-liberalism. Neo-liberalism was considered as a solution of the system of

state –regulated capitalism in 1980s Hayek's ideas became very popular in the 1980s when the debate about welfare state has increased. He is a defender of free market. In this study it is argued that the post-capitalist society which propounded by Drucker is a place to form a basis for neo-liberal policies in resolving problems of capitalism. The study examines the influence of Hayek on Drucker's ideas.

Keywords: Drucker, Post-Capital Society, Hayek, Free-Market

JEL Classification: M10

Combating Economic Depression by IMF Conditionality - The Bitter Pill

Jugal Kishore Goyal

Jagan Institute of Management Studies, India

Abstract

After the Second World War, the global leaders, policy makers and thinkers mooted the idea of setting up three international organizations to promote economic co-operation among countries. There were: International Bank for Reconstruction and Development; (popularly known as the World Bank) International Monetary Fund (IMF), and International Trade Organization (ITO) The World Bank was meant to provide developmental assistance to the underdeveloped countries: the ITO which was designed to promote trade; finally come into existence in 1995 as WTO. The IMF was meant to stabilize exchange rates; to ensure ample international liquidity and to provide financial assistance to countries facing temporary BoP disequilibrium. However in 1971, the Bretton Woods system broke down for all practical purposes. The end of cold war and adverse fiscal strength of donor countries (notably the USA), put a question mark on the relevance of these institutions. The IMF made itself relevant by designing a set of policies (which later came to be known as the IMF conditionality) which it imposed on are those countries which were seeking financial assistance from it to tide of BoP disequilibrium. These policies were politically undesirable as these insisted on fiscal tightening on the part of assistance seeker. This paper revisits the IMF conditionality and tries to prove that global depression of 2008 could have been avoided had the developed world too adhered to the IMF prescription. Ironically, the developed world did not practice what it preached and instead relied on the Keynesian prescription of fiscal stimuli and continues to do so. This would send the world into another round (possibly bigger) of economic depression, is the prime contention of this paper. The sooner the U.S; EU countries and Japan realize it, the better. The paper has been planned as follows- Section 1 - deals with the origin meaning of conditionality Section 2 - deals with the objectives of conditionality package Section 3 - deals with the contents of conditionality Section 4 - deals with the implementation of conditionality Section 5 - deals with the impact of conditionality Section 6- emphasis need to administration to the same conditionality package to overcome the present global crises.

Keywords: Washington Consensus, IMF Conditionality, EURO Zone Crisis

Empowering Authentic Leadership Development in a VUCA World

Olen Gunnlaugson

Laval University, Canada

Abstract

More recently within management literature, authenticity has been explored as a vital leadership trait for organizational sustainability (Avolio & Gardner, 2005; Ladkin & Taylor, 2010). It has also been argued that authentic leadership becomes important during times of crisis, corruption and institutional disequilibrium (Novicevic et al., 2006). In this paper I argue that the quality of authenticity among leaders is needed given the rate at which organizational complexity is increasing. The globalized economy, rapid technological innovation, and unprecedented ethical, systemic, and environmental crisis events have developed an organizational landscape influenced by VUCA (volatility, uncertainty, complexity and ambiguity). There is a growing consensus among researchers that this organizational complexity is escalating and new leadership responses that transcend traditional leadership models are needed (IBM Institute for Business Value, 2010). A number of leadership theories have advocated certain cognitive qualities that emphasize mainly behavioral change. In contrast, this paper builds upon embodied authentic leadership (Ladkin & Taylor, 2010), which focuses on the key experiential dimensions of leadership including sensation (i.e. felt sense and body awareness), self-awareness, and emotion and how these dimensions influence the embodiment of a leader's "authentic self." I make the case that embodied authenticity is an essential leadership quality in a VUCA age because the consistent ability to be self-aware, inner-connected, and true to oneself and others is essential for genuine, creative action and followership. Although there is a growing literature on authentic leadership, there is currently inadequate research on the most effective learning methods to develop "embodied" authenticity. This paper address this research gap by introducing three established learning methods that support embodied authentic leadership development: Focusing, Presencing, and Feldenkrais. My argument draws on Ladkin and Taylor's (2010) conception of embodied authentic leadership, which emphasizes three key aspects of authenticity: self-exposure, relating, and leaderly choices.

Keywords: Authentic Leadership, Management, Growth and Development, Management Education

FINANCE AND EMPIRICAL STUDIES ON EMERGING ECONOMIES

Room: Re

Chair: Suparatana Tanthanongsakkun

Fiscal Preconditions for Successful Inflation Targeting: the Case of Serbia

Milutin Jesic

Belgrade University, Serbia

Abstract

Inflation targeting is monetary regime that can be sustainable only if it is supported by adequate effort of both creators of economic policy - in the monetary and in the fiscal policy area. Monetary policy authority could route the path of inflation rate towards targeted rate through transmission channels by variation of the interest rate. However, usually this is not enough. One factor has very important role in the successful implementation of this monetary strategy and that is fiscal policy. This has not been widely emphasized in the literature. Because of that, main goal of this paper is to illuminate how fiscal unsustainability could threaten price stability goal in the inflation targeting framework. Irresponsible decisions of fiscal or monetary or both policy makers are commonly superposed by spiral negative effects. Supply or demand shocks create restrictive monetary policy reaction. Nevertheless, this could lead to further erosion of fiscal policy stance and at least stage to significant exchange rate depreciation and debt monetization. That would be the final crash of this monetary strategy. In order to prevent that, it is essential to put accent on the coordination between monetary and fiscal policy. All mentioned is even strongly reflected in developing countries like Serbia, which have been accepted this monetary regime. Therefore, critical factors of successful inflation targeting in Serbia are further improving of fiscal responsibility and central bank independence strengthening.

Keywords: Inflation Targeting, Fiscal Domination, Coordination, Supply Shocks, Demand Shocks

JEL Classification: E31, E52, E58, E61, E63

Efficient Market Hypothesis in Central and Eastern European Stock Markets

Claudiu Botoc

West University of Timisoara, Romania

Abstract

Since an investor could earn abnormal profit, understanding the efficiency of stock markets, particularly the emerging ones, is gaining importance with their integration with the developed markets. Furthermore, the stock markets from Central and Eastern European countries are highly speculative and previous findings either confirm the efficiency either find support for an improvement in the efficiency which highlights the importance of additional studies. In this paper I attempt to test the weak form of the efficient market hypothesis for Central and Eastern European (CEE) stock markets: Romania, Hungary, Estonia, Czech Republic, Slovakia, Bulgaria, Ukraine and Poland. In this respect, it was used specific tests (autocorrelation, runs test and joint variance ratio test) which are performed using daily data for stock market indexes for the period November 2001- June 2014. According to the empirical results obtained from the autocorrelation tests, one can argue that except Slovakia, Poland and partially Romania, CEE stock markets do not exhibit weak form efficiency. Runs test suggest that 4 out of 8 countries (Romania, Estonia, Bulgaria and Poland) the successive returns are not independent, i.e. an opportunity to earn excess return using historical prices. Random walk hypothesis is rejected at any lags for variance ratio tests, supporting that CEE stock markets were not efficient for the analyzed period.

Keywords: Efficiency, Random Walk, Stock Markets, Return, Autocorrelation

JEL Classification: G14, G15

Public Policy, Quality of Institution and Economic Growth in Central and Eastern European Countries

Bogdan Dima

West University of Timisoara, Romania

Dorin Madalin Dogaru

West University of Timisoara, Romania

Abstract

This paper analyzes the relationship between economic performance and institutional development in several Central and Eastern European Countries. Our meta-argument is that the structural transformations at the levels of the quantitative variables and mechanisms are only a part of the transition processes. In order to view the big picture, the qualitative aspects related to public policies and institutions should also be considered. We test the linkages between the quality of public policies and institutions for seven Central and Eastern European countries (Bulgaria, Poland, Czech Republic, Hungary, Slovenia, Slovakia and Romania) for a time span between 2001 and 2011. These countries are displaying a certain degree of heterogeneity in terms of economic performances and the design and implementation of public policies. We use for our analysis the World Bank indicators from World Wide Governance Indicators. In order to deal with the potential reverse causality issues, we employ Generalized Method of Moments Framework (GMM) by using the lagged variables as instruments. The impact of governance indicators is statistically significant even if we use several control variables: exchange rate, unemployment, current account deficit, taxes burden and price stability. The corresponding Sargan and Arellano-Bond test for zero autocorrelation in first-differenced errors tests shows that the results display a corresponding robustness. The main policy implications for our findings may be synthesized by the thesis, according to which a proper design of public policies, a high degree of their effectiveness and accountability, a stable social and political environment together with the rule of law and efficient anticorruption mechanisms are critical determinants of economic growth even in emerging markets. The impact of the government 'size', economic structure and

markets' mechanisms , monetary policy and price stability , ownership structure and legal rights , international exchange , freedom of exchange in capital and financial markets on economic growth is far from being negligible. Hence, the Central and Eastern European countries joining the EU should implement policies strength their institutions and to improve the quality of public decisions.

Keywords: Generalized Method of Moments, Central and Eastern European Countries, Quality of Public Policy of Institution

Asymmetric Risks of Momentum Strategies

Victoria Dobrynskaya

National Research University Higher School of Economics, Russia

Abstract

I provide a novel risk-based explanation for the profitability of global momentum strategies. I show that the performance of past winners and losers is asymmetric in states of the global market upturns and downturns. Winners have higher downside market betas and lower upside market betas than losers, and hence their risks are more asymmetric. The winner-minus-loser (WML) momentum portfolios are exposed to the downside market risk, but serve as a hedge against the upside market risk. The high returns of the WML portfolios compensate investors for their high risk asymmetry. After controlling for this risk asymmetry, the momentum portfolios do not yield significant abnormal returns, and the momentum factor becomes insignificant in the cross-section. The two-beta CAPM with downside risk explains the cross-section of returns to global momentum portfolios well.

