



**2nd International Conference**

**The Economies of  
Balkan and  
Eastern Europe Countries  
in the changed world**

**7th-9th May 2010  
Kavala - Greece**



<http://ebeec.teikav.edu.gr>

**organized by  
Kavala Institute of Technology  
Department of Accountancy**

2<sup>nd</sup> International Conference  
“The Economies of Balkan and Eastern Europe Countries in the Changed world”  
Department of Accountancy, Kavala Institute of Technology,  
May 7-9, 2010, Kavala, Greece

**Department of Accountancy, Kavala Institute of Technology**

2<sup>nd</sup> International Conference

**The Economies of Balkan and Eastern Europe Countries in  
the changed world**

**EBEEC 2010**

**Kavala, Greece**

**May 7-9, 2010**

**Conference Program**

**Abstracts**

**Friday 8:15-9:00**

**Registration at the Great Amphitheatre of Kavala Institute of Technology**

**Friday 9:00-10:00**

**Opening Ceremony**

**Friday 10:00-10:45**

**Chairman: Professor Dr Michael Zoumpoulakis**, Vice Rector of University of Thessaly, Thessaly, Greece

**Keynote Speaker: Professor Dr Lois Labrianidis**, Economic geographer, Department of Economics, University of Macedonia, Greece, Head of Regional Development and Planning Research Unit,

*“The changing geography of production in Europe: Delocalization to other continents as well as “local delocalization” across borders”*

**Friday 10:45-11:15**

**Coffee Break**

**Conference venue for all sessions is the Library building**

**Friday 11:30-13:30**

**Session I: Economic Growth, Economic Development**

**Chairmen: Miklós Herdon/Silviya Hristova Bratoeva-Manoleva**, University of Debrecen, Hungary/Varna Free University, Bulgaria

- 1) Ljubomir Kekenovski, **Cvetkoska Violeta**, University of Ss. Cyril and Methodius, Skopje, F.Y.R.O.M., *“Globalization and policy-making in the European Union”* .....14
- 2) **Jovanka Damoska**, University for Information Science and Technology St. Apostle Pavle, Ohrid, F.Y.R.O.M., *“The better the regional competitiveness is, the better economic development”* .....15
- 3) **Theofanis Malkidis**, Democritus University of Thrace, Komotini, Greece, *“The stability pact and the South-Eastern Europe”* .....16
- 4) **Curkina Irina**, Institute of Economics of the Latvian Academy of Sciences, Latvia, *“Economic development trends in small post soviet country: The case of Latvia”* .....17
- 5) **Bejko Alketa**, Combi Kristaq, Qiqi Daniela, Eqrem Çabej University, Gjirokastër, Albania, *“The implementation of the Regional Development Strategies in Albania: Problems and recommendations”* .....18

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- 1) **Grigoris Zarotiadis**, Aristotle University of Thessaloniki, Thessaloniki, Greece, “*Balkan economies being (re-)united: A case for multiculturalism & economic integration*” .....19
- 2) **Marietta Fessel Harsányi**, College for Modern Business Studies, Tatabánya, Hungary, “*The integration process of Western Balkans to the European Union*” .....20
- 3) Georg Friedrich Simet, **Dimitrios Chatzoudes**, Anastastios Karasavvoglou, Vasilios Zoumpoulidis, Hochschule Neuss – Neuss University of Applied Science, Neuss, Germany/Democritus University of Thrace, Greece/Kavala Institute of Technology, Greece/Kavala Institute of Technology, Greece, “*Poland's accession to the EU – fear and hope of the Germans between then and now*” .....21
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- 1) **Karine Torosyan**, Tbilisi State University, Georgia, “*Does the WTO Accession Affect Trade Pattern in transition economies?*” .....24
- 2) **Cristina Jude**, Babes Bolyai University Cluj Napoca, Cluj Napoca, Romania, “*Do multinationals really transfer technology? Evidence from Romania*” ...25
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- 5) **Lindita Rova**, Ilirjana Zyberi, Eqrem Çabej University, Gjirokastër, Albania, “*The economic development in Albania on the frame of the Greek economic crisis*” .....28

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**Chairmen: Christos Batzios/Jovanka Damoska**, Aristotle University of Thessaloniki, Greece/University for Information Science and Technology St. Apostle Pavle, F.Y.R.O.M.

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- 1) **Irina Gorbe Persa**, Ana Anton Carp, Academy of Economic Studies, Bucharest, Romania, “*Migration and social security of the migrant workers on crisis time*” .....39
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**Chairmen:** **Sofia Anastasiadou/Iter Cenap**, University of Western Macedonia, Greece/Grant Mac Ewan College, Canada

- 1) **Mladen Dimitrov Tonev**, Varna Free University, Varna, Bulgaria, “*The human capital in the information age - Transformations in the content of the human capital in the “era of the access”*” .....44
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- 3) **Dimitrios Maditinos**, Dimitrios Papadopoulos, Luis Prats, Aggeliki Azaka, Kavala Institute of Technology, Kavala, Greece/Kavala Institute of Technology, Kavala, Greece/University of Girona, Girona, Spain/Kavala Institute of Technology, Kavala, Greece, “*The Free Time Allocation and its Relationship with the Perceived Quality of Life (QoL) and Satisfaction with Life (SWL)*” .....50
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- 5) **Lajqi Hysen, Ramaj Vehbi**, Bravo Feim, Raiffeisen Bank Kosovo J.S.C, Pristina/AAB-Riinvest University, Pristina/UBT University Pristina, “*Kosovo commercial banks and global financial crisis*” .....58

**Friday 18:30-20:30**

**Event: Discussion in Greek language concerning the role of Balkan and Eastern Europe market on the enterprises of Kavala’s region – New Library Building (at the centre of Kavala)**

**Friday 21:00**

**Welcome dinner**

**Saturday 9:00-10:30**

**Session I: Business**

**Chairmen: Nikolaos Theriou/Anagnostis Kipouros, Kavala Institute of Technology, Greece**

- 1) **Purlys Ceslovas**, Vilnius Gediminas Technical University, Vilnius, Lithuania, “*Integrity model of business ethics and enterprise competitiveness*”.....59
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- 1) **Katina Boga-Karteri**, George Stalidis, Thessaloniki Institute of Technology, Thessaloniki, Greece, “*Organizational communication and its effect on enterprise performance*” .....65
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**Chairmen: Theodoros Tsekos/Domniki Sotiriadou**, Kalamata Institute of  
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- 1) **Georgios Magoulios**, Serres Institute of Technology, Serres, Greece,  
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- 2) **Tasos Alejandridis**, Nikos Varsakelis, Maria Kechagia, West Macedonia  
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**Saturday 10:30-11:00**

**Coffee Break**

**Saturday 11:00-13:00**

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**Chairmen: Prodromos Chatzoglou/Stavros Valsamidis**, Democritus University of  
Thrace, Greece/Kavala Institute of Technology, Greece

- 1) **Miklos Herdon**, Adam Pentek, Laszlo Varallyai, University of Debrecen,  
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Greece/Democritus University of Thrace, Xanthi, Greece, “*Survey on e-voting  
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- 3) **Ramaj Vehbi**, Koleci Baki, Hasani Vjollca, Bytyqi Shaip, AAB-Riinvest  
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- 6) **Logica Banica**, Daniela Pirvu, University of Pitesti, Pitesti, Romania, “*Information system for determining the influence of the profit tax rate on the financial results of the foreign capital companies in Romania*” .....80

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- 2) Ljiljana Bonic, **Igor Mladenovic**, University of Nis, Serbia, “*Reporting Supreme Audit Institution (SAI) as Determinant of fiscal policy development function*” .....82
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**Chairmen: Georgios Magoulios/Dimitra Anagnostou**, Serres Institute of Technology, Greece/Kavala Institute of Technology, Greece

- 1) **Thomas Siskou**, Konstantinos Filippidis, West Macedonia Institute of Technology, Kozani, Greece/University of Western Macedonia, Greece, “*Monetary and exchange rate policies for the South –Europe transitions countries*” .....86
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- 4) Theoharis Siotis, **Christos Bogas**, Vasilios Tsoukas, Serres Institute of Technology, Serres, Greece, “*Analysis of the economic situation of Greek firms in the industrial area of Filippoupolis during the period 2000 - 2004*” .....89

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**Chairmen: Ljubinka Joksimovic/Popi Kalabouka-Giannopoulou**, Belgrade University, Belgrade, Serbia/Kavala Institute of Technology, Greece

- 1) **Justinas Krūgelis**, Algita Miečinskienė, Dimitrios Maditinos, Vilnius Gediminas Technical University, Vilnius, Lithuania/Vilnius Gediminas Technical University, Vilnius, Lithuania/Kavala Institute of Technology, Kavala, Greece, “*Analyses of Greenfield Investment (GFI) Influence to Economy*” .....90
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- 5) **Peter Pochaleev**, Stela Todorova, Department of Economics, University of Agriculture, Bulgaria, “*Problems of Bulgarian farms concerning the process of adjusting to the conditions of joint agri-policy of European community*” .....95
- 6) Boban Stojanovic, **Vlada Radivojević**, University of Nis, Serbia, “*Economic glance at antitrust legislation in the republic of Serbia and other countries in the west Balkan: Case study – Analysis of milk and milk products market*” .....96

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**Chairmen: Ljubomir Kekenovski/Michael Nikolaidis**, University of Ss. Cyril and Methodius, F.Y.R.O.M./Kavala Institute of Technology, Greece

- 1) Enver Kutllovci, Driton Sylqa, Venet Shala, **Mentor Qollaku**, University of Pristina, “*The impact of privatization in establishing private sector in Kosovo*” .....97
- 2) **Alina Manta**, Roxana Nanu, Nicoleta Dracea, University of Craiova, Romania, “*The new hierarchies in banking and the global financial crisis*” .....98

- 3) **Angela Roman, Valentina Diana Ignatescu**, Al. I. Cuza University of Iasi, Iasi, Romania, “*The impact of the current financial crisis on bank financing of the SMEs in selected countries of central and eastern Europe*”.....99
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**Chairmen: Giannoula Florou/Gesthimani Eleutheriadou**, Kavala Institute of Technology, Greece

- 1) **Maria-Eleni Voutsas**, University of Thessaly, Greece, “*Assessment and Evaluation of the Results Obtained by Finance Policies of International Financial Institutions in the Transition Process of the Southeast European Countries*” .....102
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**Chairmen: Ramaj Vehbi/Christos Frangos**, AAB-Riinvest University, Pristina/Athens Institute of Technology, Greece

- 1) Natan Epstein, **Corrado Macchiarelli**, International Monetary Fund, European Department, Washington DC, U.S.A./Doctoral School in Economics Vilfredo Pareto, University of Turin, Turin, Italy, “*A Study of Poland’s production function, Potential growth and output gap*”.....106
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- Thessaloniki, Greece/Democritus University of Thrace, Greece, “*Foreign Direct Investment in the Balkans: the role of Greece*” .....109
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- 6) **Michael Nikolaidis**, **Christos Batzios**, **Athanasios Mandilas**, **Athanasios Nikolaidis**, Persefoni Polychronidou, Kavala Institute of Technology, Kavala, Greece/Aristotle University of Thessaloniki, Thessaloniki, Greece/Kavala Institute of Technology, Kavala, Greece/Kavala Institute of Technology, Kavala, Greece, “*Qualitative analysis of sustainability indicators: The case of manufacturing sector in region of East Macedonia-Thrace, Greece*” .....111

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**Chairmen: Lindita Rova/Eleutheria Kerenidou**, Eqrem Çabej University, Albania/Kavala Institute of Technology, Greece

- 1) **Adrian Roman**, University of Pitesti, Pitesti, Romania, “*Estimation pattern of anticipated errors rate*” .....112
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- 3) **Adrian Roman**, University of Pitesti, Pitesti, Romania, “*Model for determining the cash flow statement based on the balance sheet*” .....114
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#### **Saturday 14:30-15:30**

**Lunch at the campus’ diner**

#### **Saturday 17:00**

**Visit the ancient city of Philippi**  
**Coffee - Diner at a village tavern**

#### **Sunday 10:00**

**Excursion to Nestos River – barbeque**

## **GLOBALISATION AND POLICY-MAKING IN THE EUROPEAN UNION**

Ljubomir Kekenovski  
*Faculty of Economics-Skopje*  
*University of Ss. Cyril and Methodius, Skopje, F.Y.R.O.M.*

Violeta Cvetkoska\*  
*Faculty of Economics-Skopje*  
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### **ABSTRACT**

This paper sets out the foundations of how globalization, and more generally techno-economic forces, can be integrated into public policy and EU policy making. It seeks to contrast a perspective on globalization and EU policy-making in which techno-economic forces have a primacy with rival perspectives which stress the primacy of institutions and ideas. The prominence of globalization is based on the impression that many aspects of political, economical, social and cultural life have shifted from the national level towards the international and global levels. The anatomy of globalization can be thought of in terms of interconnectedness between all levels of societies and the extent, intensity and speed of interconnectedness mark out globalization from other forms of international connection. It is also pointed out the relationship between globalization and European integration. In this paper significant place is given to globalization and public policy. The strong perspective on globalization stresses its techno-economic roots and the reduction in state autonomy and the techno-economic context has a clear primacy in public policy. Public policy analysis reveals a number of perspectives which contrast with techno-economic. Two of the most important are: a perspective which stresses the primacy of institutions in which institutions have an independent impact on policy outcomes; and the primacy of ideas in which ideas, ideologies and belief systems have independent impact. Nevertheless the techno-economic perspectives enable the globalization hypothesis to be spelt out clearly, while the other two enable critical analysis of hypothesis. This paper focuses on the relationship between globalization and EU policy-making through the lenses of three competitive approaches while recognizing the important divide between supernationalism and intergovernmentalism that cuts through all of them.

### **KEYWORDS**

Globalization, public policy, European Union, techno-economic forces, institutions, ideas

### **JEL CLASSIFICATION CODES**

Z00

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## **THE BETTER THE REGIONAL COMPETITIVENESS IS, THE BETTER ECONOMIC DEVELOPMENT**

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### **ABSTRACT**

The actual economic crisis undoubtedly will bring far-reaching changes and influence in the world economy. The spill-over effect of the crisis also hits the national economies of Balkans region through the reductions in trade and foreign direct investments. Will the region be clever enough as a whole in overcoming the consequences, or each country will separately struggle with the crisis? The fact is that the countries of the region must create competitive environment that will increase the competitiveness and attractiveness for FDI. The current situation in the Balkan countries proves an unfavorable index of competitiveness. The competitive disadvantages are more obvious and stressed in the field of: higher education and training, technological readiness, capacity for innovation, spending on R&D, university-industry collaboration in R&D, availability of scientists and engineers. The competitiveness is defined as a chain of institutions, policies and factors that determine the level of productivity of a nation or a region. The nations and regions compete to offer the most productive environment for business. The creation of productive environment is a result of interrelated responsibility of government and business community. According to the new model, the economic development is a collaborative process involving governments at multiple levels, companies, teaching and research institutions and private sector. That means that many factors participate in creation of competitiveness. From that standpoint the creation and establishment of high quality human capital through high quality education is a factor of development, not only at the level of a national economy, but also at the level of the region. Slovenia is a best example of country which improved its competitive position in global framework as a result of the creation of high qualitative educational system, good infrastructure and impressive innovative capacities. These pillars of competitiveness are the main factors that contribute Slovenia to move from the efficiency driven economy to the innovation driven economy, where companies must compete through innovation, production of new and different goods using the most sophisticated process. The education and research sector especially on the regional and local level must be empowered to take more initiative in driving forward the economic recovery through more government and business investment in IT education and research, creating research and science parks that will establish more suitable innovation infrastructure. Improvement of the competitiveness environment could shift the FDI quantitatively and qualitatively. It opens the opportunity for FDI to improve the extent of bringing new technology in the region. Strengthening of the innovation capacity and establishing the regional innovation network, the size of the regional market and improvement of the communication network are the milestones for the competitive improvement and economic development of the region of Balkans and South-East Europe.

### **KEYWORDS**

Competitive environment, index of competitiveness, human capital, innovation infrastructure, education, FDI

### **JEL CLASSIFICATION CODES**

F23, O30, O32, O38

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## **THE STABILITY PACT AND THE SOUTHEASTERN EUROPE**

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### **ABSTRACT**

The Stability Pact for South-eastern Europe was a reaction of European Union on crisis and wars in this part of Europe, precisely in the territory of Former Yugoslavia. It is established during the German Presidency over European Union in June 1999, and it was a result of their strong efforts to finally build common EU policy towards Balkans.

The intention of the Stability Pact founders was to design one comprehensive initiative which will have the task to prevent future conflicts and to include not only Balkan countries, but also relevant international organizations and donor countries. This frame was finished successfully gathering 38 countries and 15 international organizations on the Foreign Ministers meeting in Cologne (on 10 June 1999), when the Stability Pact Charter was adopted and then at a summit meeting on 30 July 1999 in Sarajevo, Pact was officially inaugurated.

The paper analyzes the role of Stability Pact in South Eastern Europe after the changes in South- Eastern Europe from the end of Cold War until today.

### **KEYWORDS**

Economic development, stabilization process, European Union, stability pact

### **JEL CLASSIFICATION CODES**

O1, O19

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## **ECONOMIC DEVELOPMENT TRENDS IN SMALL POSTSOVIET COUNTRY: CASE OF LATVIA**

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### **ABSTRACT**

The process of transition from plan to market economy is already over in most post-soviet countries. In one hand the new member countries in enlarged Europe show similar structure of national economy as the old member states. The largest contribution to GDP in post-soviet economies gives service sector, and the smallest – agriculture. Such similarity with old advanced economies of Europe can be explained with the crash of transition economies in early 90-s, not sustainable growth. The recovery of Latvian economy lasted 14 years, and only in 2004 GDP per capita in real terms reached pre-transition level.

One of development ways for small country is integration into international organizations and unions. Latvia in 2004 joined European Union and became more integrated in global economy. There were significant structural changes passed since Latvian membership within EU. Economic growth showed clearly signs of economic overheating and possibility of a hard landing. Latvia, like other post-communist countries showed very dangerous level of current account balance, highest inflation, lowest level of exports relation to imports between new EU member states. The large foreign capital inflows caused wage rise, strongly increasing domestic consumption, bubble in housing market and overall economic activity. The debt burden in national economy was in average 102% in 2008 and 116% in 2009. The mortgage burden of households in 2009 was approximately 64% of GDP in comparison with 2003 (before integration into EU) lending for house purchase was 8% of GDP.

Economic growth stopped in 2008, and total decrease in real GDP 2008-2009 reached 21%, which, like in early 90-s, is one of the worst between post-soviet countries.

The main purpose of this article is to recognize main causes of economic crisis and its future consequences in small post-soviet country.

### **KEYWORDS**

Economic growth, overheating, knowledge economy

### **JEL CLASSIFICATION CODES**

E00, E60, E61

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# **THE IMPLEMENTATION OF THE REGIONAL DEVELOPMENT STRATEGIES IN ALBANIA, PROBLEMS AND RECOMMENDATIONS**

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## **ABSTRACT**

Regional Development Strategies provide economic and social analysis of a region according to the objectives; identify the regional challenges, goals; and provide a full and comprehensive strategy for development. At this moment when our country is looking to fully integrate its economy and markets in the global context and in particular to join the EU market, it is necessary that all regions of the country to be able to compete in this market. In this paper are analyzed concrete problems that local authorities in Albania have encountered in implementing their regional development strategies, documents that contribute to a sustainable socio-economic development of each region. The paper is divided into 3 parts. In the first part, there is given an overview of what regional development strategies are, how they are produced and what is their importance. In the second part there are identified some important problems that have hampered the implementation of the regional development strategies and in the third part there are given some conclusions and recommendations that we believe will contribute to improve this situation.

## **KEYWORDS**

Development strategy, region, sustainable development, objectives, decision-maker

## **JEL CLASSIFICATION CODES**

H7, E61, H97

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## **BALKAN ECONOMIES BEING (RE-)UNITED: A CASE FOR MULTICULTURALISM & ECONOMIC INTEGRATION**

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### **ABSTRACT**

The area of Balkans is about to be fully integrated in the highly internationalized environment of the European Union. Balkan economies, one after the other, become members, overcoming the borders of *national* state formations. This is definitely not the first time in the history of the region, where borders and other kind of barriers are being removed. On the contrary, Balkans have a long tradition in multiculturalism, going hand in hand with economic integration. Therefore, in the present paper, we review the economic history of the area, focusing on the importance of linguistic, religious and cultural parameters that affected it. Our purpose is to review relevant literature, along with existing historical records, in order to conclude on links, effects and aspects that might characterize the future of a (re-)united Balkan economy. What could be the evolution of pre-existing national conflicts? Is it realistic to expect a reformation of previous cultural, linguistic and religious nodes that may recreate new economic networks, adjusted to the current aspects of global economy? Besides answering these questions, we develop relevant issues that need to be studied in more details regarding the future of Balkan economies.

### **KEYWORDS**

Multiculturalism, Economic Integration, Balkan Economic History

### **JEL CLASSIFICATION CODES**

N73, N93, Z10

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## **THE INTEGRATION PROCESS OF WESTERN BALKANS TO THE EUROPEAN UNION**

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### **ABSTRACT**

The focus of this paper is the trade integration of the Balkans to the EU with special consideration to the free trade agreements between the named parties. The European Union offered membership with full rights to the Western Balkan countries, however this process will require a long time and will be accomplished gradually.

The European Union made free trade agreements with the Western Balkan countries after the end of the Balkan wars. The basic purposes of the EU were not only to integrate these countries to the European Community, but also to induce these countries to strengthen the trade cooperation with each other. Consequently within the framework of the Stabilization and Association Agreements the Balkan countries made several bilateral contracts. The extension of the CEFTA was accepted on the summit meeting of the Southeast European prime ministers in Bucharest on the 6th April 2006. With the accession to the EU Bulgaria and Romania resigned from the CEFTA, but till the end of 2007 all the other countries. (Albania, Bosnia and Herzegovina, Kosovo, FYROM, Moldova, Montenegro and Serbia) have already become the members of this cooperation. The main object of the extended agreement was to develop a regional free trade zone by the end of 2010. This step was needed as the bilateral free trade agreements made by some Balkan countries had not been successful before, neither the mutual customs preferences given to each other, nor the acceptance of the rules of origin stipulated in these agreements.

The main commercial measures of these agreements made by the European Union with the Balkan countries basically the same, mutual customs preferences and the rules of origin could support the trade integration. Some agreements were symmetrical, the others were asymmetrical which meant that only the European Union granted one-sided preferences to the products arriving from the member countries signed the agreements.

These agreements have to be consistent to reach the aim of the trade integration. So the asymmetrical ones have to be modified and unified the rules of origin in order that these rules suit the Pan-European ones. Once the unification of the agreements made between the EU and the Balkan countries and among each other realized, the Western Balkan countries could be the integrated part of the Pan-European area. However that would be desirable that the integration to the Pan-European zone will be realised in a different way comparing to the earlier enlargement. The EU and the other Pan-European countries will make instead of bilateral agreements with the eight Western Balkan countries a multilateral one with the CEFTA to make the cooperation much more efficient. During the same time forty countries will create a unified free trade zone based on one free trade agreement. Parallel the Western Balkan countries will become the part of the extended Pan-Euro-Mediterranean zone as well. This situation will significantly accelerate the development of the free trade zone based on the common diagonal accumulation. The aim of this research is to analyse how the common diagonal accumulation functions and promotes the trade development among the member countries of the common free trade zone.

### **KEYWORDS**

Western Balkan countries, Free trade agreement, Rules of origin, Diagonal accumulation, Pan-European zone

### **JEL CLASSIFICATION CODES**

F10, F13, F15

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## **POLAND'S ACCESSION TO THE EU – FEAR AND HOPE OF THE GERMANS BETWEEN THEN AND NOW**

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### **ABSTRACT**

Despite the endorsement of Poland's accession to the EU for political reasons, in Germany were a lot of economic reservations against the eastern expansion. Germans feared the 1 May 2004, on which the Treaty of Athens, signed on 16 April 2003, entered into force. Not a few believed that on the one hand they would be flooded by cheap labor from the new member states, in particular Poland, and would have to compete with these immigrants about their relatively well paid jobs. On the other hand, skilled workers were afraid of becoming unemployed, as enterprises would be encouraged to relocate their business into the new member states where they could perform cheaper. In particular, the people of the former GDR worried that they would remain even more strongly behind the economic development of the states of West Germany. As Germany would have to pay for the development of the new member states, less money would remain for the development of East Germany. The German Federal Government even felt the need to fight against these worries and started in co-operation with the European Parliament an image campaign in which they highlighted “ten good reasons” for the accession.

In this paper, nearly six years after the accession, it will be studied, if and to which extend the reasons against as well as for the accession were entitled and if the challenges were met. In this respect, the following three economic aspects, as pointed out in the image campaign of the “ten good reasons”, will be reflected mostly: (i) More job security in Germany; (ii) Growth of markets for German SMEs in and out of Germany; and (iii) Less immigration by increasing prosperity.

Last but not least, the global banking and economic crisis will be taken as an opportunity to add one more aspect, namely to see (iv) to which regard the single European market gains power. Bucking the trend, Poland's economy developed in the last years. It will be discussed if this development is caused by the EU's support and if it could have positive impact on Germany (and the EU) in the management of this and coming common crises.

### **KEYWORDS**

Germany, Poland, accession, prosperity, job security, relocation strategy

### **JEL CLASSIFICATION CODES**

F50, J0, O1

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## **FINANCIAL SECTOR PRIVATIZATION OF THE FORMER YUGOSLAV COUNTRIES IN THE PERSPECTIVE OF EU INTEGRATION**

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### **ABSTRACT**

The effect of financial crisis in 2008-09 will be a slowdown in the economic growth on Former Yugoslav countries which are expected to be a part of the European monetary zone. These countries have many challenges on financial sector integration and unification of European banking area. Former Republic of Macedonia has close relationship co integration between Greece banking sector and Turkey also become a main partner of privatization area in financial sector. Croatia and Bosnia and Herzegovina try to improve their capital adequacy on banking sector. Serbia also as one of the main financial actor of these areas becomes accelerating role on financial integration. This study aims to analyze the financial sector privatization of the Former Yugoslav countries, because in the near future those countries will be a part of the European economic zone. This comparison will explain the financial integration and banking sector view as the European Union economic rules and the future of euro.

### **KEYWORDS**

Former Yugoslav Countries, Privatization, Finance, Banking

### **JEL CLASSIFICATION CODES**

G15, L33, G21

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# **OPTIMAL CHOICE OF AN EXCHANGE RATE ARRANGEMENT IN THE NEW EU MEMBER STATES: SOME EMPIRICAL EVIDENCE FROM BULGARIA**

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## **ABSTRACT**

The main objective of the paper is to make a comparative analysis of the exchange rate arrangements existing in the new EU member states and to point out the pros and cons of the currency board arrangement (CBA). The paper is based on the Bulgarian experience with the currency board system adopted in July 1997 after an unprecedented financial and economic crisis. The main focus of the paper is put on the current performance and development of the Bulgarian CBA and its role for maintaining the financial stability in the country during the recent global financial and economic crisis. In fact, the global financial crisis has affected the Bulgarian financial system a lower extent than other Central and Eastern European countries and an important factor determining this trend was the prudential framework established under the conditions of the CBA. The currency board's operation has proved to have a significant potential to safeguard the soundness of the financial system as a whole. However, problems associated with the withdrawal of foreign investors from the country, lower consumer and business confidence, and fall in employment, are still crucial for the domestic economy and are needed to be overcome.

## **KEYWORDS**

Exchange rate arrangement, Currency board arrangement, European integration, Monetary policy

## **JEL CLASSIFICATION CODES**

F36, E52, N10

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## **DOES THE WTO ACCESSION AFFECT TRADE PATTERN IN TRANSITION ECONOMIES?**

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### **ABSTRACT**

Early success with trade liberalization reforms in Transition Economies (TEs) was accompanied by increasing volumes of trade in these countries. In addition to internal forces, various international organizations were actively involved in helping integration of TEs into world trade flows, with World Trade Organization (WTO) being among the most important players. Given this popularity of the WTO among TEs, a natural question that arises is: what does WTO membership actually mean for a transition economy? One advantage of WTO membership is that once a country joins, other WTO members must apply their MFN tariff schedules to that country's exports. Another aspect of WTO membership is lower trade restrictions that are usually negotiated between current members and the potential entrant. However, there is another, possibly more significant, advantage of WTO membership that it obliges WTO members to observe the WTO restrictions on the conduct of administrative trade measures, and allows the member recourse to the WTO dispute-settlement mechanism if this becomes questionable. The objective of this paper is to identify whether the accession to the WTO has any significant impact on trade patterns in Transition Economies. Currently with 9 TEs still being in the observer status (including 3 of the Balkan countries, namely Bosnia and Herzegovina, Montenegro, and Serbia), better understanding of full-membership in WTO effect on development of trade pattern might be highly policy relevant. The paper makes use of the most recent advancements in theoretical and empirical underpinnings of the gravity model developed by Helpman et al. (2008), where the authors provide a new generalized theoretical framework for the gravity equation, as well as an improved empirical treatment of model. What is important, unlike the preceding papers, the employed model predicts asymmetric trade flows and zero trade flows as well. This is very important as elimination of country pairs which do not trade with each other from the sample results in biased estimation. A two stage estimation procedure is employed, where the first stage controls for firms selection into trading partners (extensive margin) and the second stage quantifies the impact on the volume of trade per se (intensive margin). The analysis is performed for aggregate as well as industry-level trade. For the sample of countries and years used the results indicate that WTO accession significantly increases the probability that trade relationships emerge, but it turns out that WTO membership does not have a significant influence on the volume of trade once trade relationships have emerged. Similar results are obtained when we look at trade in manufacturing and agricultural sectors.

### **KEYWORDS**

Trade in transition, WTO, Gravity model

### **JEL CLASSIFICATION CODES**

F12, F13, F14

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## **DO MULTINATIONALS REALLY TRANSFER TECHNOLOGY? EVIDENCE FROM ROMANIA**

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### **ABSTRACT**

Technical progress is a key factor in economic growth, mainly due to its productivity enhancement. It is a fact that most innovation and new technologies are created in developed countries. The chance for developing countries, such as those in Eastern Europe, is to import that technology and therefore benefit from its positive impact on productivity and finally on economic growth. International trade and FDI are the main channels for technology transfer. It is argued that FDI might be the cheapest way for developing countries to “import” technology. For Eastern Europe in particular, governments have created special incentives for attracting FDI, based on the optimistic idea that multinationals will transfer technology to their affiliates in host countries. But empirical evidence is much less clear cut than the theoretical arguments put forward. In the present paper we start with two questions: do multinationals really transfer technology to their affiliates? And if they do, does technology diffusion take place from the foreign subsidiaries to domestic firms? In order to have a productivity growth at an industry and national level, it is not enough for multinationals to transfer technology to their affiliates. Technology must be transferred to local firms in the same sector and to other sectors, through backward and forward linkages. Using data on Romanian firms, we compare local and foreign firms in terms of their Total Factor Productivity, in order to show that foreign affiliates have a higher technological level. Then we proceed to a panel analysis, to test whether technology diffuses horizontally in the same sector and/or vertically in other sectors. Results show evidence of direct technology transfer, foreign firms being more productive than local firms. For the horizontal transfer, evidence is scarce, showing negative signs of crowding out effect. In terms of vertical transfer, only backward linkages seem to be significant. We conclude that a technology transfer does take place, but the benefits in the host economy are limited to backward linkages, due to factors such as high competition, multinationals’ objectives, low labor mobility etc.

### **KEYWORDS**

Multinationals, technology transfer, productivity, spillovers, TFP

### **JEL CLASSIFICATION CODES**

F23, O33

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## **ROMANIA AND GREECE TOGETHER OR ALONE AGAINST THE PRESENT GLOBAL CRISIS**

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### **ABSTRACT**

The fiasco of the Lisbon Agenda and the latest EU Agenda 2020 are the main European political effects of the present global crisis. On the other hand, every Member State tries to face to this crisis as well as possible. The paper analyses the effects of the global crisis on Greece and Romania because these countries have a lot of common historical, cultural and socio-economic characteristics. As a result, we realize a comparative analysis connected to macroeconomic indicators during 2004-2010, using a neutral database, as Eurostat. For the beginning, we focused on the evolution of the trade balance, unemployment, GDP, building sector and industry. The next step is to analyze the evolution of the public debt and the effects of this crisis on the citizens' welfare. A distinct part of the paper deals with the differences between Greece and Romania connected to the socio-economic problems. But these common and different problems of these two countries seem to have the same solution: a major foreign credit which has approximately 25 billion euro from everyone. The problem is that Greece is a Eurozone member state and it becomes the first victim of an inadequate fiscal policy and of a deficient monetary union. As a result, the EU is constrained to adopt an efficient recovery plan for Greece, in order to demonstrate its socio-economic force and management performance and to prevent the same situation in Spain and Portugal, as well. The main conclusion of the paper is that of the necessity of a new approach about the Eurozone and the European Cohesion Policy. The paradox is that this conclusion comes from a comparative analysis of two countries which have a different position inside the EU: Greece is a member of the Eurozone and Romania wants to adhere here in 2014-2016. The ideas from this paper are supported by pertinent diagrams and tables.

### **KEYWORDS**

Trade balance, unemployment, GDP, fiscal policy, foreign credit

### **JEL CLASSIFICATION CODES**

E6, E24, R11

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# **MINDING THE GAP: TOTAL FACTOR PRODUCTIVITY, HISTORY, AND THE DIVERGENCE OF POST-REFORM CHINA AND RUSSIA**

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## **ABSTRACT**

China's impressive growth over recent decades has been of interest to economists and historians not only as an isolated phenomenon, but also in comparison with similar transitions undergone by Russia and a handful of Eastern European nations. The bulk of the existing literature has focused either on the flaws of the shock therapy implemented in Russia 1992 or the structural differences between the Russian and Chinese economies at the start of their reforms. An academic minority has studied the effects of differences in total factor productivity on the two countries' growth. None of these approaches has yielded a convincing comprehensive explanation for the enormous gap between Chinese and post-Soviet growth.

This paper attempts to conduct a broader historical analysis of the ultimate causes for the differences between the two countries. UN and World Bank data suggest that much of China's success relative to Russia is attributable to productivity growth. Moreover, the productivity decompositions of China and the Soviet Union before their market reforms are found to have been markedly different. A chief difference is that the majority of China's production was rural, while in Russia, Eastern Europe and the Caucasus it came primarily from manufacturing. The fact that post-Soviet reforms began from a point higher up the development ladder than China's allowed China to take greater advantage of productivity growth from sectoral labour redistribution. In addition, Russia's fiscal position at the time of its reforms was exceptionally poor, severely limiting government investment capabilities, which in turn has been determined by long-term socio-political and geographic factors.

## **KEYWORDS**

Transition economy, liberalization, factor productivity, shock therapy

## **JEL CLASSIFICATION CODES**

E65, O47

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## **THE ECONOMIC DEVELOPMENT IN ALBANIA ON THE FRAME OF THE GREEK ECONOMIC CRISIS**

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### **ABSTRACT**

With the end of the totalitarian era thousands of Albanian emigrants crossed the border with Greece. Nowadays more than 600.000 Albanians officially live and work in the neighbour country, but the nonofficial number is much greater. Thus both countries are organically linked to each other. Like the whole of the Balkan region and the whole world Greece is suffering from the recent economic crisis, which started initially from the United States of America as a financial one. The aim of this paper is to analyze the consequences of the Greek economic crisis on Albanian economy such as: the decrease of the remittances from the emigrants, the decrease in the import level associated with the devaluation of the domestic currency, the reduction of Foreign Direct Investments including even the Greek ones, the prospect of the continuation or not of foreign development programs financed by Greece. After having a full image of the situation we give some recommendations for the Albanian Government.