Keywords: Momentum, Reversal, Downside Risk, Downside Beta, Upside Beta, Risk Asymmetry

JEL Classification: G12, G15

The Evolution of Personal Income Tax in the European Union during Economic Global Crisis Period

Nicoleta Mihaela Florea

University of Craiova, Romania

Raducu Buziernescu

University of Craiova, Romania

Abstract

Article discusses issues related to fiscal policy adopted by each EU Member State to face the challenges of the current global economic crisis period. Fiscal measures taken are consistent with the level of economic development and relatively autonomous fiscal policy underlying the tax system of each Member State. One of the main categories of taxes affected by fiscal policy measures taken in this period is the personal income tax, in terms of tax rates, the tax base and their impact on budget revenues of EU member states.

Keywords: Financial Crisis, Taxation, Fiscal Policy, Personal Income Tax

Factors Affecting a Fluctuation of Housing Prices

Leonid M. Grigoryev

National Research University Higher School of Economics, Russia

Iuliia Litvinenko

National Research University Higher School of Economics, Russia

Abstract

This research paper provides both descriptive and econometric analysis of housing prices' fluctuations in the recession in the U.S., 2002-2012. The latest crisis show that a housing sector impact on the economy is stronger than was assumed. It brought the U.S. and other economies deeper into recession since fluctuations of the housing prices generate people's expectations and influence their spendings. Therefore, we believe that econometric model of housing prices' changes may give a good insight into housing behavior in the market economy during recession and recovery. The main objective of our research is to define the different approaches to determine housing price changes up - down and up along the period of 2002-2012. We built an econometric model both for the fall and for the rise of the U.S. housing price and received robust results in the key points of our research. We also compared our findings on a sample of 50 states and metropolitan areas (counties). We found out that in all cases price changes is inversely proportional to deviations from the historical price trend. In case of states, the price also directly depends on GDP changes meanwhile in a sample of U.S. counties the housing price mostly determined by a drop in employment and the level of the GDP per capita.

Keywords: Price Fluctuations, the Housing Crisis, Econometric Study

ACCOUNTING & AUDIT III

Room: Mi
Chair: Paul Lee

New Evidence about Property Companies Valuation - The Impact of Fair Value Application on Company's Fundamental Value

Alexander Muller

Complutense University Madrid, Spain

Esther Fidalgo

Complutense University Madrid, Spain

Abstract

A still unresolved question in financial literature is the origins of the large deviations between share price and its underlying fundamental value in the case of listed property companies. There are some indications that hold anomalies in share pricing responsible for these deviations. Other findings suggest that imprecision and the use of obsolete data in fair value determination of companies' real estate assets could be a main factor to explain this phenomenon. The main objective of this paper is to extend the evidence about the factors that cause this kind of bias between market price and market value of property companies. Herewith we also aim to extend the knowledge about the influence that fair value measurement application has on Net Asset Value estimation in this type of company. A new approach is tested which consists of splitting off the valuation procedure of companies' property assets into a set of new explanatory variables. We combine these variables with traditional explanatory variables, in order to create models that are more precise and have high explanatory power. Empirical analysis is done by employing panel-data regression on a cross-national sample of 63 European property companies. Our findings show that the application of the fair value concept contributes significantly to explain which factors cause the deviations between fundamental value and share-price-based market value in this type of company. The aggregation of valuation-based variables leads to a significant increase of models' explanatory power. About half of them can be explained by our innovative explanatory model which means an important progress with respect to other studies. In conclusion, fair value application in property investments must be considered as a main determinant to explain the deviations between property companies' price and value. Therefore, future research should also consider the determinants of the valuation procedure of their assets, in order to increase the credibility of the information that these companies publish about their fundamental value.

Keywords: Fair Value, Net Asset Value, Fundamental Value, Share Price, Investment Properties

JEL Classification: D52, G12, G15

Principle Based Agricultural Business Accounting Policy Formation

Neringa Stonciuvienė

Aleksandras Stulginskis University, Lithuania

Danute Zinkeviciene

Aleksandras Stulginskis University, Lithuania

Lina Martirosianiene

Aleksandras Stulginskis University, Lithuania

Abstract

The scientific problem which this research is dedicated to solve is a goal to prepare a methodology of accounting policy formation of agricultural business subjects which would allow the prepared financial information to best meet the interests of potential investors. The idea of the research has emerged from choosing possibilities provided in the regulations which form the financial accountancy of agricultural business subjects while evaluating the assets, liabilities, revenue and expenses of agricultural business subject and the asymmetry of provided information which occur due to these reasons. The accounting policy of agricultural business subjects must be formed based on agency theory which demands to satisfy the interests of users who employ such information, and signaling theory which emphasizes the reliability of the information. Factors influencing the formation of accounting policy of agricultural business subjects are the following: chosen view towards the accounting policy; the specifics of activities of agricultural business subjects; possibilities to choose from accounting ways and methods given in accounting regulations; the demands of investors in regards to the financial information in order the investors could make correct and timely management and investment decisions. The model, which reflects the inter-relations between factors, which influence the accounting policy formation of the agricultural business subjects, was prepared.

Keywords: Accounting Policy, Agricultural Business Accounting, Decisions of Investors

JEL Classification: D24, Q14, M41

Earnings Management and the Effect of Leverage and Taxation: Empirical Evidence from Italian Non-Listed Firms

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University of Salerno, Italy

Aurelio Tommasetti

University of Salerno, Italy

Jon Tucker

University of the West of England, United Kingdom

Abstract

Objectives: The purpose of this study is to investigate whether earnings management in Italian non-listed firms is opportunistic or efficient. Earnings management is efficient when managers wish to convey private information to investors in order to improve the information content of firm earnings and to promote communication between managers, shareholders and the public (Siregar et al., 2008; Rezaei and Roshani, 2012). In this paper we also investigate the effect of leverage and taxation as well as a range of control variables (size, ownership concentration, board independence and auditor type) on the type of earnings management behavior. **Data:** We study data for a balanced sample of 1,896 Italian non-listed firms over the period 2006-2012, totaling 13,074 observations. **Methods:** A significant positive relationship between measures of firm future profitability and discretionary accruals signals efficient earnings management practice (Subramanyam, 1996; Siregar and Utama, 2008). We examine both discretionary accruals (Jones, 1991) and Small Positive Earnings (SPOS) in order to measure discretion in reported earnings (Leuz et al., 2003; Coppens and Peek, 2005). We estimate a simple regression model of the relationship between the dependent variable (non-discretionary net income, net income or operating cash flows one-year-ahead) and the independent variables. **Results:** Our results show that type of earnings management chosen by Italian non-listed firms tends towards opportunistic earnings management, as expected. Further, our results indicate that opportunistic earnings management increase as both firm leverage and size increase. **Conclusions:** In this paper we determine the type of earnings management exhibited by Italian non-listed firms, and in particular whether increased leverage and taxation tend to encourage opportunistic earnings management behavior. In general, we find a significant negative relationship between discretionary accruals and future profitability, and thus earnings management tends to be opportunistic in Italian firms. We also find that leverage and taxation exhibit little relation with future profitability, again indicating the employment of opportunistic earnings management.

Keywords: Type of Earnings Management, Leverage, Taxation, Italian Non-Listed Firms, Corporate Governance Practices

JEL Classification: M41

Transition from Tax Records to Double-entry Bookkeeping in the Czech Republic

Libuse Svobodova

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Abstract

The aim of this paper is to describe the process of transition from tax records to double-entry bookkeeping in the Czech Republic. The transfer of tax records on double-entry bookkeeping is not a simple matter for physical person and it is not so often used in the Czech Republic. It is expected that it will change. The prerequisite is a change in legislation which has occurred since January 1, 2014. Specifically, the new Law No. 90/2012 Coll. on commercial companies and cooperatives (Law on commercial corporations), which replaced the Act No. 513/1991 Coll. Commercial Code. One of the major changes is the reduction of the share capital of a limited liability company from CZK 200,000 to CZK 1. This change may be the reason for the change of legal form for many physical persons. The transition is by physical person done optional or mandatory. Mostly is the transition done mandatory due crossing sales. The physical person must convert tax records into double-entry bookkeeping in case of change of the status from the physical person on the legal entity. In the article there are described other options when we go to. In the next part there are described the steps that are necessary to do in the transition. The transition affects not only accounting but also taxes. At the end of the article there are the graphs that present the situation in record keeping in the Czech Republic, in Hradec Králové and Pardubice region. A detailed research together with the analysis and critical assessment of accessible materials will enable to identify the main objectives in the field of study. The analysis of the initial state will consequently enable to identify the key factors and knowledge. Primarily and secondary sources were used within the framework of the selected topic.

Keywords: Double-Entry Bookkeeping, Tax Records, Transition

JEL Classification: M41

What Do We Know about Fraud in Small and Medium Enterprises (SMEs)?

Abdoulaye Nguilla Sow

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Rohaida Basiruddin

University Teknologi Malaysia, Malaysia

Siti Zaleha Abdul Rasid

University Teknologi Malaysia, Malaysia

Abstract

Currently fraud is among the major concerns of all sizes and types of businesses. However, few things are known about the fraud in small and medium enterprise (SMEs) since most of the previous studies have focused on large corporations or public listed companies. The objective of this paper is to review the fraud theories, fraud triangles and selected fraud cases, particularly in

SMEs context. It extends and contributes to prior literature by linking fraud and SMEs. This paper assists researchers and practitioners in understanding the basic theoretical arguments and current state of fraud in SMEs.