### **KEYWORDS**

Economic crisis, remittances, foreign direct investments, development devaluation

### **JEL CLASSIFICATION CODES**

G01, E01, F21, F24

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# **APPLICATION OF THE RURAL TOUR METHODOLOGY FOR ADVERTISING AND PROMOTING RURAL AREAS IN EASTERN EUROPE**

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## **ABSTRACT**

Society has realised the problems that could be created by the prevalent model of mass tourism and the emphasis has shifted towards alternative forms of tourism (ecotourism, rural tourism, cultural tourism, historic tourism). These forms respect the local community and its visitors and in the mean time, the cultural heritage and the environment. The Rural Tour (RT) methodology is a complete methodology for the promotion and tourist development of rural or disadvantaged areas, and of tourist and farm holidays enterprises which operate in such territories. The RT project, financed within the European program of transnational cooperation, INTERREG IIIB CADSES, began in June 2006 with the intention of promoting a model for the development, (in sustainable and innovative ways), of an integrated rural tourism in Central Eastern Europe (area CADSES). The concept of RT methodology is that the advertising initiative which is carried out by the enterprises of the territory is empowered when accompanied firstly by an efficient and coherent promotion of the surrounding territory (territorial marketing) and secondly, by the promotion of a collective brand which groups together various activities shared with other tourist enterprises of the area (collective marketing). Therefore, the intention of the RT project is to satisfy tourists needs, by improving the quality of what the region offers, and at the same time, improve the growth opportunities of rural areas by affirming cultural identity and diversity, thereby valorizing the local oenological-gastronomical products, along with the human and economic resources of the respective region. Throughout such an analysis, the organization responsible for the formulization of the territorial marketing plan fills out a series of online forms using the RT Software. The data which are inserted in the database are used to generate, automatically or semi-automatically, material for advertising of the area (including the website of the territory, online guides, brochures, etc.) and to support subsequent operational phases of the methodology. Rural areas in Eastern Europe may well benefit from the implementation of RT methodology for advertising and promoting areas for sustainable tourism development.

## **KEYWORDS**

Rural tour methodology, territorial marketing plan, data for advertising an area

## **JEL CLASSIFICATION**

M37, M31, Q13

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## **GREEN DEVELOPMENT: REALITIES AND MYTHS**

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### **ABSTRACT**

Greece needs to be ready to meet the challenges of the new situation taking shape globally, emphasizing the re-orientation of the development priorities in order to serve the “green development” policy concept both inside the country and in the Balkan region as well. Greece will hold the Chairmanship of the Black Sea Economic Co-operation in June 2010; in this capacity Greece should be ready to capitalize its competitive advantages through Balkan synergies in the green development sectors, such as the renewable resources and energy conservation.

It seems that after decades of fighting, climate changes and energy conservation have made their way up into the agendas of the global policies. Besides the political aspect of the subject, it is to be acknowledged that the environmental protection is a multidisciplinary topic. So far, the contribution of the socio-economic sciences has been the concept and context of sustainability. It is to be noted though that sustainable development has never been in fact a financially attractive case for big business. On the other hand, Governments faced conflicts between sustainable development goals, social policy goals and economic growth. Rather recently, the sustainable development concept has been replaced by the concept of “green development”, either in the political or in the academic literature.

This paper attempts to present the outlines of this new, green development concept in the case of Greece. The definitions, the content, the incorporated aspects of the green development are introduced in the beginning. An analysis with regard to the current situation of the physical environment in Greece is attempted, highlighting the main environmental problems of the country. The analysis is followed by the aims and objectives of the green development policy, as they have been set by the European Commission and adapted by the Greek government recently. Potentials to incorporate the green development concept into the Greek foreign policy with reference to the countries of the wider Black Sea region are approached. Focus is placed upon the renewable energy sources (RES), their types and their techno-economic characteristics; the RES are examined with reference to their contribution in the energy balance as well as with regard to the perspectives of their evolvement in the future.

In overall, the whole set of analysis spotlights a track of questions to be further discussed. What the green development declarations and perspectives really are? A truthful response to the need for environmental protection or luxurious myths? An innovative solution to the unemployment issue or just a new sector for profits? An honest and ethical way out of the economic crisis? A challenge for initiatives and co-operation among countries or another field for catastrophic competition? Finally, can the new European policy for “green development” really become green or/and developmental for Greece and the Balkans?

### **KEYWORDS**

Green development, Renewable energy sources

### **JEL CLASSIFICATION CODES**

M14

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## FOOD CHAINS AND VALUE SYSTEM: THE CASE OF ORGANIC PRODUCTS IN ALBANIA

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### ABSTRACT

The existing organic agricultural systems in Albania are characterized by small-sized and fragmented structures, far from being organized in groups and not integrated into supply chain. Thus, the establishment of the ever-increasing fully-operating forms capable of permitting concentration of supply is taking on notes of urgency along with the provision of farmers with a contractual power. The perspectives of contribution to organic agriculture, aside from the market aspects, have to be seen in their broader sense. It should be argued that the creation of the organic agriculture might contribute to the conservation of the traditional customs and practices. The possibility of using a higher premium than labour might encourage the population to deal in agriculture for much longer. Even the environmental aspect constitutes yet another determining factor to the development of organic agriculture. The agricultural activities have a significant impact on the structure, composition and quality of territory by provoking here and there degradation and impoverishment of the natural resources. The control over the utilization of the synthesis substances and other appropriate production techniques usher in benefits in both the territory and society, whose effects should work to keep the soils in good shape, in maintaining biodiversity and the sustainable development of rural areas. The organic agriculture has proven that it is able to provide efficient possibilities on diversification and penetration into the market, this when reference is being made to both marginal and less developed areas. These possibilities do guarantee a satisfactory return for farmers and retains a satisfactory use of the natural resources. We recommend a series of interventions in the integrated organic system to occur over an efficient action plan at the national level. In this context the organic agriculture enters into a bond with the programs of territorial development and the ecological conservation of the landscapes by justifying any type of oriented support by means of measures and specific interventions in the context of the environment policies. The presence of such policies constitutes one of the development of a connection between policies of territory conservation and agriculture in the strategic activities of the development program of agriculture, programs where the environmental policies, tourism and organic agriculture constitutes the entirety of a sustainable solution and an evaluation of food products, in the rural development and the protection of territory. The aim of the present

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research work is to present a descriptive analysis of the structural and productive indicators of the organic and, at large, the whole agriculture sector in Albania.

**KEYWORDS**

Albanian agriculture, organic agriculture, premium price, supply chain

**JEL CLASSIFICATION CODES**

Q12, Q13, Q56



## THE PERSPECTIVE OF RURAL DEVELOPMENT IN ALBANIA – EVIDENCE OF MICROFINANCE IN AGRICULTURE

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### ABSTRACT

Nowadays in Albania, farming remains almost the same resulted from land reform at the beginning of transition. Land reform spoiled the agricultural system till then managed by the State, allocating the land into micro-size holdings according to an equality distribution principle. In brief, what emerging is that farm structure resulting from the shock has been consolidated itself during two decades about a self-sufficiency equilibrium rather than developing toward a market-oriented structure. Albanian agriculture is based on a farm around a 1 hectares on an average within a low external input and labour using technology. Why this static nature? So the hypothesis is that close to enduring land reform effects due to typical market inelasticity, there is a strength pillar of this peasant households equilibrium: farm structure consolidated during Albanian transition is a peculiar part-time smallholding which could be named “*transnational part-time farm*”. Inside this farm it is possible to make a distinction between two groups of household members: those who live and work full-time (or above all) in farm and those who live and work out of farm, usually in non-agricultural sector, and no rarely out of Albania. First group provides to itself food supply directed to guarantee food security and the smaller share of its money income; second group provides to first group the greater share of money income through remittances. The result is a quite solid livelihood system in the short term but vulnerable in the long period thanks to and because of the same factor: remittance flows. Under peasant economics behaviour hypothesis, households sort themselves into three regimes of participation in the food market – buyers, sellers, and self-sufficient – consistent with the relation between what would be the shadow price of food under self-sufficiency and the two effective market prices for the sale and the purchase of food supply. Therefore, into the Albanian contest, due to an agricultural food market non-profitability, farm household doesn’t demand credit to purchase land for orienting itself to the market. On the contrary, peasant household demands credit to strengthen its own self-sufficient structure. Credit demand is directed to land productivity increasing and to maximize that quota supply which is profitably addressable to the market to be excess auto-consumption and household saving store needs fulfilling. For peasant farm, surplus selling oriented is a residual quantity within a self-sufficient economics scheme. In this picture, Union of Savings and Credit Association relaxes remittance dependence constraint through the progressive substitution of remittance with the market. So prefiguring a large expansion and deep outreach into rural areas of microcredit system, it could be possible imagining the Albanian self-sufficient agricultural system as a sustainable rural development model capable to infuse stability to national macroeconomic equilibrium.

### KEYWORDS

Land reform, peasant household, self-sufficient agriculture, money income, microcredit

### JEL CLASSIFICATION CODES

Q12, Q14, Q18

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## **ORGANIZATIONS OF AGRICULTURAL PRODUCERS IN BULGARIA**

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### **ABSTRACT**

The need of stronger competitive positions of agri-producers in Bulgaria has led to establishment of agri-producer organizations, a way of overcoming the barrier to agricultural produce marketing. The object of this article is to view the producer organizations in “Fruit and Vegetables” sector in Bulgaria and on the basis of investigating their activity to find out how integrated actions could improve vegetable producers’ competitive power. The nature of agri-producer organizations, as well as their possibilities and restrictions were cleared out. An evaluation of adjustment to both integration and collective actions of the Bulgarian agri-producers on the basis of a concrete research and adequate sources for further development in Bulgaria was given. The examination findings substantiated the need of urging forward the idea of setting up producer organizations. On one hand, due to their integrated actions in marketing, agri-producers obtained different benefits that were not likely to be achieved in case of lacking coordination. On the other hand, Bulgarian agri-producers were able to overcome many psychological barriers resulting from their former experience in the ex-socialist type cooperative farms.

### **KEYWORDS**

Producer organizations, Bulgarian farmers, marketing, benefits and advantages, cooperation, success factors

### **JEL CLASSIFICATION CODES**

Q1

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## **E-SKILLS EFFECTS TO LABOUR MARKET**

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### **ABSTRACT**

The 35 percent of EU total population uses the advanced Internet services. This rate is very low and has to increase in the next years, because the employed person needs ICT user skills. At first level the digital literacy and at second level the higher knowledge of ICT getting is very important. In the information society is very important to measure the digital literacy. In the World Internet Project evaluation did not find a significant disparity between the evaluation of average Internet usage knowledge and that of computer usage. In both cases, most people thought that their knowledge is good. Approximately every tenth person surveyed characterized their knowledge as outstanding and in a similar proportion of users thought their knowledge is weak. Taking part in organized courses and training can be helped to increase the digital literacy and ICT users' skills. This takings part parallel decreasing with the increasing of ages. That is why we need take into account, how we can connect these “older” people to the lifelong learning programmes, where we use e-Learning tools.

Nowadays, the importance of e-learning is growing rapidly, partly due to the information and communication technologies in the information / knowledge-based society to evolve. The aim is to enable the knowledge and skills to help the individual can be an active member of society, teamwork, motivation and possess the skills necessary to find place in the labour market.

In the past, the spread of technology and the ensuing social change took many years or even generations. Today, the spread of computing technology and the social change it is inspiring occurring in a far more compressed timeframe. There are billions of people who need computing skills, but we do have the tools and technology now to spread basic computing skills.

Nowadays it is very important the extension of computer skills education and access so that citizens of both developed and emerging markets are ready to benefit from the next wave of change. Enhancing infrastructure; developing basic global standards for ICT curriculum; creating initiatives to support relevant local programs and promoting ICT skills as essential to a community. These are the ways in which governments, educational institutions, and private industry can work together to mutual benefit and effect profound change. Global curriculum standards combined with local understanding of student needs can lead to very effective programmes.

The movement of labour from rural villages to cities started with the industrial revolution and gave rise to new cities based on manufacturing economies. Today, the information age is connecting the world back to the village, reducing the need for rural people to leave their homes in order to seek out education and career opportunities.

In the new paradigm, countries with the best use of technology and the best supply of skilled labour at the most competitive quality and cost are emerging as global winners. This massive base of learners needs computing skills to take advantage of newly evolving business opportunities. Large-scale initiatives that identify the most relevant skills and provide innovative delivery of education are increasingly in demand.

### **KEYWORDS**

E-Skills, e-Learning, digital literacy, labor market, Web 2.0, education

### **JEL CLASSIFICATION CODES**

M15

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## **BULGARIAN LABOUR MARKET - DEVELOPMENT AND CHALLENGES**

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### **ABSTRACT**

Bulgaria's membership in the EU has changed the economic and social environment for labor market development in Bulgaria. This membership leads to many new opportunities and challenges, but also problems that have to be solved by the Bulgarian labor market.

The objective of this study is to review and analyze labor market development in Bulgaria and to identify similarities and differences in the levels of main labor market indicators between Bulgaria and EU-27. The article brings out the main problems that the Bulgarian labor market faces in the context of the EU membership. The opportunities for reaching the average parameters of the European labor market are connected with some changes in the Bulgarian labor market policy which implementation will improve the efficiency of the labor market in Bulgaria.

### **KEYWORDS**

Labor market, Labor market policies, Labor market indicators, Labor market flexibility

### **JEL CLASSIFICATION CODES**

J00, J11, J21

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## **LABOR MARKET SEGMENTATION AND GENDER WAGE GAP IN UKRAINE**

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### **ABSTRACT**

Ukrainian women are on average much more educated than women in developing countries and they also tend to show higher participation rates, albeit smaller than men's. They are also at least as educated as Ukrainian men. Women and men with identical characteristics show different patterns of participation to informality. This result reflects in different probabilities of women and men to move across states between the two periods under exam. This emerges clearly from the analysis of the transition matrices between labor market states. Both men and women show higher propensity to go to the formal sector from the informal one than vice versa. However, contrary to what is predicted by segmented labor market theories we find a higher concentration of women in the formal sector.

On average, Ukrainian women do earn less than men and this is true both in the formal and in the informal sectors. However, when we decompose the gender earnings differential we find evidence of two very different patterns between the two sectors. In the formal sector the earnings differential is entirely due to the unexplained component, usually indicated as an indicator of wage discrimination. In the informal sector, on the contrary, when the earnings differential is significantly different from zero, it is entirely due to differences in the explained component (personal, household and job characteristics).

Overall, these results can be interpreted as the evidence that the Ukrainian labor market is indeed segmented and that women suffer some sort of discrimination. This discrimination is not taking place through the segregation of women in the informal sector but, more likely, through different remuneration of characteristics in the formal sector, different career opportunities and the exclusion of women from the better remunerated jobs at the top of the hierarchy. This might also explain why women in the upper tier of the wage distribution experience higher earnings when they are self-employed compared than when they are salaried, both in the formal and in the informal sector.

### **KEYWORDS**

Labor market segmentation, Gender, Wage Gap

### **JEL CLASSIFICATION CODES**

J16, J31, P23

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## **THE PERCEPTION OF DISCRIMINATION AGAINST WOMEN IN THE LABOR MARKET IN ROMANIA**

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### **ABSTRACT**

The differences between men and women in their various aspects are still present problems. In 1792, Mary Wollstonecraft published the first work that required the protection of the rights of women in society. Malcolm Payne (1997) stated that discrimination means the action of identifying individuals and groups with certain characteristics and treating them worse than people or groups with characteristics conventionally assessed. Tiggerman and Gardiner (1999) have attempted to show that women managers are more oriented toward tasks in such areas considered as specifically male (military, police) and less focused on interpersonal relationships in stereotypical contexts.

These results were an argument against women, thus justifying the low proportion of women in management positions compared to men. This dichotomy between the “feminine” leadership style and the “male” one is unjustifiable, since the management style is more influenced by contextual variables - such as the type of the organization, the hierarchical structure, the promoted policies, the management level - variables that have been neglected in studies of various kinds, and less by the variable of subject’s gender.

During the last half-century, the increase of racial, ethnic and religious diversity of the United States and the contrasts of wealth, education and social status separated most white individuals of the disadvantaged minorities, separation to which added the inequality between the sexes; America has been affected for decades by political movements and civil radicals, which, eventually, led to the adoption of legislative measures in order to protect the rights of different minorities.

### **KEYWORDS**

Stereotype, discrimination, gender, management style, organization

### **JEL CLASSIFICATION CODES**

I32, I38

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## **MIGRATION AND SOCIAL SECURITY OF THE MIGRANT WORKERS ON CRISIS TIME**

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### **ABSTRACT**

Job mobility is a tool designed to balance the structural deficits on the labor market. Although any EU citizen has the right to work in any Member State with equal rights as the citizens of the host country, the immigrant always asks himself: Is the right to social security granted?

He seeks a job for his own and for his family benefit, without any prior connection with the idea that the movement on which he takes part contributes to an efficient labor market. Although there is a broad support of the concept of mobility in Europe, the main concerns are focused on the impact of migration flows from new Member States and not to guarantee social security rights.

Regulation (EC) no. 883/2004, applicable as of May 1, 2010, will cover to a great extent the social security needs of the citizens from the European Economic Area.

The article aims to highlight the main destinations of recent migration, the mobility's evolution within the European Union and how the global crisis is spreading its effects on migrants.

Analyzing the actions undertaken by the European countries' authorities in this area and the effects of these measures, the authors highlight the need for special monitoring of migrants during the crisis, also in accordance with fundamental human right to social security.

### **KEYWORDS**

Migration, Social Security, unemployment, nationality, international regulations

### **JEL CLASSIFICATION CODES**

J21, J26, J61

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# **STRUCTURAL EQUATION MODELING IN THE CONSTRUCTION OF A STRUCTURAL MODEL OF THE REPERCUSSIONS AND CONSEQUENCES IN THE GREEK SOCIETY AND ECONOMY OF BALKAN AND EASTERN EUROPE COUNTRIES IMMIGRANTS’ ENTRANCE**

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## **ABSTRACT**

Repercussions and consequences of Balkan and Eastern Europe countries immigrants’ entrance research is of a major importance in the Greek society and economy. The aim of this research is the identification and determination of these repercussions and consequences. More specifically, in the present research confirmatory factor analysis and latent class analysis were applied aiming mainly at the construction of a structural model that estimates Greek students’ opinions in regard to repercussions and consequences of immigrants’ entrance in Greece.

## **KEYWORDS**

Repercussions and consequences, immigrants’ entrance, Greece

## **JEL CLASSIFICATION CODES**

A19

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## **ON THE MACROECONOMIC IMPLICATIONS OF EMIGRANTS’ REMITTANCES: THE CASE OF ROMANIA, BULGARIA AND ALBANIA**

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### **ABSTRACT**

The process of transition in the case of the Balkan countries was accompanied by a large scale of emigration from these countries. The employment of a considerable part of their labour force in the immigration countries was accompanied by an inflow of emigrants’ remittances. Remittances are considered the basic gain of migration for the emigration countries and their main “compensation” for losing (temporarily or more permanently) a part of their labour force. Whether remittances will contribute to the economic development of the country receiving them depends on how they will be used, that is which activities they will finance. Their exclusive use for consumption and imports for example is considered less development-stimulating than their financing productive investments. This paper investigates the impact of remittances on three basic macroeconomic variables namely consumption investment and imports for three transition Balkan economies Romania, Bulgaria and Albania. The basic new element of the analysis is the use of econometric investigation on the basis of time-series analysis mainly because emigration from these countries only started less than 20 years ago.

### **KEYWORDS**

Remittances, macroeconomic implications, Albania, Romania, Bulgaria

### **JEL CLASSIFICATION CODES**

J61, F22, F24

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## **MIGRATION OF HIGH QUALIFIED HUMAN CAPITAL (BRAIN DRAIN)**

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### **ABSTRACT**

The objective of this paper is to reflect on the most crucial aspects that constitute the issue of international migration of scientists and high qualified human capital among developed countries. Despite the fact that the term “brain drain” was firstly introduced on international bibliography in 1963 to draw upon the negative effects of such a phenomenon that mainly appear in case of underdeveloped and developing countries, the present study focuses on the pattern and the evolution of such a phenomenon in case of developed countries. Towards our efforts, the qualitative inquiry which we conducted in a census of Greek scientists and graduates of tertiary education who have been activated or are currently activated in developed countries abroad holds a central position in our study. The outcomes are relevant with the key factors that contribute with the decision making process of leaving our country for a better professional career abroad and provide us indications about the attitude of young people for the issue. The specification of our analysis about Greece constitutes only a part of our general interest in countries with relevant development level such as Spain, Portugal and Italy including estimations about the size, the composition, the level of education and the employment sector of the outcoming and the incoming human capital from and towards our country respectively. Finally, we supplement our discussion about the issue with a brief but substantial review on the most important causes, results as well as the main mechanisms throughout it is feasible to ensue benefits for the countries witnessing this phenomenon.

### **KEYWORDS**

International Migration, Human Capital, Brain Drain, Migrational Networks

### **JEL CLASSIFICATION CODES**

F22, J24, J61

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# **THE DEMOGRAPHIC, EDUCATIONAL AND CULTURAL SHRINKING OF THE ETHNIC GREEK MINORITY IN NORTHERN EPIRUS AND THE ECONOMIC RELATIONS BETWEEN GREECE AND ALBANIA**

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## **ABSTRACT**

Since the fall of Communism in Albania in 1991, a process of “democratization” has been initiated in the country. Following this, neighboring countries Greece and Albania have established tolerable economic and diplomatic relations. Hundreds of thousands of Albanians, legally or illegally, have come to Greece in order to pursue a job. These immigrants were sending annually to Albania the very respectable amount of 400 million US Dollars (Pettifer, 2001). Meanwhile, diplomatic and economic relations between Greece and Albania have improved considerably. The two countries have signed the Agreement on Friendship, Cooperation, Good Neighbourliness and Security in 1996. In addition, Greece supported steadfastly Albania’s efforts to move closer to the European Union. Greece is Albania’s second largest trading partner, with Greek products accounting for some 21% of Albanian imports, and 12% of Albanian exports coming to Greece. It is also the main foreign investor in Albania, with more than 400 million dollars invested. Greece is the fourth largest donor country, having provided development aid amounting to 73.8 million Euros. Thus, one can easily conclude from the above impressive array of activities, that Greece is helping Albania to move away from poverty and isolation, which the system of Enver Hoxha’s Communist and “cultural” revolution inherited to the country. An area of debate in the Greek-Albanian relations is the treatment of the Greek Ethnic Minority, by the successive Albanian Governments in the aftermath of Communism. The government of Albania maintained the infamous Minority zone (or new Apartheid Zone in European soil) for Ethnic Greeks which was created by Hoxha’s regime. The minority zone was reduced from 103 to 99 villages (excluding Himara), and many Greeks were forcibly removed from the minority zone to other parts of the country. Greeks were pressed enormously to change their names into Albanian ones, while use of the Greek language, was prohibited everywhere outside the minority zones. In the post-communist period (after 1991), the reopening of schools was one of the major objectives of the Greek Minority. The Albanian Government has attempted closing them down because of shortage of pupils; a possible result however of the Government’s actions to enforce Greek resettlement further north. The aim of this paper is the following: a) to present the repressive measures of the Albanian Government against the Greek Ethnic Minority of Northern Epirus. Today, the future of the Ethnic Greek minority in Albania is uncertain, b) to make clear to the Albanians that their entrance to the European Union depends on their respect of the human rights, religion language, education of the ethnic Greek community in Northern Epirus. After these measures have been taken, it is a realistic hope that the Albanian government will start easing the restrictions against the Ethnic Greek Minority in Albania.

## **KEYWORDS**

Northern Epirus, Ethnic Greek Minority, Education, Economic Relations

## **JEL CLASSIFICATION CODES**

I28, J15, N34

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## **THE HUMAN CAPITAL IN THE INFORMATION AGE (TRANSFORMATIONS IN THE CONTENT OF THE HUMAN CAPITAL IN THE “ERA OF THE ACCESS”)**

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### **ABSTRACT**

The study emphasizes on some new opinions concerning transformations of the human capital in the information age. The category “human capital” refers not only to the “market type of economic organization”. More than this, it is a main category in a forthcoming, near “era of the access” which overcomes the simple market exchange of expropriated and appropriated welfare goods and leads mankind to the thresholds of “access to the welfare goods” without a change in ownership and the high transactional costs for it. Human capital is far not a metaphor. Its availability or absence in a national economy is quite tangible. In the process of the human evolution “the knowledge turns into productive force”. Today, owners of this “productive force” are no longer the industrial and financial magnates but the millions intellectual workers, employees, experts and consultants working in the leading business sectors of modern global economy.

### **KEYWORDS**

Human capital, “era of the access”, knowledge, intellectual workers, structure of the human capital, content of the human capital

### **JEL CLASSIFICATION CODES**

A12, D83, J24, P16, Z13

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## **THE ANALYSIS OF SOCIAL SECURITY SYSTEMS IN BALKAN AREAS**

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### **ABSTRACT**

An ageing population and a low intake of the occupied population at the creation of financial resources to social insurances systems causes constant review of Social Security Systems. In case of systems' financial deficits, the question whether the standard parameters for the equilibration of the balance accumulation-allocation are well chosen arises. In fact, setting the standard parameters (contributions, allocation of GDP, standard age for retirement, contribution period) are as many variables of the redistribution model in the social insurances. When there is a significant change in the parameters and/or of the calculation method on the redistribution component, the responsible factors refer to these changes as reform of the Social Insurances System. The article proposes to examine the Social Security Systems in the Balkan areas. The case of study, Romania, shows that there really is a continues postponement of the reform, a movement of the population ageing cost in order to be borne by future generations.

### **KEYWORDS**

Social security, social insurances, Balkan areas, ageing cost, pension's reform

### **JEL CLASSIFICATION CODES**

J26, J32, J08

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# **DISTRIBUTION OF POVERTY AND INEQUALITY INDICES FOR VARIOUS GROUPS IN GREECE USING THE BOOTSTRAP TECHNIQUE**

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## **ABSTRACT**

The present work estimates poverty and inequality indices in various groups that are known to have high contributions to poverty and inequality, such as farmers, pensioners, families with 3 or more children and families with children of age under 15 years old. Using the bootstrap technique, we estimate confidence intervals for these indices and explore the importance of specific characteristics of these groups such as the region of residence. For this purpose, we use household income data from the last Household Budget Survey (HBS) which covers the entire population of Greece conducted from February 2004 to January 2005 by the National Statistical Service of Greece (NSSG). In regard of the methodological issues, we chose the individual as the unit of analysis and the “family equivalence scales” used by Eurostat.

## **KEYWORDS**

Poverty, inequality

## **JEL CLASSIFICATION CODES**

D31, I32

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# **FACTORS AFFECTING CONSUMERS’ PURCHASING BEHAVIOUR TOWARDS GM FREE PRODUCTS IN A EUROPEAN REGION: THE CASE OF THE PREFECTURE OF DRAMA KAVALA XANTHI**

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## **ABSTRACT**

This paper aims to identify the factors that affect consumers purchasing behaviour towards products that are free from Genetic Modified Organism (GMO-FREE) in a European Region and more precisely in the Prefecture of Drama-Kavala-Xanthi. Field interviews conducted in a random selected sample consisted of 337 consumers in the cities of Drama, Kavala, Xanthi, in November and December of 2009. About 71,2% of them (240 people) answered that would not buy a product that is Genetic Modified (GM), contains Genetic Modified Organisms or ingredients that are GM, or is derived from GM crops or animals that were fed with GM feeds. Hence, multivariate statistical analysis performed to identify consumers behaviour toward GM Free products. In particular, principal components analysis (PCA) was conducted in order to identify the factors that affect people in preferring consuming products that are GM Free. The factors that influence people in the Prefecture of Drama-Kavala-Xanthi to buy GM Free products are: (a) Their certification as GM Free or Organic products, (b) Protection of the environment and nutrition value, (c) Marketing aspects, (d) Price and Quality. Furthermore, cluster analysis was employed to classify consumers with similar buying behaviour and identified 2 groups of consumers: (a) Those are influenced by the product price, quality and marketing aspects and (b) those are interested in product’s certification and environment protection. Discriminant analysis was performed to assess how the identified factors derived from PCA could predict cluster membership. Non parametric statistical bivariate techniques were performed to profile the identified group of consumers regarding their personal characteristics and some other factors affecting their consuming behaviour.

## **KEYWORDS**

Consumer behaviour, GM Free products, Consumer preferences

## **JEL CLASSIFICATION CODES**

M31, Q13

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## CONSOLIDATED ESTIMATION OF NATIONAL ENTREPRENEURSHIP LEVEL

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### ABSTRACT

The principles of consolidated national entrepreneurship level estimation and models of multicriteria quantitative assessment applicable for newly EU countries also some results of consolidated estimation of Lithuanian entrepreneurship level are presented for 2009. The estimation process include the identification of significant primary indicators and expert assessment, also the quantitative determination of their underlying pillars indexes and entrepreneurship development level index with account of the national economic competitive advantage as a general criterion. The prevalence of competitive advantages esp. those of goods (services), their outrunning export and business efficiency are among the main economic development priorities of newly EU states. So, the business transformation and its development which determine the state competitive advantages are significant both for the economic development of state and its scientific researches. First-of-all, the pillars determining the global competitiveness include some exceptional primary and integral indicators depending of state entrepreneurship development. Secondly, the stable national economic growth itself also influences the entrepreneurship i.e. the amelioration of business macro-surrounding, investment promotion, business taxation. The quantitative methods for complex evaluation such as multicriteria Simple Additive Weighting (SAW), the Complex Proportional Assessment (COPRAS) a/o methods may be used on basis of suggested background models (Zvirblis and Buracas, 2009). The estimation system may integrate the different scenarios for the formation of indicator groups.

The assessment of national entrepreneurship on the national level is analyzed mostly from the aspect of small and medium-sized enterprises' (SMEs) influence on the state economic development and growth of some selected transitional economies revealing the impact of significant factors (innovations, diversification, goods/services competitiveness, extent of marketing sophistication, export of high-tech production, clusterization, creating social value, etc.) on SME's working effectiveness. Nevertheless, most of entrepreneurship studies are fragmentary and narrowly focused on essential aspects of entrepreneurship. So the consolidated evaluation of national entrepreneurship as important component of economic development request to continue the analytical researches based on the objectives of evaluation of WEF global competitiveness pillars and their integral indicators, on the one side, but extended totality of indicators for the newly EU states incl. Lithuania, according the holistic approach to their different impact on resumptive measure, on other side. The primary indicators determining underlying pillars (as partial criteria) were identified at the level of consolidated evaluation (the parameters of their significance are defined by expert way). In particular, the compound values (indexes of indicator pillars) and the generalized measure - the consolidated entrepreneurship level index - were calculated in the research. Also business sophistication indexes for Baltic States and Greece are compared using WEF expert data. The prepared methodology helps for the directed sustainable development programming of national entrepreneurship system by growing competitive advantage in the context of country's development perspectives. This quantitative evaluation technique may be algorithmized and incorporated into the general computer-controlled quantitative validation system of the public management decisions.

### KEYWORDS

multicriteria evaluation, competitive advantage, entrepreneurship level

### JEL CLASSIFICATIONS

C82, L52, O20

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## **DETERMINANTS OF ENTREPRENEURSHIP IN EU’S 8 TRANSITION COUNTRIES (FROM A PUBLIC POLICY PERSPECTIVE)**

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### **ABSTRACT**

The aim of this paper is to examine whether the public policy mechanisms (the business environment, the availability of financial resources, and the presence of business regulations) in eight transition countries of the EU (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia) facilitate or obstruct the upcoming and current entrepreneurs in setting up their businesses. The “Flash Eurobarometer Survey on Entrepreneurship, No 192” is used. This 2007 sample includes the 25 EU Member States, the United States, Iceland and Norway.

The main dependent variable asks respondents whether they are self-employed, in paid employment or without a professional activity. Explanatory variables include socio-demographic (gender, age, education) and perception (lack of financial support, administrative complexities, risk aversion, business environment, positive and negative attitude) variables.

The most salient findings are related to the demographic characteristics of the respondents. Women seem to be very insecure about self-employment and thus it is less possible for them to become entrepreneurs as compared to men. Similarly, medium and high age people, compared to younger counterparts, have the appropriate characteristics and capabilities which will “lead” them to entrepreneurship. Additionally, the perception of administrative complexities and a negative attitude towards people who have failed in the past are negatively related to engagement in self-employment. On the contrary, ease on obtaining relevant information has a positive influence.

From a policy point of view, a number of implications for policymakers come into view. Security and incentives should be provided to the groups of population that have low levels of engagement to entrepreneurship. In addition they should include in their agenda the remodeling of schemes concerning health insurance, income taxation, bankruptcy rules and credit allocation among others.

### **KEYWORDS**

Entrepreneurship, transition economies, public policy, regional development

### **JEL CLASSIFICATION CODES**

L26, P25, P31

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## **THE FREE TIME ALLOCATION AND ITS RELATIONSHIP WITH THE PERCEIVED QUALITY OF LIFE (QOL) AND SATISFACTION WITH LIFE (SWL)**

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### **ABSTRACT**

Historically, work and leisure were clearly defined. Work has been described as what one gets paid for while leisure as what one does when not working (see: Burlew, 1989). Work is an important factor for the wellbeing since it provides people with the necessary means (e.g. financing and social association among others) to overcome the daily expenses, to maintain the family and to become accepted from the social environment. On the other hand, in the last three decades the importance of free time and especially leisure have been extensively examined and discussed and many positive results have been revealed.

Time-use studies collect information from people about how they use their time, coding their reports into various groups / categories. The methods of collection vary, as do the labels of the groups. But the essential distinctions to separate the groups are by now standard (see: Robinson, 1977, 1985; and Andorka, 1987). The first group is ‘time spent in paid labour’. The second one is ‘time spent in unpaid household labour’ – cooking, cleaning, childminding and the physical care of children, shopping etc. The third group is ‘time spent in personal care’ – eating, sleeping, grooming etc. These groups are now entirely conventional in time-use studies, and we simply take them as given. Time spent in those three groups – paid labour time, unpaid household labour time and personal care time – collectively comprise time that is committed to what might be called ‘obligatory’ activities (see: Robinson, 1977). The rest of the time is conventionally called ‘free time’. This ‘free time’ is simply ‘the time left over’ after the performed activities in the other three groups (Robinson, 1977; and Andorka, 1987).

The aim of this study is to examine the relationship between the Free Time Allocation with the Perceived Quality of Life (QoL) and the Satisfaction with Life (SwL) in Greece. A sample of 353 respondents showed that the Paid Labour is a very important factor in explaining the perceived QoL, followed by the active leisure and to a lesser degree by the passive leisure. The satisfaction of Life appears to be influenced more from the perceived QoL and to a lesser degree from the time allocation and leisure.

Analytically, statistical analysis provided significant results supporting the acceptance of our hypotheses. However, the low R<sup>2</sup>s in most of the models does not encourage the generalisation of the results. The first research question proved that people mainly consider the Paid Labour as the most important factor for their perceived Quality of Life, something logical for the period of time in which we are currently living. Research question two showed that Active leisure could be considered as an important element for the perceived Quality of Life – Physical health. The third research question examined the relationship between Satisfaction with Life and time allocation and Leisure does not provide the study with robust results. Only Passive and Active leisure seem to

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influence the SwL, to a lesser degree, however. Finally, the fourth research question provided us with a relatively high explanatory indicator showing the positive relationship between the QoL and SwL.

In considering how to further improve and examine in depth this study, we are going to perform it in four different parts of Europe (e.g. Mediterranean countries, central European countries, Scandinavia, and European countries from the former ‘East Europe’). A cross study and the relationship of the results should definitely enhance the quality and the validity of the results.