Keywords: Fraud, Small, Medium Enterprises (SMEs), Fraud Triangles, Fraud Theories

Trade Influence of Iran and Turkey in Central and Western Asia Markets

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Mohammad Reza Abedin Moghanaki

Institute for Trade Studies and Research, Iran

Abstract

Increasing economic-trade power for each country is of utmost important. This paper deals with comparison of the power and influence of Iran and Turkey in markets of Western and Central Asia. Iran hopes to achieve business excellence by 2025 and Turkey is trying to become an economic power in the Region, Europe and the World by 2023. The results of our study shows actual influence of Iran in merchandise market of Central and Western Asia is very weak especially in comparison to Turkey. Applied data has been downloaded from WITS site. More process on data shows that region's trade influence in Iranian and Turkish market is very weak too. Iran as well as Turkey and other countries in region, can improve its competitive position in the commercial influence on Central and Western countries by taking some measures. First of all, Iran should try to prioritize the region's commercial demands to regulate and develop business relationships with its partners. Secondly, Commercial influence of Iran in the region could be improved through trade agreements among countries in the region, either bilateral or multilateral. Agreements will be vary from trade preferences measures to free trade format. Finally, one of the most important ways for developing Iranian influence in regional markets is marketing which can be sustained for the adequate influence of each country in other markets. But it should be considered that such measures should not be done merely by Iran. In fact all countries in the region, such as Turkey should follow similar path. Whenever all these countries try to increase their market influence in Iran's market in a similar effort, cause more dependency between them and then it would improve trade relations and also economic-policy stability in region countries. For this purpose, these countries could follow some plans, such as economic-trade agreements and marketing of each country in other markets.

Keywords: Trade Influence, Merchandise Market, International Trade, Exports, Imports

ECONOMICS OF INNOVATION & ENERGY STUDIES

Room: Fa

Chair: Jong-Rong Chen

Development of Business Clusters and Innovativeness of the EU Economies

Szczepan Figiel

University of Warmia and Mazury in Olsztyn, Poland

Dominika Kuberska

University of Warmia and Mazury in Olsztyn, Poland

Abstract

Under conditions of global competition not only companies themselves but connected with them cluster structures are assumed to have a very significant impact on innovativeness and competitiveness of national economies. Innovative economies can be perceived as being at the most sophisticated stage of development that allows them to be more competitive in the environment that they relate to. In this context it becomes increasingly important to find out where does the innovation stem from and as such why certain countries are more innovative than the others? Answering these questions can be quite tricky as any economy is contingent on many processes that take place within its borders, their inputs and outcomes. In the paper we will look at development of business clusters as one of potential factors that may support innovativeness of economies. The key objective of this study is to look for an evidence, within the group of economies that form the EU, that strong business clusters are better developed where the level of innovativeness is higher. This could mean two things. First, that clusters are vital for innovations to emerge, and second that innovative environment fosters the development of business clusters. To look closely into the relationship between clusters and innovativeness we employed data from different sources. We used the data published in the EU's Innovation Union Scoreboard, the World Economic Forum's Global Competitiveness Reports and by the European Cluster Observatory. The level of innovativeness of the 28 EU economies varies significantly. The gaps between the economies are shrinking although at a very slow pace as the calls for competitiveness and innovation are being more and more commonly expressed at all levels of economic aggregation. Comparing proxy variables that represent the level of cluster development and the level of innovativeness of the economies in question we found some evidence of existence of the presumed relationship as formulated in the preliminary stage of the conducted research. Looking closely into advancement of business clusters may provide a better understanding how to further stimulate innovativeness of the EU economy. As some European countries are trying to establish their position among the highly developed economies while others are trying to strengthen their already strong competitive advantage, business clusters bring a new perspective on the competitive forces that shape today's innovativeness and economic development.

Keywords: Business Clusters, Innovativeness, the EU Economies

JEL Classification: F63, O31, O52

Economic and Social Implications of the Internet of Things in Europe in relation to Business

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Petra Maresova

University of Hradec Kralove, Czech Republic

Abstract

The increasing availability of high-quality data collected and transmitted in real-time through cheap, ubiquitous hardware and connections will undoubtedly lead to scientific, technical, and commercial innovation. Opportunities for business are massive in terms of improvements in productivity, and control of supply chains and distributed real-time processing. The paper's objective is to analyze chosen economic and social impacts of the Internet of Things (IoT) in relation to its business potential. The Internet of Things is a scenario in which objects, animals or people are provided with sensors and gain the ability to communicate. The resulting information networks are capable of creating new business models, improving business processes, and reducing costs and risks. Economic impacts treated in this paper include aspects like ICT sector's expenditures, innovation, and investment in the EU, and trends and business potential of the IoT. Social impacts, which might be both positive and negative, will be discussed as well. Among the positive ones belong improved access to information and education, new tools and equipment. On the other hand, the IoT may cause job losses or reduced physical activity and personal interaction.

Keywords: Business, Internet of Things, Economic and Social Impact

Innovation: Antecedents and Consequences

Bilal Erdem

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Abstract

Today's business world is constantly evolving and changing at a dizzying pace. In such an environment for businesses, to be successful in the long run, have to reach a better position and protect their existing positions. In developing and changing world creating a key of competitive advantage of enterprises depends on their innovation skills. Sometimes even to protect their existing positions, businesses may have to be innovative. Innovation, which has a critical importance for the success of businesses, is defined in, Oslo Guide as follows; An innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations. Innovation can emerge suddenly or a long term innovation process is also possible. Beside, improvement of an existing product or production process innovation, faster implementation of effective and economical ways may be directed in such a radical way completely. Low costs through innovation in enterprises, speed, flexibility, increased customer satisfaction and market share gains provided with quality business performance and profitability goals and to reach a long-term success can be achieved. Effective use of resources and the expected social benefits of innovation also can provide positive environmental effects.

Keywords: Innovation, Product, Performance, Business Processes

Does Income Inequality Affect the Environmental Kuznets Curve of Carbon Dioxide Emissions in China? Evidence from Dynamic Panel Data Analysis

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Abstract

The paper applies a panel of 28 provinces of China from 1996 to 2010 to study the existence of the Environmental Kuznets Curve (EKC) relationship between the CO₂ emissions and economic growth considering the impacts of income inequality on the CO₂ emissions. Popular impact factors such as energy consumption, openness and urbanization are controlled in the analysis. Both the normal panel-data models (Pooled OLS, Fixed-effects and random-effects models) and the Difference Generalized Method of Moments (Difference GMM) approach and System Generalized Method of Moments (System GMM) approach provide consistent and robust evidence for the EKC of CO₂ emissions and the adverse impact of inequality on environmental quality, confirming that not only the level of income but also the distribution of income is associated with environmental quality. Besides, Autoregressive Distributed Lag (ARDL) approach is applied to the dynamic heterogeneous panel, and the results confirm the EKC and the negative impact of inequality even exists in the long-run equilibrium. This paper suggests that the CO₂ emissions firstly increase as China's economy develops but will decrease after the income reaches the critical point. Further, the results of the subgroup analysis find evidence that the EKCs are different in different regions (the eastern, central and western regions) of China due to China's uneven economic development. Income inequality induces more serious environmental quality, no matter in the short run or in the long run. Energy consumption is found to exacerbate the CO₂ emissions in the short run. The Chinese government should develop some policy to promote industrial upgrading in order to weaken the dependence on energy consumption. Openness and urbanization tend to induce more serious environmental degradation but not always significant, depending on the time horizon and the regions. Higher level of trade openness is correlated with more serious environmental pollution indicates China doesn't benefits from the international trade in the respect of improving the environment. Along with the process of China's moving forward to modernization, urbanization plays a critical role in environmental pollution.

Keywords: Environmental Kuznets Curve, Carbon Dioxide Emissions, Income Inequality, Chinese Panel Data

JEL Classification: Q53, Q56, O15, C3

The Determinants of CO2 Emissions in the Former Soviet Union: Empirical Analysis

Yulia Raskina

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Abstract

The former Soviet Union (hereinafter FSU) countries give as clear example of reducing pollution from fuel combustion. FSU carbon dioxide emissions accounted for 17.4% of global emissions in 1990 and only 8% in 2011. Pollution drop in 1990s was caused by sharp reduction in production and GDP after the collapse of the USSR. However, now GDP significantly exceeds level of 1990 almost in all FSU countries. Thus, there are other drivers of the CO2 emissions dynamics apart from GDP in these countries. This research based on the Kaya identity. This identity relates CO2 emissions with their determinants, namely GDP per capita, energy consumption technology (energy intensity of GDP) and energy production technology (carbonization index). We investigate the convergence of these determinants among FSU countries over the period 1990– 2011. We use Phillips and Sul (2007) methodology to check existence of convergence clubs (multiple steady states). Four patterns of behavior of FSU countries can be distinguished: convergence to steady state with high level of GDP, high level of energy intensity (Russia, Kazakhstan, and Turkmenistan) and/or high level of carbonization index (Kazakhstan and Estonia). These countries have considerable reserves of energy resources (Estonia belongs to this group also due to reserves of shale oil). So concept of carbon curse was confirmed indirectly; convergence to steady state with high level of GDP, low level of energy intensity and low level of carbonization index (Azerbaijan, Belarus, Latvia, and Lithuania). These countries are examples of economic modernization and economic growth combined with energy consumption and pollution decline; convergence to steady state with low level of GDP, high level of energy intensity (Kyrgyzstan, Moldova, Ukraine, and Uzbekistan) and/or high level of the carbonization index (Georgia). Economic modernization in these countries was weak. They retained energy-intensive, polluting and economically inefficient industry; convergence to steady state with low level of energy intensity and carbonization index (Armenia, Tajikistan). We also carry out index decomposition analysis of Kaya identity using LMDI approach. We find that determinants of CO2 emissions play different roles at different stages of transition process and vary significantly for FSU countries. Income and intensity energy effects are the most powerful drivers of CO2 emissions.