**KEYWORDS**

Free Time Allocation, Quality of Life (QoL), Satisfaction with Life (SwL)

**JEL CLASSIFICATION CODES**

I30, I31, I38

## **ON-LINE ACCESS TO THE UNIVERSITY DIGITAL LIBRARIES**

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### **ABSTRACT**

In respect of the new European Union objectives regarding the promotion of the environment for digital services, this article refers to a new software application for accessing university digital libraries. Many Romanian academic libraries have gradually changed their preferences, evolving from traditional publications to the digital content, and are open to exchange information with other libraries. Considering that, the article proposes a software for university library access, along with a new approach that ensures the possibilities for students to read any of the digital books existing in any university library connected to our system.

Building and ensuring the access to an university digital library system means a large participation from public, private, and governmental bodies to determine common standards, management activities, intellectual property rights and electronic document delivery.

UDL System (University Digital Libraries) is a website-based solution for large access to the virtual publications of Romanian university libraries. This paper refers to the UDL system structure, the tools used, the characteristics of the implementation for e-library domain and the advantages and limitations of the experimental system.

### **KEYWORDS**

Digital Library, Website, Database Connection, Server Side Programming

### **JEL CLASSIFICATION CODES**

I20, L86, C63

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# THE MODERNISATION OF ACADEMIC CURRICULA IN ACCOUNTING DEPARTMENTS OF HIGHER EDUCATION INSTITUTES

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## ABSTRACT

Change in universities is often explained or justified as being a result of “globalization” and a claimed need to comply with market and other external forces. Accounting educators consider certain changes in the accounting curriculum. One significant problem concerning this desire in the recent past has been the reluctance of instructors to deal explicitly with values and virtues because of the general consensus that one should not impose one’s values on another. To effectively practice accounting one needs to take on the social moral expectations required for the profession.

Historically, aspiring accountants have sought professional qualifications through training and private spare-time study, frequently with mail-order manuals (Kitchen and Parker, 1980). The emphasis was predominantly on learning techniques, laws, rules and regulations.

Though some accounting academics participated in the design of professional accountancy education syllabuses, control of accountancy education remained with the professional bodies.

This study attempts to gather information about changes in accounting education after the recent financial scandals. We analyze the accounting academicians’ responses of questionnaires using the ascendant hierarchical cluster method. We are interested to find response clusters with positive or negative correlations. The initial findings show that more universities are planning to change their accounting curricula by adding modern courses which includes ethics, corporate governance and internal control. The analysis of the past experience would be beneficial to accounting students, the accounting profession, the business society and the accounting curricula. Additionally, these results are important to Universities that are thinking of redesigning their curricula.

## KEYWORDS

Accounting Education reform, accounting scandals, accounting courses, accounting curricula

## JEL CLASSIFICATION CODES

M41

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## **CORPORATE GOVERNANCE AND TECHNOLOGICAL DEVELOPMENT: A PANEL DATA ANALYSIS**

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### **ABSTRACT**

In this paper, we evaluate the impact of corporate governance for the growth of knowledge. We use a new approach for studying corporate governance to differentiate between firm-level and country-level, thus contributing to a current debate in the literature about whether governance attributes are largely determined by country factors or firm characteristics. In our paper we examined in a panel data structure for a sample of countries relationship between governance and technological development. We differentiate between minimally accepted governance attributes that are satisfied by all firms in a given country and governance attributes that are adopted at the firm level. We consider that governance for the growth of knowledge is a combination of mechanisms in which selected mechanisms of different kind play a central role, in particular high and free mobility of resources diffused, shared property rights and team knowledge production. Our results indicate that a crucial prerequisite for sustainable governance of emerging technologies is reliable information about the network of agents that are involved in or affected by technological innovation and diffusion.

### **KEYWORDS**

Corporate governance, Technological development, Dynamic capability, Panel data analysis, Co-integration, Unit root test, R&D cooperation

### **JEL CLASSIFICATION CODES**

G34, O30, C33, O33

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## **GREEK BANKS STRATEGY IN CUSTOMER SERVICE**

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### **ABSTRACT**

With the growing importance of relationship marketing during the last two decades, building trust with the client has become increasingly important to many businesses. Customer value is a strategic weapon in attracting and retaining customers and has become one of the most significant factors in the success of service providers.

However it is necessary to work with perceived value when putting into practice a relationship marketing approach, which consists of creating, maintaining and growing long term relationships in order to benefit from customers' loyalty and credibility. Perceived value, the main result of marketing activities, seems to be an element essential to relationship marketing. Business organisations need to provide value, and must do it differently from each other, as this capability will allow them to diversify, improve their results and increase their future possibilities of survival. In general, perceived value is defined as a judgement or a valuation by the customer of the comparison between the benefits or utility obtained from a product, service or relationship, and the perceived sacrifices or costs.

The concept of perceived value is closely linked to other issues such as the attraction of customers, and their satisfaction, loyalty, retention and profitability.

The banking business has undergone significant changes: changes in consumer demand for services, technological changes etc. Although they have recently shown much interest in generating perceived customer value, they have experienced high levels of dissatisfaction on the part of costumers. Many banks have invested heavily in CRM and Data Warehousing, but most still have a lot of work ahead of them to identify the information that is really relevant and to use it effectively to create value for their customers.

Within this relational framework, the aim of this study is to analyse the value perceived by the consumer in the banking sector.

The study examines the concept of perceived value in the banking sector. A total of 200 customers of banks were surveyed in Greece. It analyzes differences due to bank sizes in consideration with costumer value.

The findings mainly indicate that the evaluation is higher at large banks rather than small banks. Especially the elderly seem to be much more cautious in new and small banks compared with young people.

### **KEYWORDS**

Costumer trust-loyalty, Banking, costumer perceived value

### **JEL CLASSIFICATION CODES**

G21, D12

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# **CREDIT MARKET DEVELOPMENT AND ECONOMIC GROWTH - AN EMPIRICAL ANALYSIS FOR GREECE**

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## **ABSTRACT**

This study investigated the relationship between credit market development and economic growth for Greece for the period 1978-2007 using a vector error correction model (VECM). The purpose of this study was to investigate the short-run and the long-run relationship between the examined variables applying the Johansen co integration analysis. For this purpose unit root tests were carried out according to Phillips-Perron (1988) and Kwiatkowski et al (1992), but also taking into account Levin et al (2002) panel unit root test. Finally, a vector error correction model was selected to investigate the long-run relationship between credit market development and economic growth taking into account the inflation rate. The empirical results indicated that there is a long run relationship between credit market development and economic growth for Greece.

## **KEYWORDS**

Credit market, economic growth, panel unit roots, Granger causality

## **JEL CLASSIFICATION CODES**

O11, C22

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# **COMPETITION-FRAGILITY OR COMPETITION-STABILITY? EVIDENCE FROM THE TURKISH BANKING SYSTEM**

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## **ABSTRACT**

Given high costs of banking crises and the role of competition in the recent subprime crisis in the U.S., determining the reasons for a fragile banking system and the role of the competition on financial stability are important issues. However there is no theoretical and empirical consensus about the role of competition in banking system stability.

There are two different views about the relationship between competition and financial stability; the competition-fragility hypothesis argues that banks subject to more competition are more likely to take excessive risks and therefore competition creates more fragile banks. Competition-stability hypothesis on the other hand suggests that higher interest rates in less competitive environments may cause firms (borrowers) to take higher risks, resulting in a higher probability of non-performing loans ratios, and implying more fragile banks.

The aim of this paper is to understand the role of competition, measured by the Lerner index, on the risk taking behaviors of Turkish banks between 2001-2008. That is to say whether competition promotes stability or causes to a more fragile banking system. I think testing for these hypotheses is particularly important for Turkish banking system which experienced an intense regulation process which led to a significant decrease in the number of banks from competitive point of view.

## **KEYWORDS**

Competition, Banking

## **JEL CLASSIFICATION CODES**

D49, G21

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## **KOSOVO COMMERCIAL BANKS AND GLOBAL FINANCIAL CRISIS**

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### **ABSTRACT**

The global financial crisis, of 2007- 2009 started in the USA after the failure of the investment bank “Lehman Brothers” after which spread into other world’s financial markets in Europe (East, Central and West) and Asia pushing some economies to the brink of collapse. Most of the Banks and other financial institutions of all countries were hit very hard during this period.

During the financial crisis commercial banks in Kosovo have not been affected much because they have not been exposed towards the global capital market, while their parent banks were exposed toward global financial market. Financial sector and the economy of Kosovo continued the development as in the previous years and Year 2008-2009 was a year of prosperity for the banking sector with substantial growth which contributed to the economic and wealthy growth. The most important thing is that deposits have been grown significantly which had very positive impact on the all banking system performance.

Lately the global financial system and economy is showing signs of recovery, due to the large measures taken from Central banks, commercial banks and other Government Institutions.

### **KEYWORDS**

Financial, crisis, global, banking system

### **JEL CLASSIFICATION CODES**

E02, E42, E44

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## **INTEGRITY MODEL OF BUSINESS ETHICS AND ENTERPRISE COMPETITIVENESS**

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### **ABSTRACT**

It is about impossible to imagine knowledge society with socially irresponsible, unethical organizations. But tempting for immediate financial benefits not many organizations have understood the ethics as additional factor of financial and social benefits. Interest of the enterprises on business ethics has fallen down at the recession, but as has been stressed by many authors as: Hoffman W., Frederick R.E., Cava A., West J., Berman E., Robbins S, Fifield, P., Kuhn S., De George, R., Freeman E., Lennik D., Kiel F., Fieser, J., Trevino, L., Nelson, K., L. Nash and Lithuanian authors: Razauskas, R., Palidauskaitė J., Beržinskis G., Misevičius, V., Paulavičiūtė, A., Pruskus V., Vasiljeviene N., V. Kundrotas, Zakarevičius, P., it still remains an important factor in creating and achieving value for a long perspective. Though there are many researchers conducted and books and articles published, still is no unambiguous definition as well as single range of segregated elements of business ethics and there are only few attempts to construct the model of business ethics and its influence for enterprise competitiveness. Thus in the article there is attempt to compose the model of influence of segregated elements of business ethics on competitiveness segregated indexes.

Research executed by the author in 2008-2009 in Lithuania has been based on content analysis of 159 articles on business ethics, published in two business magazines, interview of 165 experts from different Lithuanian enterprises and analysis of statistical data of the enterprises. Research has discovered the main elements of organizational ethics that has influenced the main indexes of organizational performance (in article presented in form of model). Research showed that the purposive implementation of business ethics can contribute to competitive advantage of organization and in selection the direction for better management of the contribution.

Research showed that the strongest impact on competitiveness of the enterprise had such elements of business ethics as: commitment compliance to the company's image (correlation coefficient 0.50); leadership style to the company's image (0.54) and earnings (0.34); commitment compliance — to sales results (0.66) and commitment compliance to innovation implementation rates (0.58), etc. Some elements has positive influence on four and five competitiveness indexes (leadership style, commitment compliance, compliance of tax), while others have positive index only on two of them (quick response to customer needs, eco-compliance, compliance of law enforcement). Investigation showed that business ethics is not direct but only auxiliary factor for the profit increase. Though enterprise is profitable in general, ethical behavior of the enterprise can be unprofitable.

Some elements of business ethics, e.g. quick response to customer needs, communication ethics and guarantee about the reliable sales information are unprofitable for investigated enterprises. Most profitable elements of business ethics were: commitment compliance and secure products. Meanwhile results show that the ethical behavior of enterprise more positively affects sales than profit.

### **KEYWORDS**

Enterprise social responsibility, business ethics, elements of business ethics, model

### **JEL CLASSIFICATION CODES**

M14, M21

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## COMPANIES PERFORMANCE ANALYSIS

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### ABSTRACT

Performance is multiple and sometimes paradoxical, and each enterprise must define the term “performance” for its internal and external communication. In the speciality literature, there is no unanimous accepted definition regarding the performance. Trying to find a definition for the performance, depending on the characteristics which a company should own, we discover that the enterprises invent new manners of being competitive within a competitive environment, every day. There is only one certainty, that performance is being built in time and can be established. Performance doesn't exist if it cannot be measured, respectively if it cannot be described through measures or indicators, which are more or less complex. Measuring the performance cannot, in any case, be limited to the knowledge of a result. The diversity of understandings of the concept of performance prove that it is defined differently by the financial information users, depending on their interests. Thus, managers are orientated to the overall performance of their company, the current and potential investors perceive the performance in terms of their investments' profitability, the employees show interest in the company's stability and profitability, the creditors, are interested in its solvability, and the clients, in the company's stability.

Performance is a competitive state of the enterprise, which ensures a lasting presence on the market. Performance represents an indicator of a future results potential, which appears due to the fulfilment of the strategic objectives. We can say that performance does not characterize only a momentary situation, it regards at the same time, the future. The association between the terms “Performance” and “Profitability” and “Efficiency” is obvious. However, we believe that performance should not be mistaken by the indicators which describe it. Within the analysis' model of the credit risk, from the multitude of indicators, we will focus on the analysis of certain indicators, which we consider representative for the performance.

We will focus on profitability, as a measure for the enterprise's capacity to make profit, by making a comparison between the result obtained and the means used to achieve it.

### KEYWORDS

indicators, profitability, efficiency, performance, profit, analyse model

### JEL CLASSIFICATION CODES

M40, M41, L25

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## THE INVESTMENT ATTRACTIVENESS INCREASING OF BLACK SEA POSTSOCIALIST COUNTRIES: SYNERGETIC APPROACH

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### ABSTRACT

The modern situation which has developed in global economy in whole and economy of the Black Sea countries in particular, demands definition of the accurate purposes and clear priorities of social and economic development of cities of this region, their self-determination among objects internal and external the environment, on regional and international markets which will allow to build effectively relations with investors, the financial organisations, adequately to react to strategic calls of the global economic system.

This article is devoted to the directions of investment attractiveness increasing in the Black Sea postsocialist countries which are formed on the base of Donetsk Investment Development Program with the usage of synergetic forming approaches.

Synergetic has arisen in response to the crisis over a stereotypical, linear thinking. Its main features are the following:

- representation of chaos as an exclusively destructive beginning of the world;
- review of contingency as a secondary factor;
- world is independent of micro fluctuations (oscillations) of lower life levels and cosmic influences;
- review of the disequilibrium and instability as a nuisance that must be overcome, because of negative and destructive role;
- processes occurring in the world are reversible in the time and predictable for long periods of time;
- development is a linear, progressive, non-alternative process (and if there are alternatives, they can be only casual deviations from the main flow. They are subordinated to it, and finally are absorbed by it);
- past stage is only of historical interest, and return to the old is a dialectic removal of the previous level and has a new basis; world has cause-effect relations;
- causal chains are linear, and consequence, if is not identical to reason, is proportional to it, i.e. the more energy, the greater result.

According to Synergetics, two models describe the society development as a nonlinear system: evolutionary and bifurcation. Distinctive feature of the evolutionary development is the constancy of the system quality. This is a period with well-predicted linear changes. However, it is here the growth of internal disequilibrium occurs, a growing crisis. The destruction, destabilization of each system has its own way. The system structure has its weak points, which can have the greatest impact. Therefore, destabilization depends primarily not on the specifics of external influence, but on the system structure.

Economic development, as well as economic crises, has the objective cyclical nature. The economic development is a cyclical movement from gradually developing equilibrium to its gradual disturbance, and formation of a new equilibrium at a higher level, the equilibrium of a new quality. We must not only recognize the objective character and the inevitability of the cyclical transformation of dynamic economic development, but also develop a system of measures for the application of counter-cyclical policy of States and interstate unions. In many countries the

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cyclical nature of economic development was ignored and countercyclical regulatory mechanisms were not included. This has extremely weakened the economic policy and led to the noncompetitiveness of economic systems because of incorrect forecasts of crises and catastrophes.

The offered approach of an estimation of investment potential of cities and the specified directions of increase of their investment appeal have universal character for the majority of the postsocialist countries of Black Sea Coast, considering rather similar characteristics of conditions internal and external environments of their development.

**KEYWORDS**

Synergetic, investment climate, investment attractiveness, investment potential, Black Sea postsocialists countries, Donetsk investment development program

**JEL CLASSIFICATION CODES**

F47

## **BRANCHE SPECIFIC ELEMENTS IN SLOVAKIA’S RETAILING**

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### **ABSTRACT**

The objective of this paper is to explain main drivers of retailing industry in the last decade in Slovakia and to analyze three main groups of retailers in the country. The progress in retail evolution in the Slovakia’s cities is evaluated by new shopping and retail formats.

We also analyze logistics market, which started to develop only a few years ago; however, its results are impressive. As the relationships between retailers and consumers are changing remarkably during the last years, the most important indicators of this process are highlighted in the paper. We conclude that retailers became more consumer-oriented, offering wider product assortments, additional services and better shopping conditions. In the final part of the paper a scenario for the next few years is developed.

### **KEYWORDS**

Retailing, shopping habits, buying behaviour, logistics

### **JEL CLASSIFICATION CODES**

L810

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# HOW CAN GREEK MULTINATIONAL COMPANIES ATTAIN COMPETITIVE PERSPECTIVE IN THE INTERNATIONAL BUSINESS ENVIRONMENT?

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## ABSTRACT

The international business environment is primarily influenced by the ever increasing international competition, the growing trend of the market globalisation, the dramatically fragmented and short innovation cycles, as well as the duration and size of the economic crisis. Behind these clichés and too often uncritically used slogans, a complex web of factors emerges that typically cause conflict and often changing relationships. These conditions give rise to an in-depth investigation of the business landscape in all its dimensions, whereas a possible end of this effort is not yet visible. In the present as in the near future not all the multinational companies will be affected by the trend of globalisation. And ultimately, the customer as well as the market decides about the extent of the globalisation phenomenon. The international competition as not an individual phenomenon, but one concerning the enterprise as a whole, requires above all a high degree of management efficiency and structural design. It is up to the leaders of these companies as well as the institutions involved (such as banks, State, etc.) to essentially engage with the existing contradictions in terms of a reasonable strategy.

Given the above considerations, the purpose of this paper is through a theoretical approach and process:

- to outline the competitive international business environment in which the Greek multinational companies should act, and at the same time underscore the extent of the ‘business readiness’ of these firms to act competitively
- to demonstrate specific internationally recognised indicators to be ‘globalized leading factors’ or better ‘driving forces’ for an effective internationalisation
- to establish flexible organizational structures in order to shorten the hierarchical depth to avoid bureaucratic attitudes, whereas to create small and flexible operational structures with clear identification of the tasks of human capital -especially managers- of these enterprises, in order to build a defensive superiority over competitors, and finally
- to use targeted strategic business systems to enable as rapidly as possible the adaptation of the company to the requirements of the international competitive market environment.

## KEYWORDS

MNCs, Greek Business Environment, Competition, Reorganisation

## JEL CLASSIFICATION CODES

F23, L21, L22

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## **ORGANIZATIONAL COMMUNICATION AND ITS EFFECT ON ENTERPRISE PERFORMANCE**

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### **ABSTRACT**

In this work, the organizational practices in relation to external and internal communication are studied through a survey in SMEs of Northern Greece. Considering that an organization's communication strategy is directly related to all other organizational functions, such as management of manpower and work relations, marketing strategies, public relations and product promotion, the effectiveness of communication is an important factor to the overall organization performance. The aim of this study is to identify successful communication practices and to relate them with possible contributing factors. A questionnaire-based survey has been carried out, aiming at the evaluation of the extent to what the organizations are aware and implement organizational communication and which procedures, methods and channels are used to improve the quality of their services, customer satisfaction and internal operation. The questionnaire was of closed type and was designed to capture information about how communication is perceived and implemented in each organization, which are the related goals and priorities, the channels used and the resources spent. Information is also collected about the effectiveness of communication, related problems and degree of satisfaction, as well as size of organization and sector of activity. The survey data have been analyzed using Multivariate Correspondence Analysis, which is particularly suited to surveys with qualitative variables. The method belongs in the family of Factorial Analysis Methods and results in sets of related attributes which form behavior patterns and tendencies. Each question of the questionnaire is treated as one categorical or ordinal variable. The size of the data set, after preprocessing and coding, was 84 organizations and 34 variables. The analysis resulted in interesting findings regarding the way that communication may function inside an organization and the cases where effectiveness and satisfaction are maximized. Among the conclusions is that a significant number of organizations use conventional means of external and internal communication (e.g. oral, memos), they don't consider communication as a critical parameter of their operation and they achieve medium performance at all levels of information flow, work relations and external image. On the contrary, organizations which adopt electronic forms of communication tend to spend considerable time in communication and they consider it as an important factor for their success. In these cases, high effectiveness and satisfaction is reported. It is also verified that the existence of a specific department for the planning and application of communication is closely related with excellent information flow and satisfaction on behalf of the employees. According to the analysis, the above categorizations are independent from size, sector or quality certification. Additionally, the issue of age has been identified as a potential problem in the process of communication and is related with considerable deterioration of the performance in information flow, interactive communication and reliability of the used channels. As a general conclusion, the importance of organizational communication in the environment of Northern Greece has become evident and practices related to higher effectiveness have been identified. However, a considerable part of organizations, independently from size and sector, seem to underestimate communication as a success factor.

### **KEYWORDS**

Communication, information flow, factorial analysis

### **JEL CLASSIFICATION CODES**

D83, C19

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## **E-RISK MANAGEMENT AND INSURANCE**

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### **ABSTRACT**

In the information era, organizations involved in e-commerce are completely dependent on huge, distributed computing systems. The Internet offers a wide range of possibilities which are accompanied by numerous threats. Further expansion of e-commerce is seriously limited with different malicious activities. Cost of a vital data loss can be enormously high, depending on company size. Although e-business organizations are spending millions of USD on sophisticated systems for malicious attack protection, security breaches are still very common in e-commerce activities. Accordingly, security issues in e-commerce processes are more than technical thing – they require the inclusion of economic principles. With this approach, e-risk insurance has occurred as an effective alternative mechanism to supplement the existing security measures, automatically decreasing potential financial impact on companies. To make this possible, we have identified e-risks, evaluated their consequents and presented alternative techniques to manage them. In the first part of the paper, on the premise that the e-risk is a possibility of an electronic event that causes losses in e-commerce, we introduce the list of e-risks based on the causal mechanisms. The next step is to qualify consequents and then to classify them as: conventional risks, Internet addressed risks, wireless devices attacks and privilege violations. Different approaches in e-risk assessment are presented in the second part of the paper. Generally, risk evaluation methods can be divided into three categories: qualitative, quantitative and hybrid. Throughout qualitative approach, the effects of risk event occurrence can be assessed by extensive surveys conducted in the companies. Quantitative approach in risk evaluation is based on probability theory and the fuzzy theory, while hybrid approach combines these two. Since risk quantification is essential for choosing a risk managing method, we will emphasize quantitative methods based on the theory of probability, which are used for total loss quantification as well as variance as a measure of deviation from total expected loss. In the third part of the paper, particular methods of risk management will be presented. Companies usually choose between avoidance, reduction, risk retention and insurance. The chosen method for risk managing in e-commerce depends on risk assessment. Frequency of a risk event occurrence and its effect are the main elements for adequate risk assessment. E-risk insurance is a method for managing risks of low occurrence frequency and great economic effect. Since security measures and insurance against Internet risks become increasingly important requirements among e-commerce companies, a review of the insurance policies of the world leading insurance companies will be also presented. Occurrence of an e-risk event causes significant economic losses. E-risk insurance is a relatively new and effective method of mitigating e-risk. This type of insurance increases e-commerce security in two ways: encouraging the adoption of a certain level of security as a precondition of insurance coverage, and providing funding for company's recovery from major losses. Presenting the main elements of e-risk insurance, we want to contribute to the security of online business and to the promotion of e-commerce in the long run.

### **KEYWORDS**

E-commerce, e-commerce security, e-risk, e-risk assessment, e-risk insurance

### **JEL CLASSIFICATION CODES**

G22, M15

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## **THE PUBLIC-PRIVATE PARTNERSHIP IN EASTERN EUROPE**

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### **ABSTRACT**

Public-Private Partnership (PPP), the new contractual convention, is presented as a means of developing the infrastructures of developing countries while assuring their balance in the economy. Central European countries have inherited extreme planification needs. The first partnerships introduced in the mid 1990s did not achieve the expected growth. The acknowledgement of this slow expansion has incited us to find the reasons why. Starting with the PPPs in Central Europe, we identified the conventions and the actors. Initially, we revisit the definition of PPP in order to identify the complexity of this concept and the different contractual forms, with the British PPP example. In a second time an international review will be conducted to identify the extent of development of private investment in infrastructure, with a focus in the European context. So one last time, we can put into perspective the slow development of PPPs in Central Europe and the existing forms of these contracts. The institutional and lawful in course contribute to an inhibition of PPP development. This is at this level that we can identify the principal cause of the PPP development delay in Eastern Europe. PPP are becoming a three party relation with international financial institutions playing a central role in a volatile judicial and institutional context. The contractual conventions taken on are becoming more complex and imply different post-contractual effects and choices in the provision of the SIG. Consequently, different research routes can be put forward concerning the possible regulation conventions in the central European economy. The regulation must be multi-dimensional and must lean towards the institutional context, the non-fulfilment of contracts and the market actors.

### **KEYWORDS**

Public-Private Partnership, Eastern Europe, Services of Interest General, Contracts

### **JEL CLASSIFICATION CODES**

H44, L51, R5

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# **AN ASSESSMENT OF THE SERBIAN REGULATORY REFORM AND DESIGN OF REGULATORY INSTITUTIONS**

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## **ABSTRACT**

The Serbian Regulatory Reform is analyzed from two perspectives: the first is the concept of regulatory state that implies that state is kept at arm's length from direct participation in economy but has well developed regulatory role, and the second is the programme of better regulation in OECD countries and EU.

The article discusses the main current results of activities on the Regulatory Reform in order to assess to what extent the government is shifted from a narrow agenda of deregulation to wider agenda of good governance.

It finds that is not still, in sufficient extent, recognized that future regulation performance will depend on establishment of the effective institutional architecture, an effective oversight central body and independent regulatory and control agencies (IRCA). Too much effort is still concentrated on elimination of unnecessary and inefficient regulations and in the some extent to improve the quality of the rest and the new regulations throughout implementation of regulatory impact analyses.

The final part of paper focuses on the assessment of the role of domestic central oversight body and especially on the de facto independence of the IRCA in Serbia and explanation of observed deviations from formal independence.

## **KEYWORDS**

Regulatory Reform, Regulatory State, Independent Regulatory Agencies, Serbia

## **JEL CLASSIFICATION CODES**

H11, K22, P21

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## **CURRENT STATE OF ICT DEVELOPMENT IN REPUBLIC OF SERBIA**

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### **ABSTRACT**

Having measurable facts and comparable indicators of existing ICT (Information and Communication Technology) trends and developments is crucial to policy makers, ICT service providers and market analysts. This paper presents the ICT Development Index (IDI) and The ICT Price Basket. IDI is composite index that is created to be able to provide all required facts for evidence-based policy making. The ICT Price Basket is contained in three price sub-baskets representing the cost of fixed line telephony, mobile cellular telephony and broadband Internet services in a given country. The ICT Price Basket is meant to help policy makers evaluate the cost of ICTs in their country and to compare their country against other countries.

This paper presents methodology for calculating IDI and Price basket value. Calculated IDI value for Serbia is presented, so as Price Basket values for year 2009 for Balkan countries, and especially Serbia.

The overall objective of the IDI is to benchmark ICT progress among countries at the global level. Tracking the IDI during the period of global economic crises we get undisputed facts for evaluation activities done on redeeming the Crises effects on Information Society. According to our calculations Serbia constantly improves its IDI ranking and during the crises period this trend will probably be slowed down but fortunately not stopped. In the crises period Serbia should be able to stay competitive with the countries from the region in terms of basic ICT IDI index indicators. Recorded growth in the number of households with computers, as well as with access to the Internet, form a firm base for improving ICT skills and potential for stronger impact ICTs on country development. Monitoring and measuring ICT prices is very important for increasing availability and usage of ICT. The ICT Price Basket presented here combines three sub-baskets – fixed telephony, mobile cellular and fixed broadband Internet – into a single basket and thus allows countries to identify and benchmark the overall affordability of ICT services. Since prices are shown not only in absolute values but also as a percentage of GNI per capita, they point to the relative cost (or affordability) of ICT services within a country. This information will put national prices into perspective to other countries and, if necessary, provide a starting point for looking into ways of lowering. The final part of the paper presents the ICT Price Basket for Serbia (among Balkan countries), as well as prices and number of users for each sub-basket.

### **KEYWORDS**

ICT Development Index, IDI, ICT Price Basket, ICT, Information Society

### **JEL CLASSIFICATION CODES**

O33

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## **FOREIGN TRADE OF GREECE WITH THE COUNTRIES OF BLACK SEA ECONOMIC COOPERATION (BSEC)**

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### **ABSTRACT**

The Black Sea Economic Cooperation was initiated in 1992 as an informal intergovernmental meeting on Black Sea Economic Cooperation and was converted into an international economic organization on 1 May 1999. The BSEC is composed of twelve member states (Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldavia, Romania, the Russian Federation, Serbia, Turkey and Ukraine). The Organization's working structure includes the Intergovernmental component, the Interparliamentary component, the Black Sea Trade and Development Bank and the International Center for Black Sea Studies. Intergovernmental cooperation within the BSEC focuses principally on the fields of energy, transport, communications, trade and economic development, banking and finance, institutional renewal and good governance, combating organised crime, environmental protection, agriculture, cooperation in healthcare issues, emergency assistance, research and development, education, tourism, culture, facilitating the transport of goods and customs procedures.

The BSEC countries are considered as emerging regions of the world in growth rates and in participation in global foreign trade and foreign direct investments. The degree of regional integration in the region remains low, taking into account the share of intraregional trade of the Black Sea countries in their total foreign trade, while its main trading partners are EU countries and the Commonwealth of Independent States. Most of the BSEC countries are members of the World Trade Organization (WTO) and others (Azerbaijan, Serbia, Ukraine and Russia) are in various stages of the WTO accession process. The WTO accession will allow the removal of the tariff and non tariff barriers and the increase of foreign trade.

Since antiquity, the Byzantine and Ottoman period until the establishment of the Greek state, the Greeks had an important role in trade, transport, maritime and general economic and social life of the Black Sea. Traditional bonds are forming favorable conditions for further development of economic cooperation between Greece and the countries of the region in modern period.

This paper studies the foreign trade of Greece with the BSEC countries, it examines the imports and exports, the trade balance, the sectoral composition of the bilateral trade relationships and the trade conditions between Greece and the BSEC countries.

The liberalization of international trade of the Black Sea countries had a significant impact on its trade flows with the EU and Greece. The development of trade relations of Greece with the countries of Central Europe and BSEC has led to a diversion of part of the Greek trade flows from Western Europe to the region. The foreign trade between Greece and the BSEC countries has been increased, the trade balance of Greece with the BSEC countries is in deficit and the terms of trade are unfavorable for Greece, with variations between different countries in the region.

### **KEYWORDS**

Greece, external trade, countries of the BSEC

### **JEL CLASSIFICATION CODES**

F10, R10

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# **EXPORT PERFORMANCE OF THE ECONOMIES OF THE BLACK SEA REGION: THE ROLE OF COMPETITIVENESS**

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## **ABSTRACT**

The interactive relationship between extroversion and competitiveness can be considered as given. The determinative impact of exports –of both goods and services- on the current account balance on the Economies of the Black Sea Region, in accordance with their performance in world competitiveness terms, necessitates further research on the subject, in order to extract critical conclusions and recommendations in terms of development policy and strategy. These policies are necessary in order to achieve the successful long-term integration prospect of these countries with the EU and the global economic environment.

This paper aims at a first level, to display the export structure of the countries of the Black Sea Region and their exposure to international trade and at a second level, to capture the impact of competitiveness on their export performance. The key objective is to formulate development policies and proposals for the enhancement of the extroversion and the competitiveness of the specific Region.

In order to display the export structure of the Economies of the Black Sea Region, we will use a panel data series from Eurostat, the Official European Statistical Service and from the local Statistical Services of the Black Sea Region, while the export performance analysis will be applied with reference to: a) the expansion of world trade, b) the commercial composition of exported goods, c) the geographical structure of markets.

To capture the effect of competitiveness on the export performance of the economies of the Region, we will calculate the Revealed Comparative Advantage (Balassa index), the correlation coefficient of RCA and export structure per country, the specialization degree of exports (Lorenz curves) and we will apply the Markov transition matrix for the sustainability of export specialization. Finally, we will apply an analysis of price and cost competitiveness of exported manufactured goods, based on the analysis of empirical data for the Economies of the Black Sea Region.

## **KEYWORDS**

International Trade, competitiveness, extroversion, development strategy, commercial composition of exports

## **JEL CLASSIFICATION CODES**

F1, F4, O1

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## **AN ECONOMIC APPROACH OF THE MONETARY POLICY UNDER THE CONCEPT OF EUROZONE: THE CASE OF ROMANIA AS A NEW MEMBER**

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### **ABSTRACT**

One of the obligations of the UEM member states is abolishing all restrictions of the national legislation concerning the capital movement inside the Union, respectively between these countries and third parties (with some exceptions), as well as the adoption of communitarian regulations in this respect.

At present Romania has completely eased up the exchange operations connected to the current and financial transactions with foreign markets. Basically, the advantages of liberalization of capital flows overcome the risks and the final effect of this process has a historical importance over the Romanian economy, most likely, will be a beneficial one. However, the financial opening of the Romanian economy makes it vulnerable to the great capital flows and potentially unstable. Unlike the recent past, these capital inflows and outflows are no longer precise destabilizing phenomena, but elements inherent to the way economy operates, which must be considered when conceiving and putting into practice the economic policy.

During 2004 - the first half of 2007, the Romanian currency, LEU, has notably appreciated itself in reality versus the main international currencies. This appreciation of the Romanian LEU (ROL) has brought in considerable capital, susceptible of undermining the efforts of the Romanian authorities of controlling the inflation and the deficit of current account

This phenomenon took place under the conditions in which, in Romania, the capital - labor ratio is much smaller than in the industrialized countries. The lack of technical endowment and the underdeveloped infrastructure coexist with the existent notable labor rather skilled, which theoretically should allow the catching up of the gap of development between Romania and the West. In order to achieve this fast and durable development, a high rate of interest is necessary, susceptible at stimulating savings and, consequently to allow financing investments. In other words, if the interest rate is low, the savings will be smaller than the investment, which leads to the impossibility of investing or some of them to be financed out of monetary issue, susceptible to encourage inflation and amplify the external deficit of current account.

The incompatibility between the low real interest rate - necessary to stimulate investment - and the high interest rate - imposed by the necessity of bringing in capital, by stimulating savings and fighting inflation - gives birth to a difficult dilemma for the economic policy (Tosovsky dilemma). In the present paper we intend to show that the market can spontaneously solve this problem through its specific mechanisms. But the authorities must also consider some strategic imperatives in conceiving and putting into practice their mix of economic policies.

### **KEYWORDS**

Central bank, exchange rate, capital flow, financial markets, monetary policy, interest rate

### **JEL CLASSIFICATION CODES**

E4, F2, G1

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# **LABOUR MARKET AND EMPLOYMENT IN CENTRAL AND EASTERN EUROPE: CASES OF THE CZECH REPUBLIC AND BULGARIA**

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## **ABSTRACT**

The transition of social and economic organization from the socialist model to the capitalist was particularly painful for Bulgaria. The dramatic decline in national product caused widespread unemployment that remained throughout the duration of the first transition decade. On the other hand, the transition has been very successful for the Czech Republic that displayed low unemployment and positive response to the new economic environment. The different performance in relation to unemployment rates of both countries fueled discussions for rigidities of the Bulgarian labor market. We compare the flexibility of both countries labor markets'. We result in finding significant elements that reject the rigidity allegation. Consequently, we suggest that the research for finding the causes should focus on the particular circumstances of each country that have led to the economic delay and sluggish growth of the private sector.