Keywords: CO2 Emissions, Former Soviet Union, Club Convergence, Index Decomposition Analyses, Energy Intensity, Carbonization index

A Structural Decomposition Analysis of CO2 Main Drivers for the Spanish Economy

Jose M. Cansino

University of Seville, Spain

Manuel Ordonez

University of Seville, Spain

Rocio Roman

University of Seville and CentRA, Spain

Abstract

In order to design effectiveness political measures against Global warning, main drivers of CO2 emissions must be identify. Spanish commitments on CO2 emissions were fixed by European Union in its H2020 strategy in 2008. Spanish authorities are concerned about their CO2 targets and that implies to put in force appropriated policy measures focused of the main drivers of CO2 emissions. Structural decomposition analysis (SDA) is a useful approach to identify the main drivers which explain changes in relevant variables. Literature focused on CO2 emissions has largely used such an approach but never before for the case of Spain. This paper develops a SDA from an extended Input-Output Model. Data came from World Input-Output Database (WIOD), a free database which offers relevant data for the period 1995-2009. Results will support political decisions related with CO2 emissions and would be interesting for policy makers, shareholders of companies affected and also stakeholders.

Keywords: CO2 Emissions, Structural Decomposition Analysis, Spain

HUMAN RESOURCES IV

Room: Sol

Chair: Wan Khairuzzaman Wan Ismail

Workplace Internet Leisure: Does It Affect Employee Productivity?

Farzana Quoquab

UTM International Business School, Malaysia

Nomahaza Mahadi

UTM International Business School, Malaysia

Siti Halimah Hamid

UTM International Business School, Malaysia

Wan Khairuzzaman Wan Ismail

UTM IBS/Jazan University, Malaysia

Abstract

The purpose of this study is to examine the relationships among workplace Internet leisure, workplace Internet leisure policy, workplace autonomy orientation, and employee satisfaction. Data were collected from 5 banks located in Kuala Lumpur. Out of 500 questionnaires were distributed, a total number of 282 completed questionnaires were returned. The data were analyzed

using statistical package for social science (SPSS) software version 21.0. The result suggests that there is a significant and positive relationship between the workplace Internet leisure and employee satisfaction. However, it is found that workplace autonomy orientation does not influence employee satisfaction. On the other hand, and workplace Internet leisure policy significantly affect employee satisfaction. The research also suggests there are implications practically where WIL can become a platform for additional knowledge, connection and collaboration and improve the quality of life where the ultimate goal is a balance in work-life of the employees.

Keywords: Workplace Internet Leisure, Policy, Workplace Autonomy Orientation, Employee Satisfaction, Malaysian Banking Industry

Does it make a difference? The Development of a Performance Appraisal based on Data Envelopment Analysis and Employee's Responses to it

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Abstract

A crucial part in strategy management is the strategy implementation. In order to permeate the whole organization, the strategy implementation comprises the cascading of the company's strategic objectives into sub-targets. Subsequently, these sub-targets have to be cascaded into individual targets that are backed by operational measures. An important requirement to obtain a solid basis for determining achievable, but challenging performance targets or to identify specific need for improvement is to measure and evaluate employee's performance properly. In practice, there are many obstacles to the development of an appropriate performance appraisal. Due to service characteristics like intangibility or heterogeneity, this accounts in particular for the service sector. Performance appraisals therefore are often experienced as "unfair". Traditional, often one-dimensional approaches fail to account for the specific requirements of the service sector. Throughout our presentation we will outline the standards for "good" performance measures and propose the Data Envelopment Analysis (DEA) as a method for performance measurement on individual level. Using the example of a German cooperative bank with a cohort of 40 employees, we applied a multi-stage DEA approach to measure employee performance. Based on those results a DEA-based approach for a strategic performance appraisal process is introduced. Subsequently we conducted a questionnaire-based survey among employees in the service sector in order to evaluate the results in the context of perceived fairness and acceptance. Within our presentation we will illustrate the results of the DEA-based performance appraisal by introducing a "performance-sheet". Furthermore, we are going to present the results of the survey.

Keywords: Data Envelopment Analysis (DEA), Performance Appraisal, Performance Measures

The Role of Contextual Factors on the Perceived Content of the Psychological Contract: Police Officers versus Academics

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Crystal Cork - Portugal, Portugal

Miguel Araujo
Public Security Police - Portugal, Portugal

Ana Paula Ferreira
University of Minho, Portugal

Regina Leite
University of Minho, Portugal

Abstract

The term "psychological contract" (PC) was first introduced (1960s) to describe the employee and employer perceptions of the mutual obligations towards each other. These perceived obligations can take the form of promises or expectations, and are thought of as being part of the relationship with the employing organization. The idea that the PC may be more influential than the formal and legal contract of employment in affecting employees' attitudes and behaviors has attracted the attention of practitioners. Existent research presents the PC as a concept that managers can use to manage the employment relationship more efficiently. The identification of the aspects underlying the PC, i.e. what the employees expect to give and receive from their employers, can help managers define and implement a set of personnel practices to link organizational and individuals goals and expectations. According to the literature, the PC can be approached as an exchange of perceived obligations between the organization and the employee or a unilateral phenomenon. The former implies that both the organization and the employee hold their own PC. The latter means that the PC only exists in the individuals' mind. The present study focuses on the individuals' perceptions of the PC. Some studies have explored the role of contextual factors on the PC formation, but have focused on general aspects: impact of economic and employment situation, the decline of unions, and the globalization of societies. Others have examined the influence of the organizational culture and climate, as well as organizational policies and practices. But despite this research, little is known about the effects of more specific organizational variables on the PC formation process, namely those related to the organizational structure. Besides that, research on PC has neglected using samples from different working settings to explore its formation. A cross-sectional survey was conducted with 259 police officers and 151 academics, both working in public institutions of the North of Portugal. The research asked respondents to answer a questionnaire aimed at identifying which obligations are perceived to be part of the PC, and to determine if the contextual factors can explain differences concerning the PC contents. The police officers operate in a highly hierarchized and bureaucratic organizational structure while the academics work in a more organic and dynamic environment, thus suggesting differences in perceptions. Besides comparing patterns of answers among police officers and academics, the findings also highlight the contextual factors contributing to those differences.

Keywords: Employment Relationship, Psychological Contract, Personnel Management

How Destructive Social Aspects Inhibits Innovation in Organization

Agnieszka Wojtczuk-Turek

Warsaw School of Economics, Poland

Dariusz Turek

Warsaw School of Economics, Poland

Abstract

Purpose: Drawing on equity theory, this study describes and explains the relationship between counterproductive work behaviors (CWB), organizational justice (OJ) and innovative workplace behaviors (IWB). In the proposed model explaining the influence of CWB on creative activity in the workplace, an organizational justice construct was used - as a mediator of the relationship. **Design/methodology/approach:** In order to confirm the research hypotheses, quantitative studies were conducted with the use of chosen tools for measurement of variables. The IWB was measured with the Kleysen and Street questionnaire. CWB was measured with the Kaptein questionnaire, and finally OJ was measured with the Nietroff and Morman questionnaire. The research was based on 202 anonymous questionnaires. The respondents, of managerial and non-managerial positions, represented companies of various sizes and sectors. **Findings:** The research confirmed significant statistical relationship between innovative work behaviors and all studied variables: counterproductive work behaviors and organizational justice. On the basis of the analysis using the structural equation model it can be stated that the following factors influence innovative behaviors: counterproductive work behaviors have indirect influence on IWB, via organizational justice. **Practical implications:** The research shows that both organizational justice and counterproductive work behaviors provide a useful perspective which may allow one to understand the factors determining the occurrence of innovative activity in an organization and to support creative behaviors within HRM and managers. Managers might indirectly influence IWB by strengthening employees' sense of fairness. On the other hand, managers should limit counter-productivity in an organization. **Originality/value:** The combination of variables presented in the research model may explain the significance of the chosen determinants of behaviors which are keys from the perspective of the company's effectiveness and competitiveness on the market. The results of this research extend the knowledge in the area of relationships of innovation in the workplace with aspects of social functioning in the organization.

Keywords: Innovative Workplace Behaviors, Counterproductive Work Behaviors, Organizational Justice, Equity Theory

SHRM Practices and Firm Performance: Is it a Potential Leverage in Competitiveness?

Loo-See Beh

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Leap-Han Loo

University of Malaya, Malaysia

Abstract

Our understanding of SHRM practices and firm performance has been hindered by a dearth of empirical research on its uses in the industries. This study, which aims to fill this gap, is based on resource-based view perspective that relates the SHRM practices to firm performance. This study contributes to the potential of human resources selection and accumulation process on the firm's deployment of SHRM practices in achieving its competitiveness. It is imperative to study how the competitiveness of insurance industry is being established and to what extent SHRM impacts on the firm performance. This study explores the conditions under which insurance industry in Malaysia employ SHRM and investigates the implementation of 'best practice' of SHRM that impact firm performance. The independent variables are SHRM alignment in the organization, recruitment and selection, training and development, compensation and benefits, performance appraisal, internal communication, career planning, and job design which constitute SHRM practices. The dependent variables of firm performance consist of rate of productivity, customer service, quality of products, and sales growth. The next section in the paper offers a review of the literature on SHRM and firm performance. The discussion then turns to the data and methods used in the analysis. Statistical models are developed to explore the relationship between each of these practices and perceptions of strategic human resource practices. The quantitative survey methodology utilized stratified random sampling on 7 firms who agreed to respond from the total of 28 firms. The results of the statistical analysis are then presented. The results show that the recruitment and selection had strong positive correlation with the sales growth and rate of productivity whereas career planning correlated highly with customer service but lowly with sales growth. In addition, compensation and benefits, performance appraisal, and internal communication correlated moderately with all the dependent variables. The study concludes with a discussion of the findings' implications for theory and practice, and suggestions for further research.

Keywords: SHRM, Performance, Practice

HR Role in using KM Strategies to Drive Value within Organizations

Otilia Maria Bordeianu

Stefan cel Mare University, Romania

Abstract

It is vital for the companies to develop a dynamic knowledge management strategy to be integrated into the organization, enhancing the performance of the system and processes. Organizations need to see knowledge management as a strategy, this means knowing how to apply knowledge management (KM) concepts to drive measurable results. In this regard, HR can harness the power of KM to help achieve results. The aim of the paper is to identify ways in which human resources (HR) specialists can support the KM strategy to drive value within organization, by revising the practices in order to ensure the knowledge focus. The companies are more and more aware about the potential of focusing on learning and training. Human resource management can increase the contribution to knowledge management, having the main role of ensuring the right intellectual capital that

organization needs. If people are considered the main source of sustainable competitive advantage, than is the HR role to lead and develop KM strategies to add value. There are big challenges facing today's HR professional from attracting the best recruits, to the retention of skilled knowledge workers.

Keywords: Knowledge, Knowledge Management, Human Resources, Intellectual Capital, Organisational Learning, Organizational Culture

COFFEE BREAK: 16:20-16:50

SESSION V: 16:40 18:35

FINANCIAL CRISIS

Room: Do

Chair: Jan Frait

The Uncertainty of Systemic Risk

Thomas Ilin

Cranfield University, United Kingdom

Liz Varga

Cranfield University, United Kingdom

Abstract

This article responds to calls in the literature for a major shift in approaches to explaining systemic risk. It applies insights from multiple disciplines, but departs from the strict positivist research traditions of many previous contributions by taking a carefully argued pragmatic approach from management science to address the nonlinear intractability of this problem. A new operational behavior paradigm of systemic failure is summarized, in which notions from evolutionary economics and complexity science are combined with an interpretation of entropy as risk uncertainty, to explain systemic risk in terms of catastrophic bifurcations simulated in the operational state-space of an agent-based computational model representing a highly simplified global financial system. Then the key features of a recent programme of research based on this approach are described, in which the results of a simulation of Iceland's financial system collapse were validated with empirical data from annual reports over that period. Findings suggested that a lack of diversity in participation strategies among system participants may have been a key operational mechanism of catastrophic tensions over supply versus demand for financial services, confirming academic commentary on that event. In conclusion, the operational definition of systemic risk proposed in this research is argued to be a practical basis on which future research may be able to construct computational solutions capable of measuring systemic risk more accurately for predicting systemic failure of the global financial system in more detailed and realistic simulations.

Keywords: Systemic Risk, Uncertainty, Catastrophe, Entropy, Simulation, theory

JEL Classification: G2, E1

Anatomy of the 2009 Eurozone Sovereign Debt Crisis: Kindleberger-Minsky Paradigm

Amir Nasry Rofael Armanious

Macquarie University, Australia

Abstract

This paper applies the Kindleberger-Minsky Paradigm (KMP) on the Eurozone's fiscally troubled economies specifically Portugal, Ireland, Italy, Greece and Spain (PIIGS). The advent of the 2008 global financial crisis coupled with fragile economies in Greece and Portugal (Gongloff 2011; Lopreite 2011), housing bubble in Ireland and Spain (Harrington 2011; Morgan 2009) and banking crisis in Italy (Di Quirico 2010). This resulted in twin crisis, large debt levels and current account imbalances (Kosteletou 2012). This led to a crisis of confidence in addition to the widening of bond yield spreads and risk insurance on credit default swaps between PIIGS economies and Germany (Bibow 2012). The six phases contemporaneous KMP are displacement, monetary expansion, speculative mania, financial distress, panic, and lender of last resort (Kindleberger and Aliber 2005). The bubble's origins in the displacement phase are caused by shadow banking system, off-balance sheet finance and stability and growth pact. It demonstrates how these events, combined with other technological and regulatory factors, resulted in debt crisis fuelled by the aggressive securitization of mortgages in terms of mortgage backed securities and collateralized debt obligations by many large European financial institutions and poor regulatory supervision. In this way it assesses the core actors in the process in terms of incentive and performance (Lin and Treichel 2012; Rannou 2009; Rapp 2009). The monetary expansion phase are characterized by lower interest rate, financial deregulations, loose monetary policies of ECB, off-shore financial centres and declining international competitiveness (Toporowski 2010). The speculative mania phase analyzed in terms of misreporting of statistics, tax evasion, increasing budget deficit, increasing current account deficit, speculations, financial institutions and corporate over leverage, incorrect credit ratings and inadequate corporate governance (Huck and Valasek 2012; Perraton 2011). The financial distress phase attained by deteriorating credit ratings, higher bond spread, spiked credit default swap, greater TED spread, loss of investor confidence and credit squeeze (Barnes and Street 2010). The panic phase reached by credit crunch, contagion effect, higher public debt, Euro depreciation, high interest rate, regional recession, financial sector slump (Reis 2013). The last phase is lender of last resort where proposed remedies already include the aggressive fiscal austerity measures and ECB monetary responses typical of the KMP. All booms and crashes are related to liquidity where excess liquidity leads to speculation and revulsion results in liquidity crunch. Bubbles mostly involve Ponzi financing. Therefore, regulatory and legislative actions are required within the creation of fiscal union.

Keywords: Kindleberger-Minsky Paradigm, Speculative Bubbles, Financial Crisis, Financial Fragility, Financial Instability, Systemic Risk

JEL Classification: E42, E52, E58, F03, F36, G01

A Regime Switching Analysis of Contagion from the U.S. Subprime Mortgage-Backed Securities Market

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Central Bank of Ireland, Ireland

Thomas Flavin
NUI Maynooth, Ireland

Abstract

This paper analyses contagion from the ABX.HE indexes, which serve to proxy for the U.S. subprime mortgage-backed securities market, to other major financial markets during the crisis of 2007-2009. The seminal work analyzing contagion from the ABX.HE indexes is that presented by Longstaff (2010) and so a time-varying transition probability Markov-switching vector autoregressive (TVTP MS-VAR) framework is employed in an effort to generalize the analysis presented in that study. We find that the watershed of regimes occurs in mid-2007, with the crisis regime dominating thereafter. This suggests that exogenously imposing a crisis regime to break in January 2007, as in Longstaff (2010), is not appropriate. Tentative evidence of contagion is found to emanate from the ABX.HE indexes, but certainly not as widespread as that presented by Longstaff (2010). This indicates that correctly dating the crisis is crucial to the analysis, as in the original application the crisis period is an amalgamation of the tranquil start to 2007 followed by a turbulent second half.

Keywords: Financial Crisis, Credit Crunch, Contagion, Asset-backed securities, Subprime CDOs

JEL Classification: G01, G12, G14, G21

Internal Innovativeness and Management of Current Finances of Enterprises in Poland

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Abstract

Innovativeness is today one of the basic determinants of success achieved by economic entities. It determines the changes in forms and ways of managing an enterprise. One of basic areas of a company management is management of current finances, and one of basic categories of current finances is financial liquidity, which is a priority condition of the functioning of an enterprise. The subjects of innovativeness and management of specific areas of a company's finances are often addressed by researchers separately. However, influence of internal innovativeness on this area of management is not extensively explored in the international literature. The aim of this paper is to identify the influence of an enterprise's innovativeness on management of its current finances and maintenance of financial liquidity. The main thesis is: Financial liquidity of enterprises and ways of managing current finances depend on the level of innovativeness of enterprises. The verification of this hypothesis has been based on the results of questionnaire empirical studies conducted in the first half of 2014 on a group of 380 enterprises in Poland. The character of the studies was mainly qualitative, therefore statistical dependences were examined using: Spearman's rank correlation coefficient as a measure of correlation between ordinal variables and Pearson's chi-squared test and Cramér's V as a measure of association between nominal variables. The studies resulted in finding statistical dependencies that show the influence of innovativeness on the management of current finances of an enterprise, e.g. degree of management formalization, competences, professionalization of employed methods. The results presented have scientific value and may constitute an introduction to detailed research into this area.

Keywords: Innovativeness, Liquidity, Corporate Finance, Current Finances, Enterprises, Poland

The Determinants of Banking Crises: The case of Eurozone countries

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American University in Bulgaria, Bulgaria

Julija Prodani
American University in Bulgaria, Bulgaria

Abstract

The global financial turmoil (2007-2008) has stimulated a wave of research into the empirical determinants of banking crises and the channels of contagion among financially integrated economies. Almost concurrently, the Eurozone economies have been hit hard by a series of sovereign debt crises, which destabilized the banking sectors, creating a widespread distress. This paper analyzes the predictive power of a money market pressure index (IMP) and a combined indicator of sovereign debt-banking distress (ISB) in identifying episodes of banking crises based on a panel data of 11 Eurozone countries over January 2001 to July 2013. These indices incorporate a time-varying interbank rate, bank reserves to deposits ratio and government bond yields. After identifying the crises periods using the IMP, we first examine the domestic determinants of the banking crises using a conditional logit model and then the spillovers across countries using Vector Autoregressive (VAR) methods. The novelty of our paper is the creation and application of an hybrid fiscal-financial pressure index to better account for the sources of crises in the Eurozone. We find that a major determinant of banking crises in the Eurozone economies is the unsustainable growth in sovereign debt which we proxy by government bond yields. Based on our VAR models, we also find that fiscal-financial distress indicators in one Eurozone member Granger cause similar indicators in others, pointing to strong contagion. Our findings support the rationale behind the creation of a banking union in the Eurozone.

Keywords: Banking Crises, Contagion, Sovereign Debt, Banking Distress, Eurozone Economies

Consumer Debt and Financial Fragility in Italy**Barbara Cavalletti**

University of Genoa, Italy

Corrado Lagazio

University of Genoa, Italy

Daniela Vandone

University of Milan, Italy

Elena Lagomarsino

University of Genoa, Italy

Abstract

This paper focuses on the consumer credit market in Italy and the related risk of over-indebtedness. Using panel data from the Banca d'Italia Households Survey on Income and Wealth in the period 2002-12, we investigate the role of consumer financial position on the use and increase in consumer debt over time, evaluating, in particular, whether consumer credit is used to cover gaps in income and whether this use is associated with the increased and widespread inadequacy of the financial and economic conditions of indebted households that followed the financial crisis. The results of a panel probit model highlight that being in a difficult financial position adds approximately 2.4 percent to the probability of having unsecured debt compared to households who are not financially fragile. Moreover, when considering indebted households, financial fragility has a significant effect on the risk of exceeding the threshold of over-indebtedness, which we set as a consumer credit-to-current income ratio of 50 percent.