## **KEYWORDS**

Labour Market, Unemployment, Flexibility, Transition, Central and Eastern Europe

## **JEL CLASSIFICATION CODES**

E24, J21, J40

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## DIGITAL BUSINESS ECOSYSTEM TECHNOLOGIES FOR SMALL AND MEDIUM SIZED ENTERPRISES

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### ABSTRACT

The conception of the Digital Business Ecosystem (DBE) has come, to build an Internet-based environment in which businesses will be able to interact with each other efficiently. In the near future when this platform will be realized going to allow Small and Medium Enterprises (SMEs) to compete in the market with the same chance, no matter how small size, how far from the city are their business. The DBE is supported by the new hardware and software technologies, network topologies. The open source and component-based software, the collaborative environment, development and the popular and quick developing network technologies can establish the extensive use of DBE. In the rural areas the agri-food companies especially the SMEs are underprivileged. There are a lot of intermediate companies between supplier or Manufacture Company and the end shopper. In this paper we present, what kind of advantages can be this new technology offer for the farms and enterprises to get closer. The evolution of the Internet brought some new communication channels to all joiners. The rapid growing of the usage took the evolution the network devices with one. The prize of the Internet has been reducing; the speed of it has been increasing. This situation creates new opportunities to give birth to new, tentative applications (like YouTube, PicassaWeb, Skype, on-line operation systems, etc.). Obviously a lot of people could be reached on the Internet channels; this is the reason why many kind of e-business software have been written. Very expensive to create, upgrade, and maintain this kind of software products. To leading a concrete service or an URL is also expensive. One of the main questions of an Internet application is the security questions. Because the Internet communication is impersonal opposite to the traditional communicational channels. This is the reason why all applications must be very secure with standard tools (digital sign, message digest, cryptography). Nearly all software products are based on Client-Server architecture. These costly conditions general that few SMEs and Micro enterprises can provide successfully in this market. The direction provide of the services and products to the costumer are not solved. In addition to more and more open source applications have become usable applications. The next generation Internet (called WEB2.0), DBE and Cloud Computing try to do more friendly the layout and the applications.

The DE is: unlike a client-server architecture, where the communication is centralized and which acts as a command and control environment; unlike a Peer-to-Peer architecture, where, at any time, each agent has a well defined role, i.e. can only be client or server, but not both; unlike a Grid architecture, which stitches partners together for resource sharing but cannot avoid counter free riding; unlike a Web service network, where brokers are centralized and service requesters and providers are distributed in a hybrid architecture that does not guarantee trust and QoS. A Digital Ecosystem instead is an open community, and there is no permanent need for centralized or distributed control or for single-role behavior. In a Digital Ecosystem, a leadership structure may be formed in response to the dynamic needs of the environment. An agent in a Digital Ecosystem can be a client and a server at the same time. In the same message, agents may offer a service to others as a Server and request help as a Client. There is no centralized control structure or fixed role assignment. There is no preconfigured global architecture, where the communication and collaboration is based on swarm intelligence: Unlike traditional environments, digital ecosystems are self-organizing systems which can form different architectural models through swarm intelligence, where local interactions between agents determine the global behavior.

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In this paper we will describe different cluster applications and our developed solutions. With this solution the MSMEs can provide a safety, transparent, direct services for potential customer. According to the Client-Server architecture, all data are stored on the dedicated server. It could provide huge advantages for the server's owner. Our solutions are based on P2P an SOA technology and all components are written with Open Source tools. There can be many master servers, which can connect to the peer. It is designed to a peer or more master can also connect to one place so modified (maintained), the data can be displayed in several places. The contact is made via XML, so any of this ready-to-information system can join. XML Web services are the fundamental building blocks in the move to distributed computing on the Internet. Open standards and the focus on communication and collaboration among people and applications have created an environment where XML Web services are becoming the platform for application integration. Applications are constructed using multiple XML Web services from various sources that work together regardless of where they reside or how they were implemented.

XML Web services are registered so that potential users can find them easily. This is done with Universal Discovery Description and Integration (UDDI). The DBE built up flows. There are main flows which are built up from sub flows, the sub flow consist of elementary flows. The hierarchy is changing dynamically. You can imagine this structure as a recipe. Every flow has a recipe except the elementary flow. The system contains a search engine supporting the searching process (flow). Tags belong to every flow. These are assigned to the flows. On the portal there is a search field where we can enter searching words. There are defined rules. These are related to time and geographical place in one of our pilot system. The engine picks up the suitable words from the vector. It searches the remain words in the “tab”, “synonym” and “almost synonym” table of the database. It puts the flow-tags into the result vector with weighted value. The system sets up the searching result by the result vector and composes the result page. The DBE Server and Peers Database structure consists of the following table types (forum, users, knowledge-base, correspondence, assistant for searching, processes and peer tables).

#### **KEYWORDS**

Digital Business Ecosystem, SME, Internet, e-Business

#### **JEL CLASSIFICATION CODES**

M15

# **SURVEY ON E-VOTING AND ELECTORAL TECHNOLOGY FOR BALKAN AND SOUTH-EASTERN EUROPE COUNTRIES**

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## **ABSTRACT**

In this paper, we identify various similarities and differences among e-voting discourses in the Balkan and South-Eastern Europe countries. There are many reasons such as cultural differences, economic stability, mandatory voting, the duration of election period etc.

The international practice shows that 24 countries allow voting by mail and 4 countries by e-voting. There is no common vision of European countries under introducing e-voting, although the majority is recognising e-voting as additional voting channels, empowering and responsive to needs and demands of citizens. At the moment, only 2 countries had not experienced major problems with the e-voting. Because electronic voting is not only a technical, but also a social-technical problem, the main concerns are the assurance of authentication of voter and secrecy of vote, reliability of used software and hardware, accountability, e-voting audit tools.

The interest of voters is apparent. Campaigning on the Internet has stimulated citizens as the growth of broadband has become a necessity. The electoral system is enabling citizen participation, bringing in discussion through blogs. Technologies alone are not a solution to ensure a higher citizen participation in the democratic process.

We present the experience from the application of the real-world electronic voting systems pinpointing that in mature representative democracies the apathy of the average citizen to engage in the democratic process is the major problem, while in new democracies the low technological infrastructure is the main obstacle.

## **KEYWORDS**

Communication technologies, Elections, voting systems, e-voting, Balkan and South-Eastern Europe countries

## **JEL CLASSIFICATION CODES**

D72, O38, N40

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## **INFORMATION SYSTEMS IN THE INSURANCE COMPANY**

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### **ABSTRACT**

Information systems in insurance companies in Kosovo, are among the main factors in their successful functioning. Due to the fact that the role of information technology is basic and under circumstances on which is placed this activity, it is impossible without the support of information technology in technological aspects as well in its application.

In Kosovo, in recent years, development of security is determined largely by the application of IT technology in every level of activity in terms of insurance as in assets of insurance production in terms of their management and planning.

### **KEYWORDS**

Information system, insurance, companies, information technology, Kosovo

### **JEL CLASSIFICATION CODES**

L86, G22

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## **A SURVEY OF THE LEVEL OF IMPORT AND USE OF ERP SYSTEMS TO THE GREEK ENTERPRISES**

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### **ABSTRACT**

Enterprise Resource Planning systems (ERPs) constitute an important counterpart of the informatics infrastructure of every modern business. They are essential tools for modern management practices, facilitating the organization and operation of medium and large scale enterprises in Greece. They promise to provide an off-the-shelf solution to the information needs of organizations. In this work we investigate the degree of use of ERP systems in Greek market, employing data from a broad range of companies from all over Greece, although most of them are located in Athens. We focus on the most important factors for selecting, implementing and customizing an ERP system to meet the specific structure and function of a company. Furthermore, the cost of ERP adoption is examined. The results show that although many companies have installed ERP software, only a few of them exploit it in its full potential. Another important outcome is that many company employees are not fully accustomed to ERP software, facing difficulties to transit from traditional business processes to modern ones. The enterprises on the other hand do not want to invest a lot of money to ERP systems in terms ERP acquisition cost and training of employees. In the future we would like to survey data from neighborhood countries, especially Turkey which has a big base of enterprises and compare level of import and use of the ERP systems to Greece.

### **KEYWORDS**

ERP, Greece, enterprises, survey

### **JEL CLASSIFICATION CODES**

M00, M15

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## **E-BANKING EVALUATION OF GREEK BANKS IN GREECE AND BULGARIA**

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### **ABSTRACT**

The evolution of the electronic trade and the possibility of establishing virtual companies have led banks to broaden their rendering of services and to include this new sector. The revolution of bank transactions was realized with e-banking bringing banks into personal computers via Internet. E-banking provides direct access in banking accounts, ability of transactions, observation of portfolios, prompt payment of bills and credit cards and many other services. At the same time, there have been rapid changes in the area of Balkans, creating new markets with a lot of opportunities for companies. As a result, many Greek companies expanded their businesses in the Balkan countries, with the Greek banks being forerunners, especially in Bulgaria. Greek banks claim, that they offer the same quality of services to all their customers around Balkans. Furthermore, their web pages are provided in Bulgarian language to ease the accessibility of Bulgarian customers. The customers' satisfaction is important for every company; therefore, the evaluation of the services that these banks provide is an important process, contributing in improving the rendering of services. In this work, we study and we compare the satisfaction level of e-banking users in both countries. The results are quite similar for both, since the webpage of each bank is similar in both languages. The Bulgarian customers occur to be more enthusiastic than the Greek customers regarding the design and graphics of each webpage. This can be justified by the fact that the Bulgarians have possibly less experience in using the Internet. Finally, customers from both countries are very satisfied with the quality and quantity of the provided information, the amount and the sufficiency of information, the ease of use and the usefulness of the provided information.

### **KEYWORDS**

E-banking, Greek banks, evaluation of services, Greece, Bulgaria

### **JEL CLASSIFICATION CODES**

G14, L86

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# **INFORMATION SYSTEM FOR DETERMINING THE INFLUENCE OF THE PROFIT TAX RATE ON THE FINANCIAL RESULTS OF THE FOREIGN CAPITAL COMPANIES IN ROMANIA**

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## **ABSTRACT**

The corporation activity represents a factor of major interest for the economies of all the States due to the economic and social effects that it generates. The conditions of tax nature have an influence on corporations' investment localization decisions and capital flows so that the policy of each state in the field of corporative income tax payment must constitute the object of a very careful analysis. Thus, the companies choose to carry out their activity in the countries where they can obtain the biggest net profit after carrying out their specific operations. Reducing taxation rates of the corporate incomes in various member states of the European Union, as an effect of the tax competition, represents the compliance with an international trend, being only to a small extent the result of the government will.

In the European Union, Romania has one of the lowest income tax rates as compared to other member states. Starting with 2005, the income tax rate that applies to the taxable profit is of 16%. Through the Government Emergency Ordinance *no. 34/2009*, we brought modifications concerning the due profits tax, in the sense of the introduction of the obligativity to pay a minimum tax, no matter if the companies have a profit or not. This is a tax measure that discourages both the Romanian and the foreign companies, but supports the increase of the State budget revenues.

In this context, we designed an information system that offers a comparative analysis of the influence of the tax system over the companies that hold a foreign capital in Argeş County. This software represents a useful economic tool, both for the potential investors, and for the transnational companies that wish to extend their activity or to redirect themselves toward other areas or other states, more attractive, that grant bigger opportunities.

## **KEYWORDS**

Tax rates, transnational companies, price indexes, information system

## **JEL CLASSIFICATION CODES**

G32, H25, C88

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## **EXPLORING THE RISK OF OVERSTATEMENTS AND UNDERSTATEMENTS IN FINANCIAL REPORTING DUE TO INFLATION AND DEVALUATION GAPS**

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### **ABSTRACT**

This article explores the effects of gaps between inflation and devaluation on financial statements. Various exchange and devaluation rates applied to an assumed subsidiary company model of a US parent parallel with current International Financial Reporting Standards-IFRS, the results were discussed and discrepancies explained. The article suggests that, financial statements are distorted in an economy as the current IAS 29-Financial Reporting in Hyperinflationary Economies Standard does not require any restatement of the financial statements until the cumulative inflation rate for last three years is around 100%. The article discusses that distortions occur even at lower inflation rates by means of a model company.

### **KEYWORDS**

Inflation, devaluation, financial statement presentation

### **JEL CLASSIFICATION CODES**

M41

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# **REPORTING SUPREME AUDIT INSTITUTION (SAI) AS DETERMINANT OF FISCAL POLICY DEVELOPMENT FUNCTION**

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## **ABSTRACT**

During the last two decade, empirical examinations showed that fiscal policy has become key element of economic growth. Activating of economic growth is basic for the reduction of poverty and the realization of social targets. Good fiscal policy is supposed to enable low budget deficit and public debt, which need to contribute to the macroeconomic stability and the absence of crisis in national framework with many benefits (higher rate of investment, economic growth and achievement in education area). Today fiscal policy is significant determinant of economic development. Models of economic growth, traditional as modern (endogen), find channels by which adequate tax rate makes able balanced rate of economic development.

However, in economic literature has a little examinations about control government expenditure which caused by realization development targets of fiscal policy.

SAI is primarily concerned with control government expenditure, which is in jurisdiction of government organs and institutions. The duty of SAI is that delivery suggestions and recommendations for improvement financial control in some government departments and allow growing of efficiency public finance. If SAI would be possible to realize this in accordance with SAI standards, SAI must report on financial statements (financial audits), performance audits (performance audits) and compliance with laws and regulations.

The aim of this paper is to explain scopes and limitations of SAI, to examine the reasons about need for SAI and to show in which way the results of SAI can contribute to effective managing the developing function of fiscal policy. SAI has very important role to realize fiscal stabilization, to combat inflation, to stimulate investment and economy spending public finance and to supply economic development through growth of production and employment.

## **KEYWORDS**

Audit

## **JEL CLASSIFICATION CODES**

H23

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## **COST ACCOUNTING IN THE CHANGED BUSINESS ENVIRONMENT**

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### **ABSTRACT**

Market globalization creates a new business environment in which company management faces numerous strategic challenges of the open economy. The management is expected to lead the company towards the achievement of set objectives which, in the contemporary settings of marked external and internal complexity, inevitably requires sophisticated expert knowledge and skills, as well as quality information support. The modern company achieves its success as a result of the interaction among the environment, resources and management, i.e. its ability to employ the resources adequately, bearing in mind the company's position - its strengths and weaknesses. This requires, along with acceptable risk, a maximum exploitation of challenges brought by the environment, in order to realize the interests of various stakeholders. As a response to numerous contemporary challenges, a broad range of new management approaches and philosophies is developing, such as: value chain analysis, setting up long-term relationships of close cooperation with key customers and suppliers, continuous improvement, broad empowerment of employees, new production management systems and many others. Despite the underlying notional differences, they all have the same universal motif – to master key factors for business success (cost, quality, time, innovations) and supply customers with superior value on the market. Regardless of the concrete orientation regarding business strategy, the contemporary company inevitably faces the requirements of cost competition. Numerous and skilled competitors with new sophisticated approaches to cost management and cutting edge technological achievements force it to manage costs carefully and skillfully.

Accounting system of a company has, basically, the objective to create a quality information basis which, ultimately, has to be in the function of efficient company management. Within business and financial decision-making cost accounting, as the essential part of a company's accounting information system as a whole, represents a reliable information support for the management. Cost accounting, as the key information core of accounting information system, has the task to help managers make balanced decisions in the light of organizational changes and possibilities offered by the environment, but also to monitor and evaluate strategic and operational development. Modern business environment inevitably requires cost accounting restructuring and new approaches to costing and cost management in order to improve cost information quality. It is necessary to provide adequate information support concerning the process of business strategy formulation and implementation, i.e. finding adequate directions leading to the strengthening of the competitive position on the increasingly turbulent market.

In this paper we discuss the role and importance of flexibly designed cost accounting information system in offering adequate information support to managers in a new business environment. We emphasize some of the new tools, techniques, concepts and approaches to costing and cost management that have appeared during the last few decades. In addition, we highlight the relevant problems concerning the practice in our country.

### **KEYWORDS**

Cost accounting, globalization, management, strategy, process, cost management.

### **JEL CLASSIFICATION CODES**

M21, M41

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# **THE FAIR VALUE MEASUREMENT OF INTANGIBLE ASSETS: A CRITICAL OVERVIEW OF BULGARIAN FINANCIAL REPORTING LEGISLATION**

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## **ABSTRACT**

Bulgarian enterprises apply International Accounting Standards or National Accounting Standards for small and middle enterprises as accounting basis. The intangible assets can be recognized and presented in financial statements at their fair value according to applicable accounting standards. In this paper we investigate some issues in the legal acts, related to fair value estimation and the difficulties that arise by implementing them in the accounting practice in Bulgaria.

## **KEYWORDS**

Fair value, intangible assets, IAS/IFRS, NFRS for SME

## **JEL CLASSIFICATION CODES**

M41

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# **TRANSPARENCY IN FAIR VALUE ACCOUNTING UNDER IFRS: AN EXAMINATION OF GREEK LISTED COMPANIES’ LEVEL OF COMPLIANCE WITH IFRS GOODWILL DISCLOSURE REQUIREMENTS**

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## **ABSTRACT**

The mandatory adoption of IFRS in 2005 by publicly held companies in the European Union is viewed as another step towards establishing a high quality and transparent business language for European companies. Currently many voices warn that it is meaningless to speak about high quality financial reporting and transparency unless the effective and consistent implementation of IFRS standards is ensured; especially in issues that involve so-called fair value accounting. A major question is whether European companies have adapted to IFRS and comply with disclosure requirements. This study focuses on IFRS goodwill disclosures specifically examining compliance with IFRS 3 and IAS 36 for companies listed on the Athens Stock Exchange during the first four years of mandatory use of IFRS. Its findings are expected to shed light on problematic issues of IFRS implementation identifying which disclosures companies are unwilling to report and detect to which extent existing enforcement mechanisms are effective.