Keywords: Household Indebtedness, Consumer Credit, Over-Indebtedness, Lifecycle Hypothesis

Paradox of Financial Instability and Credit Risk Formation**Jan Frait**

Czech National Bank, Czech Republic

Abstract

This paper focuses on the identification of sources of systemic risk which is one of the key tasks in conducting macroprudential policy in central banks. To succeed, the macroprudential analyses must be focused primarily on the identification of latent risks being generated in the balance sheets of financial intermediaries and their clients. It may be rather difficult to distinguish normal cycle fluctuations and long-term trends from a dangerous financial cycle. In addition, the early identification of emerging systemic risk may be a complex issue since the analysts can be trapped into the paradox of financial instability. It means that sources of systemic risk may be increasing exactly when actual indicators of potential credit losses seem to be the lowest. To explore the importance of the financial instability paradox, we estimate on historical data the sensitivity of banks' balance sheets to adverse changes in macro fundamentals applying panel data methods to selected European banking sectors. The analysis performed provides the evidence that credit risk signals are to a large extent procyclical which means that they tend to decrease in periods good times when the loans that will become non-performing in the future are extended. Over the financial cycle it will therefore be necessary to take this particular phenomenon into account. It means the necessity to apply set of forward-looking indicators to catch the moment at which systemic risk starts to accumulate, identify the point at which the tolerable limit for systemic risk has been exceeded, and send out a signal that macroprudential tools need to be activated. If prevention fails, it will be necessary, using a different set of indicators, to determine the point at which a financial instability event has to be declared, assess the potential scale and seriousness of the manifestations of the crisis, and recommend appropriate anti-crisis tools. Forward-looking analytical tools should then ultimately help us to detect when systemic risk has fallen below the critical level and tell us when we can discontinue the anti-crisis measures and support policies.

Keywords: Credit Risk, Financial Stability, Procyclicality, Systemic Risk

INDUSTRIAL ORGANIZATION II**Room:** Re**Chair:** Kala Krishna**Harmonization of Serbia's Industrial Policy with the Common Industrial Policy of the EU****Milena Lutovac**

Belgrade University, Serbia

Abstract

Industrial policy is primarily focused on improvement of industrial growth/development and creation of conditions for the realization of the goals and tasks of industrialization. Application of adequate measures and instruments of industrial policy is a very complicated task that implies undertaking of a number of actions in a various domains. Industrial policy should contribute to overall economic growth, financial stability, healing of balance of payment, full employment and improvement of standard of living. Having in mind the place and importance of industry in the economic development of the majority of the countries in the world it is inexplicable why has Serbia, in the second phase of transition, had such economic policy that led to the complete breakdown of its industry. In addition to determining the current of industrial policy, the paper will be defined and the main targets of future changes in the industrial policy of Serbia. One should also bear in mind the European perspective of Serbia, as well as its national specificities. Since most successful transition countries that became EU member states apply a very efficient development model, within which industry and export have key positions, Serbia should use their experience.

Sustainable and dynamic development of the industry, customization of Serbia's industrial policy with the common industrial policy of the EU and the objectives of the new European strategy Europe 2020 is set as primary strategic goal of Serbia until 2020.

Keywords: Industrial Policy, Industry Regulation, European Union, Transition

JEL Classification: L52

Monopolistic Margins in the Polish Food Sector

Szczepan Figiel

University of Warmia and Mazury in Olsztyn, Poland

Justyna Kufel

IAFE-NRI, Warsaw, Poland

Abstract

Agro-food sectors are commonly considered as highly regulated, traditional and that of strategic importance mainly due to the food security issue. Changes in the related market structures are subject of constant interest because of their importance for competition and economic welfare of food producers and consumers. In Poland a rising concentration among various branches of the food industry can be observed. In 2011 companies hiring more than 250 employees constituted only 1.8% of the total of 14.7 thousand entities operating in the sector, while their share in employment was 40.3% and in production even 54.6%. Only in the period 1997-2012 the number of the Polish food sector companies decreased by around 40%, while average annual increase in the production of the whole sector was around 5.5%. The main objective of our paper is to depict the changes of monopolistic power in the Polish food sector and its branches in the period 1995-2013 and formulate related implications for policy regarding observed levels of markups and possible losses in the overall economic welfare. For measuring the monopolistic power in a given market we used the markup, which indicates the degree of departure from perfect competition. In perfect competition, when the demand curve is horizontal, the price cannot be higher than the marginal cost, what means no occurrence of monopolistic markups, whereas in imperfect competition the price exceeds the marginal cost what implies the opposite. The main obstacle for markups estimation is the measurement of marginal cost. We use the Roeger method [1995] involving primal and dual Solow residuals as well as the Rotemberg and Woodford method [1999] improved lastly by Nekarda and Ramey [2013], who measured markups based on the marginal cost of labor. It was found that in the analyzed period calculated markups fluctuated around 20%, what is an evidence of relatively high market power of the companies operating in the sector. Moreover, the differences in results for the sector branches indicate a substantial heterogeneity in pricing practices of the Polish food industry companies. Evolution of the monopolistic power in the Polish food sector is associated with the development of market economy and adopted regulations. Further changes in the food industry markups should be carefully analyzed and the observed tendencies should be considered to design public policies supporting more effective competition.

Keywords: Monopolistic Power, Margins, Food Industry, Poland

JEL Classification: D49, L11, Q19

Environmental Management Practices in Polish Enterprises

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Abstract

Environmental management helps firms systematically include environmental issues to enhance a firm's commitment and decrease their impact on the natural environment. For that reason, it has become necessary to study proactive aspects of business management and all the factors that influence the development of environmental proactivity in firms. The article aims to analyze the level of corporate environmental proactivity and its relationship with the size and the sector of activity in Polish enterprises. The environmental pressure perceived by companies was analyzed, too. A questionnaire survey was conducted in 64 Polish enterprises. The results show that the level of environmental proactivity of Polish enterprises is satisfactory and the highest activity of environmental proactivity is observed in the area of operating practices. The interest in the implementation of ISO 14001 and EMAS standards is still little. However, it is possible to observe slow, though systematic, growth in the implemented standards following ISO 14001 and EMAS. The research results reveal that there is a statistically significant relationship between the size and the sector of activity. Environmental pressure is mostly perceived by the management staff. This article also suggests implications and opportunities for future research because relatively little is known about the corporate environmental proactivity in Polish companies.

Keywords: Environmental Management, Environmental Practices, Environmental Proactivity, Determinant Factors

JEL Classification: Q50, D22, L20

Multi-sided Platforms and Emerging Markets: A Case of Russia

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Abstract

Objectives: Innovative Multi-Sided Platforms (henceforth, MSP), which bring together two or more interdependent groups of affiliated customers, have recently risen to economic and business prominence in many e-business industries including cloud computing, search engines, e-tailing, e-auctions, e-finance and many others. MSP comprise a large and rapidly growing share of

the world economy. MSP are increasingly prevalent in economy. 60 of the world's 100 largest global companies earn most of their revenue from MSP. The objective of the paper is to examine MSP-based e-businesses across different markets in a general way and about Russian MSP market in particular through the qualitative analysis and conceptualization. Data and Methods: The qualitative research presented in this paper aims to collect and analyze quality data regarding the current status and prospective evolution of MSP in Global market and offered by Russia's leading e-business and banking companies that are running businesses in the e-business sector. The analysis proposes classification and examination of the current status of MSP, and possible ways of further evolution of ICT and services both for the enterprises and their customers. We illustrate, analyze and classify representation of MSP ecosystem by means of ontologies, in particular lightweight ontologies - taxonomies. An article expands upon these definitions and provides additional background for emerging MSP market of Russia. The goal is to capture the common core of different approaches to facilitate research in MSP. Thus we illustrate how the MSP ecosystem taxonomy can be complemented by the real instances in the emerging market of Russia. MSP innovative services in Russia are in the early phase of development, and the research in this field will bring more understanding of the Russian MSP market perspectives in the next decade. Results: The analysis methodology incorporates information from different but interrelated sources that form a representative sample of the domain. The methodology, classification and organization of domain concepts, validation issues, and the pilot version of MSP services taxonomy is discussed. Then Russian e-business MSP's detailed analysis is developed. Conclusions: The current study has examined the landscape, opportunities and challenges of innovative financial and e-commerce MSP in Russia from the perspective of e-business key players and from the perspective of customers.

Keywords: Multi-sided Emerging Market Structure in Russia, Multi-sided platforms

Assessment of Logistics Companies in the Global Market

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Abstract

This article attempts to assess the logistics business entities using the methods of financial analysis. The specific nature of logistics companies, focused on delivering transport services, determined the scope and types of the selected measures of assessment. Basing on the same set of selected indicators, four companies operating in the area of services, both globally and in the U.S. market were assessed. The study made it possible to identify some common macroeconomic trends affecting the economic and financial situation of the researched companies and the analysis of the dynamics of the individual parameters indicated the specific nature of the strategy of the management of individual entities. The issue of evaluation of the activities of logistics companies operating in the global market carried out on the basis of selected financial measures is important and topical because of its impact on strategic decision-making processes in the studied companies.

Keywords: Logistics Companies, Logistics Services, Financial Analyses

Nonlinear Model of Military Expenditure Convergence: Evidence from ESTAR Nonlinear Unit Root Test

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Abstract

The paper builds a model to empirically test military expenditure in a nonlinear set up. We assert that country A chooses a military strategy of catching up the military expenditure of its rivals, subject to public spending constraints on public investments, including health and education, leading to decrease in long term economic welfare. This implies nonlinear convergence path: Only when the military expenditure gap between countries reaches the threshold level will provide incentives to catch up rival's expenditures. We test this nonlinear catching up hypothesis for 37 countries spanning from 1988 to 2012. Results show that 53% of countries converge to world's average military expenditure: where 39% of countries target Germany; 33% of countries target China; 22% of countries target the USA, and 11% of countries target Russia. Interestingly, most big world's military power exhibits nonlinear military expenditure convergence towards world's average level, except the world's largest military power, the USA.

Keywords: Military Expenditure, Convergence, Non-linear Panel Unit Root Test

JEL Codes: C22, C23, O18

HEALTH ECONOMICS**Room:** Mi**Chair:** Sung Soo Lim**European Healthcare Systems - a Comparative Approach¹⁴****Viorela Ligia Vaidean**

Babes-Bolyai University Cluj-Napoca, Romania

Abstract

Health and healthcare policies have always been an important priority for Europeans. There are strong relationships between the health status of the population and the states' economic prosperity, so health has to be integrated in all policies, and EU's voice in global health must be strengthened. The purpose of this paper is to analyze the compared healthcare systems of EU countries, by pointing out where Romania does stand, from the point of view of the policies and financing mechanisms, general governmental expenditure on health, hospitals, primary healthcare and health state of the population. Critical points and reform strategies are analyzed, especially for Eastern Europe. The weights of the current healthcare expenditures within the GDP of EU countries have been growing rapidly, representing a major public concern. The paper also studies the healthcare expenditure of the EU member states in relation to different explanatory variables for the 2001-2013 time period, through different panel data techniques. Estimated results are interpreted and commented, regional public healthcare expenditure being explicated to a great extent by the regional GDP.

Keywords: Healthcare Expenditure, Reform, Panel Data, Multiple Regression**In Times of Sickness: The Labor-Supply Response of Family Members****Sung Soo Lim**

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Abstract

Despite its importance for development policies, only a few attempts have been made to analyze the coping strategies of households in response to prime age adult morbidity in developing countries. The effects of morbidity are likely to be greater, compared to the effects in developed countries, as few households in developing countries have sufficient financial resources to cope with severe and long-term illnesses. Substituting adult labor for an ill adult may be an important coping strategy, especially for those households with the insufficient financial capacity to cover the direct and indirect costs of morbidity. This study attempts to bridge the gap in the literature and shed light on the mechanisms poor households utilize in the face of health shocks. This study uses exceptionally detailed information about individual health status provided by Indonesia Family Life Survey (IFLS 2000, 2007) and controls for both duration and severity of illnesses, which are likely to have differential effects on household resource allocations. To control for effects of unobservable confounding factors that affect both morbidity and outcomes of intrahousehold resource allocations, this study uses panel data models with household and village fixed effects. In addition, the estimation model includes a variable for experiences of natural disaster shocks, one major source of spurious correlation, measured at the household level. Lastly, accounting for the measurement errors in estimating the health status, this study uses both self-reported health measures and physical health assessment (ADL) measured by health workers with special training. Overall, the results of this study provide some evidence that rural Indonesian households cope with morbidity shocks through intrahousehold labor substitutions. The results also identify gender roles within households in substituting for the labor of sick adults. In particular, the labor of husbands appears to be substituted by their spouses, in the face of long lasting illnesses or severe health shocks, while labor of wives are substituted by male dependents. In contrast, female dependents are found to decrease their labor hours in the face of long term illnesses of both husbands and wives that last longer than one year. Despite the labor substitutions, however, this study finds that households suffering severe morbidity shocks are unable to keep their family farm profits stable. The results suggest that health insurance coverage targeted towards agricultural households may have welfare gains in Indonesia.

Keywords: Morbidity, Intrahousehold Resource Allocation, Indonesian Households, ADL, Health Shocks, Chronic Illness**Education Affects Health: Empirical Evidence from Turkey****Furkan Besel**

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Fatih Yardimcioglu

University of Sakarya, Turkey

Abstract

This study examines whether there is a relation between education index and government health expenditures for Turkey between 1980 and 2012 using the Kapetanios Unit Root Test based on structural breaks, the Maki Cointegration Test and Causality Analysis based on Vector Error Correction Model. Empirical practices in the study showed that series were stationary in first differences and there is a long-term relation between them. As a result of the causality analysis, unidirectional causality was determined from education to health.

Keywords: Education Index, Health Expenditures, Kapetanios Unit Root Test, Maki Cointegration Test

¹⁴ This work was cofinanced from the European Social Fund through Sectoral Operational Programme Human Resources Development 2007-2013, project number POSDRU/159/1.5/S/142115 „Performance and excellence in doctoral and postdoctoral research in Romanian economics science domain.

Financial Repercussions in Relation to Immigration Policy Research about Immigration and the Financial Repercussions**Maria Vlachadi**

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Chryssoula Pandelaki

University of Crete, Greece

Maria Stavgianoudaki

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Abstract

The object of the survey is the collection of useful information in order to record the aspects of the respondents concerning the economic crisis and the financial repercussions of the occupation of immigrants-foreigners in our country. The survey was conducted in January 2014. The collection of the information was accomplished with the use of a questionnaire which consisted of closed type questions (each question had suggested answers) on a sample of 60 people. The analysis was conducted with the use of the statistical packet SPSS. In its final form, the questionnaire included 18 questions. Three of the questions were addressed to the demographical data of the respondent, five questions were addressed to the opinion of the respondent concerning immigration, five questions concerned immigration in Greece, three economic matters (alteration in income, expenses, unemployment) of the respondent and two dealt with the psychology and attitude of the respondents. What follows is the presentation of the results. The sample consisted of 60 people. As far as the demographical characteristics of the respondents are concerned, men seem to be the majority, 58, 3% in relation to women, 41, 7%. On average the respondents were between the ages of 19-35 (81, 7%) and their educational level was of Senior High School (49, 2%) and University graduates (35, 6%).

The use of simulation modeling in the analysis of the Economic Aspects of Diseases in Old Age**Petra Maresova**

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Hana Tomaskova

University of Hradec Kralove, Czech Republic

Kamil Kuca

University of Hradec Kralove, Czech Republic

Abstract

In the coming decades, the size and age-structure of Europe's population will undergo dramatic changes due to low fertility rates and continuous increases in life expectancy. These changes also bring significant impacts on the economies of these countries. The impacts being a shortage of workers, chronic and degenerative diseases, increased government spending on health care and pensions. The more precise idea of the economic impacts countries have, the better they can over time develop strategies to deal with the situation. Aim of this paper is to present a dynamic simulation modeling as a tool to illustrate the economic aspects of population aging. The purpose of the simulation model is to simulate the behavior of the real system. The simulation model mimics when they run the substantial sites of the modeled system. The key to creating a simulation model is to understand the relationships and constraints of the modeled object. In the context of the research the simulation model is used for diseases in old age, particularly dementia. A tool for the simulation model is a software called STELLA, which meets the requirements for this area. The created and proposed model shows a number of benefits that are important for the expression of the economic aspects of diseases in the old age. These benefits are not included in standard statistical methods for predicting future development and other economic analyses used for this purpose.

Keywords: Aging Population, Simulation, Model, Disease**Application of Stochastic Cooperative Games in Researches of Processes of Interaction of Economic Agents****Pavel Konyukhovskiy**

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Abstract

Researches of regularities of processes of interaction between various economic agents, traditionally treats one of the priority directions of modern economic science. Among the most essential and actual tasks of this direction there is a task of determination of criteria indicators according to which estimation of consequences of emergence of associations of economic agents shall be made. Among possible specific spheres of application of these researches can be marked: researches of the relations of private and public partnership (1), implementation processes of large interstate investment projects (2), researches of mergers and acquisition processes (3). It should be noted a number of the basic problems inherent in this scientific area. In particular, there is an objective impossibility of receipt of reliable estimates of consequences for the alternative coalitions of economic agents. Actually, in practice the only one possible scenario is implemented. Also serious complications are brought by the stochastic factors which are inevitably present at dynamics of measure values that characterize consequences of consolidation. Rather effective tool of the solution of mentioned problem are mathematical models which are based on the theory of cooperative games. At the same time, essential difficulties of their practical implementation are related to the fact that in

classical cooperative games values of characteristic functions are deterministic. One of possible methods of overcoming of this problem is related to transition to stochastic cooperative games (SCG).

Keywords: Processes of Interaction between Various Economic Agents, Cooperative Games, Stochastic Cooperative Games, Imputation in Stochastic Cooperative Games

MANAGEMENT IX

Room: Fa

Chair: Ender Demir

The Rethink of Design in the Post-industrial Era

Tong Wu

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Dengkai Chen

Northwestern Polytechnical University, China

Abstract

Design is a crucial means of research and development in product innovation. Moreover, it even plays the crucial role of an enterprise's survival and development. Along with the world industry advance by leaps and bounds, design standpoint renew continuously in its development of more than centuries. Now reconsider the design again, the paper shows some issues worthy of rethinking in innovation, roles, management, and design model. Innovation is the essence of design. According to the creativity degree, design activities can be divided into three categories: routine design, innovative design, and creative design. The processes of tangible product design include the design in function, form, color, and ergonomics, etc. There are many uncertainty factors in all these aspect and the design processes are in the abstract and fuzzy discrete state. So the roles of industrial design have three levels (low, middle, and high). They are passive design, systematical design, and green design. And the new requests cast to the designers are to inquire into customer's need, to design the product family, and to develop customization design software. Enterprises need innovation. And innovation design needs to be managed. The paper gave some methods on how to implement design and design management. A product innovation model with hierarchical division was given. According to Extenics theory, we can discuss product innovation from the four conjugate pair of product attribute. And then extension theory based on primitive was utilized to put forward an extension transformation based on primitive extensibility which provides a powerful tool to solve the design problem.

Keywords: Design, Design Management, Industrial Design, Product Innovation, Design Model, Extenics

JEL Classification: L15, L60

Challenges of a Financial Model for a PPP-Project

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Abstract

Over the last decade or so, private sector financing through public – private partnerships (PPP) has become increasingly popular as a way of procuring and maintaining public-sector infrastructure, in such sectors as transportations (road, bridges, tunnels, railways, ports, airports), social infrastructure (hospitals, schools, prisons, social housing), public utilities (water supply, waste water treatment, waste disposal), government office and other accommodation, and other specialized services (such as communications networks or defense equipment). Albania in the last years has improved the legal frame giving the right the local Authorities to initial PPP Projects. The local Authorities have not built yet the expertise for such projects. The aim of this Paper is to help the Local Authorities in Albania to support the building of the expertise for such Projects. This paper deals with the process by which bidders and their lenders structure the financing for a PPP project. The Service Fees are the final output of this process, since these have to cover the Project Company's financing and operating costs and provide a return on the bidders' equity investment. A financial model is used to make the required calculations for the bid, and at various other phases of the project, although this paper is not intended to cover financial modeling in depth, the key inputs and outputs for the financial model are reviewed, including the financing costs. The model has to work within the constraints of: the Public Authority's requirements for the PPP Contract term and Service-Fee profile; lenders' requirements for the term and payment profile of their debt; The financial model covers of the whole of the Project Company's operations, not just the Facility itself.

Keywords: PPP, Project Company, Operational Expenditure, Capital Expenditure, Service-Fee

The Specific of Cartel Markets in the Countries of Developing Culture of Competition

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Abstract

One of the most harmful competition infringements are cartels, which make a lot of damages to national economy, while the identification and punishment of the cartel is a long process. In some markets the cartels are detected fast enough, while in others they exist for decades. It is important to identify and explore the characteristics of the markets with increased cartelization risks.

The theoretical identification of evidence suggesting the existence of a cartel in a market and factual comparison with the real market situation may represent the preliminary stage in the cartel detection process and verification of cartel existence. The paper analyzes the characteristics of cartel markets, the factors, indicating higher risks of market exposure to cartelisation as compared to other markets and the economic factors evidencing cartel existence. The empirical analysis is based on Lithuanian cases. This country is chosen because it corresponds to the features of the small economy with developing culture of competition. On the base of the theoretical analysis, the Lithuanian markets, where cartels were not found, but there's a greater chance that the cartels operate in these markets, are identified. The key economic factors, which have an impact on "Lithuanian" cartel formation, are presented also in the article.

Keywords: Cartels, Cartel Markets, Cartel Detection, Developing Culture of Competition

On Crowdsourcing as a Form of Innovation of Enterprises: Case Study for Poland

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Abstract

The primary objective of the paper is to pay attention to crowdsourcing as a form of development of the innovative activity of enterprises. The key issue is an attempt to assess the use of the idea of crowdsourcing in the activities for the benefit of marketing innovations in Polish organizations. The empirical data come from the database of Eurostat, Central Statistical Office and directly from the enterprises under research. The research period refers to years 2008-2014. In the paper, there has been made an attempt to indicate that the use of new sources of information in management (crowdsourcing) for the implication of innovative activities of the organization is the justified, not only theoretically, methodological structure of these activities, but results from the need of considering the level of importance of the decision-making errors. The exemplification of inquiring in this field is the assessment of the innovative activities of Polish enterprises and the use of social media in Poland against the background of the states of the European Union; a good supplement of the conducted research is to indicate good practices among Polish enterprises and the opinions of Polish students in this field. The research results show that crowdsourcing in Poland is more widespread. Public administration and public-use institutions dominate in the application of crowdsourcing in Poland. The paper, though does not exploit the problem, shows the size and strength of crowdsourcing in innovative activities and further directions of development. So far, they have been fragmentary and rarely documented empirically; they constitute an important area of searching for the effectiveness of the organization on more and more competitive and global markets.

Keywords: Crowdsourcing, Innovation, Marketing Innovation, Social-Media, Poland

JEL Classification: M310, R500

The Impact of Organizational Culture on Knowledge Management in the Light of Empirical Studies

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Abstract

Raw materials, materials, machinery or finances are not enough for contemporary enterprises to achieve success. More and more attention has also begun to be drawn to soft elements of management such as organizational culture or information. However, in the course of time, it has been noticed that, apart from the collected data and available information, there exists an additional level which more and more significantly determines the performance of the enterprise and this is knowledge. Knowledge, which can be classified in many different ways, irrespective of whether it is and will be the source of ideas, inspiration and innovation. As every resource, also knowledge requires management, which is a strategic and systematized process of identification, management and distribution with the help of the selected tools or methods. Knowledge is sometimes priceless, if it results from experiences, training and talents of employees and leads to new organizational solutions while, simultaneously, satisfying personal aspirations of each of them. This intangible resource has become the potential without which the contemporary organizations are not able to effectively compete on the market, but it involves the creation of appropriate working conditions, the ones which provide free communication, which will not be constrained by excessive bureaucracy and where organizational culture will be used to promote open, unlimited working environment while encouraging employees to share knowledge. Therefore, introducing knowledge management in the organization requires the IT as well as organizational infrastructure since, above all, it is a dynamic social process, characterized by deep interpersonal interactions which are conditioned by the complex set of social assumptions, values, symbols and language. The success of the whole project depends on the employees' attitudes, their behavior, and preparation for this change. The aim of the paper is to pay attention to the role of organizational culture in the realization of the processes of knowledge management, as well as the assessment of the knowledge management. The paper consists of a brief introduction being the literature study in the field of the examined problem, and in its further part, there are discussed the results of the obtained empirical studies. The research method used in the study was the diagnostic survey. The research material was collected with the help of the questionnaire. 56 employees of different

organizations, most frequently from the private sector, who assessed the condition of knowledge management in their enterprises, took part in the research. The preliminary findings show that for the majority of the respondents, the concept of knowledge management is not even familiar, thus, they are not able to evaluate the impact of organizational culture on the process of knowledge management. The conducted analysis is a pilot study on the presented problem. The obtained results are both of a critical and constructive nature.

Keywords: Knowledge, Information, Organizational Culture, Communication, Labor

JEL Classification: D83, J24, M54

Enterprise Innovation Management in the Selected Countries of Central and Eastern Europe

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Abstract

Business practice of enterprises confirms the need for intensification of innovative activity to increase competitiveness, on both the regional and global scale. Global organizational and technological changes determine, among others, the area of research and development, production, distribution and customer service. Therefore, enterprise innovation management, in the view of global challenges, more and more frequently, takes the form of the system directed towards the interdisciplinary approach to social, technical, organizational and financial potential. The aim of the paper is to indicate regional diversity in the area of enterprise innovation of the selected countries of Central and Eastern Europe. The paper refers to the problem of the analysis of the level of innovation from the perspective of searching for regional conditions. The analysis of the level of innovation is conducted on the basis of the data coming from the desk research, including the statistical data on the national and European level. Among the research methods there are applied: desk research, quantitative analysis, comparative studies.

Keywords: Management, Innovation, Visegrad Group, V4

DIRECTORY OF PARTICIPANTS

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43	Russia	41	5.50%
44	Saudi Arabia	6	0.81%
45	Serbia	9	1.21%
46	Singapore	2	0.27%
47	Slovakia	3	0.40%
48	Slovenia	8	1.07%
49	South Africa	13	1.74%
50	South Korea	23	3.09%
51	Spain	30	4.03%
52	Sweden	2	0.27%
53	Switzerland	4	0.54%
54	Taiwan	5	0.67%
55	Thailand	8	1.07%
56	Tunisia	4	0.54%
57	Turkey	108	14.50%
58	U.A.E.	4	0.54%
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60	UK	14	1.88%
61	Ukraine	4	0.54%
TOTAL		745	100%

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5	Akdeniz University	Turkey	1
6	Aleksandras Stulginskis University	Lithuania	3
7	Alexandru Ioan Cuza University of Iasi	Romania	4
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36	Carleton University	Canada	1
37	Catholic University of Valencia	Spain	1
38	Caucasus International University	Georgia	1
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40	Central Bank of Ireland	Ireland	1
41	Central European University Budapest	Hungary	1
42	Charles University in Prague	Czech Republic	1
43	Chinese Academy of Social Sciences	China	1
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50	Complutense University Madrid	Spain	2
51	Copenhagen Business School	Denmark	2
52	Cornell University	U.S.A.	1
53	Coventry University	United Kingdom	2
54	Cranfield University	United Kingdom	2

55	Crystal Cork - Portugal	Portugal	1
56	Cumhuriyet University	Turkey	1
57	Czech National Bank	Czech Republic	1
58	Czestochowa University of Technology	Poland	14
59	Daegu University	South Korea	1
60	Dalhousie University	Canada	1
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63	Dokuz Eylul University	Turkey	2
64	Dumlupinar University	Turkey	3
65	Durban University of Technology	South Africa	3
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69	Epoka University	Albania	3
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79	FSAEE HPE 'North Caucasus State University	Russia	1
80	FSEG Tunis	Tunisia	1
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83	Gedik University	Turkey	1
84	Georgia State University	U.S.A.	1
85	Giresun University	Turkey	1
86	Goce Delcev University of Stip	Macedonia	2
87	Guangzhou University	China	1
88	Gulf University for Science and Technology	Kuwait	1
89	Hacettepe University	Turkey	4
90	Halic University	Turkey	1
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96	Ilia State University	Georgia	2
97	IMC FH Krems	Austria	1
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99	Inspira	Brazil	1
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101	Institute for Trade Studies and Research	Iran	2
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105	ISCTE-IUL	Portugal	4
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108	Istanbul Aydin University	Turkey	2
109	Istanbul Bilgi University	Turkey	1
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112	Istanbul Medeniyet University	Turkey	2
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117	Jagan Institute of Management Studies	India	1
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121	JKR	Malaysia	1
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124	Kaunas University of Technology	Lithuania	11
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201	Sohar University	Oman	1
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252	University of Crete	Greece	5
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266	University of Macedonia	Greece	2
267	University of Malaya	Malaysia	4
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321	Wroclaw School of Information Technology	Poland	1
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