## **KEYWORDS**

IFRS, Goodwill, Fair Value Accounting, Disclosures, Level of Compliance, Athens Stock Exchange

## **JEL CLASSIFICATION CODES**

M41

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## **MONETARY AND EXCHANGE RATE POLICIES FOR THE SOUTH –EUROPE TRANSITIONS COUNTRIES**

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### **ABSTRACT**

The transition of the former planet economies to the system of the free market and the international economy has pinpointed the importance of the choice of the exchange rate system. The empirical evidence of the different currency and banking crises such as of Mexico ( 1992 ), South – East Asia ( 1997 ), Russia ( (1998 ) and the very recent Subprime Financial Crisis ( 2007-2008 ) has revealed a substantial weakness in exploiting the advantage of the international movement of capital. The choice of a peg but also that of a floating system seems to display many problems. Countries that had chosen a peg couldn't avoid speculative attacks, on the other hand countries that had chosen a same kind of floating displayed many problems due to volatility of the national currencies. In the realm of the above features, the paper aims on the one hand at exploiting the theoretical controversy regarding the effective choice of a exchanger rate system focusing on the very narrow relation of the exchange rate policy and monetary policy and on the other hand on the empirical evidence of the South – East transition countries, paying particular attention on the transition countries that have already joined the EU and the Euro zone. So at first, the paper focuses on the narrow relation between the exchange rate policy and the monetary policy in defining effective exchange rate and monetary policies , the nature of the nominal and real variables, the condition for effective exchange rate systems and the transmission mechanism of them. After that, it examines the empirical evidence of the exchange rate and monetary policy of the transition countries of the South-East Europe paying special attention to the policies of pegs and the attempts of financial integration of those countries. The paper concludes that so long these counties have not progressed enough in the transition to a free market system and not converged to Europe the most appropriate choice of an exchange rate and monetary policy would be an alternative of the corner of floating. This conclusion is amplified through the recent empirical evidence due to latest global financial crisis. Taking into account this conclusion the paper suggests that a participation in the Exchange Rate Mechanism II and the European Monetary Union should be considered very carefully.

### **KEYWORDS**

Exchange Rate Systems, Exchange Rate Policies, Monetary Policies, ERM II, Trilemma

### **JEL CLASSIFICATION CODES**

F31, F41, E51

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## **CROSS-BORDER COOPERATION IN SOUTHEASTERN EUROPE'S WIDER AREA AND ITS CONTRIBUTION TO DEVELOPMENT AND SECURITY**

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### **ABSTRACT**

Various interventions and actions have taken place under a cross-border cooperation "umbrella" in South Eastern Europe and Balkans during the last decades. Several times these interventions have seriously influenced many fields in the wider and connected geopolitically totally different and distant areas as Black Sea Basin countries or Middle East. New multifunctioning networks (National, Regional and Local Authorities as well as N.G.O's) have been seriously involved in a specific area or action. Such networks and partnerships, which were still in embryonic phase two decades ago in Balkans and SE European Countries in general, are now strongly encouraged by concrete EU policies including financial instruments in order to stabilize the wider area of intervention and lead to progressive economic development in the wider area. Cross-Border Cooperation today contributes more strongly than ever in SE Europe & Balkans more specifically to a large variety of issues like sustainable development, harmonious territorial integration, inequality, frozen conflicts, business & security etc. - especially in former socialist countries or candidate Western Balkan countries. Greece, as a crossroad point among all these countries and cultures, member-state of EU, is privileged geopolitically to be both in Balkans and the Black Sea Basin - as an OSCE member. This advantage could potentially accelerate all actions in terms of stimulating other Institutions and Regions to contribute to a geopolitically safer and economically more homogenous environment.

### **KEYWORDS**

Trans-Border Cooperation, Growth, Security, South-Eastern Europe, Balkans

### **JEL CLASSIFICATION CODES**

O40, F43

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# **THE IMPACTS OF POLITICAL RISK IN THE “DIRECT FOREIGNER INVESTMENTS” AND THE COMPETITIVENESS IN THE EMERGING ECONOMIES OF BALKANS**

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## **ABSTRACT**

The role of “direct foreign investments” (FDI) for all the countries of the world, but more specifically for the Balkans and the Black Sea countries, became an essential and critical factor for the overall economic growth of the countries of this region, already from the decade the '90 and later. It is generally acceptable that, the foreign flows of capital and the involving enterprises actions in foreigner countries play essential and accelerative role in the industrial and economic growth of these states, in the “transition” countries of South-Eastern Europe, underlining thus vital importance contribution of foreign investors, in the subjects of innovation and innovative action, that are decisive in the transformation of their economies, to a “viable economy of market” of this countries. In this road of development, it is appearing negative impacts from the state bureaucracy the corruption as phenomena of structural weaknesses in the innovation and competitiveness. As on the other side there is decisive the same foreign capital flows in the implantation and diffusion of the spirit and factors of growth and competitiveness, so, in the configuration of those conditions, that contributes in the developmental dynamics, via the transregional collaborations of “transition” countries. In order to advances however this transregional collaboration in the wider region of Balkans and the continuing surge of Foreigner Investments and generally chapters, should they exist and are maintained the political and economic “conditions of stability and growth”. So the proper conditions that will shape the political and economic frame, for the rational operation of the factors of the “market economy”, in the countries with economy under transition that is to say the countries of South-Eastern Europe. Our objective is therefore to analyze and record a series of negative factors institutional, structural and systemic character conditions that are obstacles affecting the delay to establish the positive conditions for the growth of competitiveness and innovative action. These questions will be approached through the relative and special economic and financial theory, the factor of political risk.

## **KEYWORDS**

FDI, South Eastern Europe

## **JEL CLASSIFICATION CODES**

F21

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## **ANALYSIS OF THE ECONOMIC SITUATION OF GREEK FIRMS IN THE INDUSTRIAL AREA OF FILIPPOUPOLIS DURING THE PERIOD 2000 - 2004**

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### **ABSTRACT**

Greece is the second largest investor in Bulgaria and one of the country's major trading partners. During the 2000 – 2004 period there were more than forty (40) Greek companies of the light industry sector operating in the Plovdiv region. In 2004 the assets of these companies increased by 4.4 times or 441% compared to 2000. It is precisely this exceptionally high rate of growth of Greek investments that created the need for an in-depth, detailed financial analysis of the Greek firms in the Plovdiv region. This analysis focuses on the assets and liabilities of the Greek industrial companies and through the analysis it seeks to discover and define the main trends in these firms' development. To this end, the necessary data was extracted from the 2000 – 2004 period balance sheets of these firms, they were carefully processed, the necessary tables and diagrams were prepared and some conclusions were reached regarding the financial situation and the dynamic of the Greek industrial firms in the region of Plovdiv.

### **KEYWORDS**

Stocks, Reserves, Loss, Earnings, Fixed Assets, Current Assets, Long-term liabilities, Short-term liabilities, Accounts Receivable, Cash and Cash Equivalents

### **JEL CLASSIFICATION CODES**

M41, L60, G31

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## **ANALYSES OF GREENFIELD INVESTMENT (GFI) INFLUENCE TO ECONOMY**

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### **ABSTRACT**

A main component of the economic development strategies and an essential instrument in creating a strong and dynamic private sector consist on attracting foreign direct investment (FDI) (see: L. G. Vasilescu, C.Pirvu A. and Mehedintu, 2008). FDI flows to developing countries surged in the 1990s, to become their leading source of external financing. This rise in FDI volume was accompanied by a marked change in its composition: investment taking the form of acquisition of existing assets (M&A) grew much more rapidly than investment in new assets (“greenfield” FDI) (see: C. Calderón, N. Loayza, and L. Servén, 2004). FDI is form of foreign direct investment where a parent company starts a new venture in a foreign country by constructing new operational facilities from the ground up. In addition to building new facilities, most parent companies also create new long-term jobs in the foreign country by hiring new employees. FDI investments occur when multinational corporations enter into developing countries to build new factories and/or stores (see: R. Basile, 2002). Developing countries often offer prospective companies tax-breaks, subsidies and other types of incentives to set up FDI investments. Governments often see that losing corporate tax revenue is a small price to pay if jobs are created knowledge and technology is gained to boost the country's human capital (see: G. Holger, 1998). This paper focuses on finding and studying external and internal factors that makes investors to choose GFI as a market entry mode and establishing the links between number GFI and economical growth rates, using annual data for the period 1994-2008 and a large sample of industrial and developing countries. To study possible links we use twinning regression analysis, correlation analysis and multiple linear regression model. Moreover, this paper includes a forecast for the next three years of GFI growth in Balkan region. We have chosen this region because it consists of industrial and growing economy countries. The forecast is made by using exponential smoothing with two different to constants ( $\alpha$ ) (first is for better reacting to changes and second is for more stable results). This forecast lets us indicate how possibly fast the economy will grow in Balkan region.

### **KEYWORDS**

Direct foreign investment (FDI), Greenfield investment (GFI), Growth

### **JEL CLASSIFICATION CODES**

E20, E22

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## THE ASPECTS OF THE DEVELOPMENT OF A CUSTOMER SERVICE ENVIRONMENT BASED ON IT SERVICE

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### ABSTRACT

Today's economic situation forces the organizations to rationalize by excluding activities with low return. As a result the local IT services, when they are not the core business will be outsourced although they are apparently essential. Most Hungarian firms are unable to cover the increasing IT expenses, especially small and medium-sized companies. The solution can be the partial or complete outsourcing of information technology. By offering them professional information technology services the service providers are able to fulfill customers' demands at an increasingly higher level. The desired level of service is specified in service level agreements so the responsibilities of the service provider and the user which assures quality. A business concern which ensures to offer a reliable, guaranteed service level and quality will have a remarkable effect on the verdict of their clientele. Entrusting another organization with these tasks is only worth it when they are provided for lower price and at higher level. The importance of outsourcing is beyond doubt when a company would like to concentrate on its core business. Furthermore, in some cases inner IT investments do not result in the expected outcome. However, reliance is indispensable for effective IT outsourcing.

So the service providers have an interest in the formation and the operation on a system that guarantees an expeditious and fast connection with their clientele. One of the features of this kind of IT service is that it has an influence on the company's economic activity so the firm for who the service is provided for will set up high expectations. In Hungary business institutions will mainly contract with service providers whose operations are based on IT processes and proper infrastructure which enables the spread of innovative technologies. The service provider stays in touch with customers via help desk. In my paper I am going to demonstrate what aspects the service provider has to consider fulfilling the most important criteria, which is to have a satisfied clientele. Different aspects can be considered that can have an effect on success. It is strategically momentous how the optimal number of employees is determined and what their diverse qualifications are because they have a fundamental effect on the customers' contentment. In addition, the workload is also significant as it can worsen or ameliorate the average speed of answer. Furthermore, economical operation assumes the ability of flexible adaptation. This activity is only economical in the case of a big-sized business concern. When outsourcing a service, it is essential how the service provider can take advantage of their already mentioned benefits. Reasonable and adaptable management of resources eventually influences cost-effectiveness. According to market researchers, it will accelerate in Hungary in today's economic environment since it can result in short-return cost savings and effectiveness. The main point is that organizations are forced to rationalize. In addition, the adapted technologies and methods will stay profitable, offering advantages in the long run. In my paper I am going to analyze the applied practice at these kinds of firms.

### KEYWORDS

Customer service, outsourcing, organization

### JEL CLASSIFICATION CODES

M15

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## **NATIONAL BROADBAND NETWORK INFRASTRUCTURE DEVELOPMENT IN THE HUNGARIAN ECONOMY**

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### **ABSTRACT**

A country's development is basically determined by how the society is able to react to the challenges involving the economy. The first question is with what kind of methods and devices the economy can increase its competitiveness in contrast to other nations. Secondly, to get information as fast as possible independently on their geographical position. Furthermore, the fact that we can determine exactly what tools play bigger and bigger role in the solution, when and which way they can be applied. The modern infocommunication is a key factor in all of the questions mentioned. So we have to be informed about the changes as soon as possible, take the necessary steps based on the best practices and know what the most efficient instruments are. Today ICTs (Information and Telecommunication Technologies) have an essential role in our life. People in all fields of the economy and the society can take advantages of the possibilities which are realized by it, today we don't know faster technology to hand on information. Either the entertainment or price information of stock-market is considered, today everybody uses ICT. Each device, technology, service, etc. (which can be applied in communication, to forward and store data and to do informational operations) from the PC to the optical backbone pertain to the sphere of concepts of ICT. In addition to the role of independent industry in the economy, ICT has an effect mostly on performance of other sectors. It's contribution to GDP is 10,3 percent in Hungary, and in respect of employment it is one of the most dynamically increasing sectors. In the last eight years ICT got 25 percent of the Hungarian economic increase. It has significant impact on the productivity, the innovation and the quality of life on economic, public administrative and social level, as well. By reason of these, it is obvious why building up a developed ICT infrastructure became a strategic aim in Hungary, on the basis of which the optical access network has to be realized. However there are problems in the development directions abundantly. Companies interested in ICT development and being able to finance the newer and newer developments, decide on business basis, their aim is to gain increasingly bigger profit. Because of this the state has to intervene where the payback of the investment is not expected in a short time. This is necessary because the ICT is not only a business, but an important factor too which influences the standard of living, the quality of life and equal opportunities, mainly knowledge-based society came into the limelight. The final aim is to build an optical based broadband infrastructure, and make it available as public utility, like roads or the plumbing system, so that it could be attainable for everybody. Hungary stays behind in comparison with the developed member states of the European Union considering the spread and acceptance of ICTs. There is a need for developments mainly on the SMEs sector, because this sector can be the engine of the economy and the companies aren't able to invest enough money for ICT. Even if some of them have a developed ICT background, they can't take advantage of it. The role of SMEs is so important in Hungary, since they produce more than 30 percent of the GDP and they employ 70 percent of the employees. However, the creation of the advanced infrastructure is very expensive. Because the ICT sector is mainly based on the private business that is why investments are not set up where the development is too difficult (for example highland areas), or where the payback will take too long time (like inhabited populated settlements). Because of this in Hungary there is a key role of the financial aid in ICT infrastructure development. According to its financial position and economic development Hungary doesn't belong to the leader group countries that is why the support from different tender sources offered by European Union – complemented with a state support – mean very favorable opportunity. This

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means that the broadband network is developed from almost 8 million Euros in Hungary, furthermore, additional sources are available for promotion of usage of the realized infrastructure. In my article I explain the broadband situation of Hungary, what are and what will be the directives, and the most important aims of networks' developing. I outline the problems which are connected with the developments and their possible solutions from the economic and social side point of view

**KEYWORDS**

ICT, optical infrastructure, broadband access network, digital public utility

**JEL CLASSIFICATION CODES**

O39, R11, M15

## **E-BANKING: THE REASONS WHICH INFLUENCE CUSTOMER’S PREFERENCES IN GREECE**

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### **ABSTRACT**

The banking industry has gone through important operational differences over the last decades, thanks to the progress of information technology. The rapid spread of the Internet, indicatively, has transformed the delivery channels used by the financial services industry. Worldwide, the number of consumers that use Internet banking (IB) has increased steadily from 360,985,492 users in 2000 to 1,668,870,408 users in 2009, with most users being from Western Europe. As far as Greece is concerned Greece has 4,932,495 users in 2009 and the growth of internet users from 2000 to 2009 has reached 393.2 %. The aim of this study is to investigate the factors which are influencing customer’s preference in Greece according to e-banking. Indicatively, the factors that are mostly influencing customers’ perception in the use of internet banking will be examined. Moreover, it will be investigated if the intention to use has a relationship with the demographic characteristics of the customers (gender, age, educational level and computing skills). Using survey data from 286 users of internet, this study finds that Greek’s believe that the risk in the transactions is quite high and they do not have confidence in the realization of transactions via internet. They recognize its usefulness as well as the profits that result from it but however they are not sure enough that will advance on online banking transactions in the near future. Of course the perception of danger, the confidence which they show, the evaluation of its usefulness but also the intention for transactions is influenced considerably by the individual characteristics of the respondents. Sex and the level of education are characterized as the most important while the profession is the least important. The perception that the internet is useful and beneficial, leads to the creation of climate of confidence and affects considerably in the intention of users to realize banking transactions through the net in the near future. The confidence which the internet inspires to the users affects negatively in the danger perception. That is to say, the more confidence the users feel the less fear they have. Also, the creation of a climate of confidence has positive impact on the intention for future interbank transactions. Finally, as it is natural, when the users feel that their transactions are surrounded by high degree of danger they avoid expressing positive intention of realization of interbank transactions in the near future.

### **KEYWORDS**

E-banking, Greek customer’s perception, Trust, Risk, Usefulness

### **JEL CLASSIFICATION CODES**

G21, C83

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# **PROBLEMS OF BULGARIAN FARMS CONCERNING THE PROCESS OF ADJUSTING TO THE CONDITIONS OF JOINT AGRI-POLICY OF EUROPEAN COMMUNITY**

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## **ABSTRACT**

After the integration of Bulgaria to the European Community the farms in the country were forced to work under the conditions of joint agri-policy which turned out to be a new ambience for them. The object of this study is to consider the basis problems Bulgarian agri-producers encounter in the process of adjusting to the conditions and regulations required by the joint agri-policy of the European Community, as well as giving instructions to their solving. In this relation an investigation among 40 agri-producers with different legal and organizational status in 4 communities in the region of Plovdiv was carried out. For collecting information, as well as confirming or rejecting the investigation hypotheses, regressive, dispersive, and hy-square analyses were assayed. The problems agri-producers in Bulgaria faced, to a great extent turned out to be dependent on the organizational form and size of farms.

## **KEYWORDS**

Joint agri-policy, adjustment, organizational form

## **JEL CLASSIFICATION CODES**

Q1

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# **ECONOMIC GLANCE AT ANTITRUST LEGISLATION IN THE REPUBLIC OF SERBIA AND OTHER COUNTRIES IN THE WEST BALKAN: CASE STUDY – ANALYSIS OF MILK AND MILK PRODUCTS MARKET**

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## **ABSTRACT**

The market in some countries is developed as much as the competition. A competition must be encouraged and even protected with mechanisms and standards that are appropriate to the market economy. In this way the competition encourages an increase of competitiveness. In the process of accession of Serbia and other Western Balkan countries to the European Union one of the most sensitive and most complex economic problems is just related to the construction of a modern market structure. It is certain that the attitude towards the market and the development of competition should have a crucial role in the future economic development and the inclusion of these countries in trends on the single European market. In this sense it is a developed legal regulation which, on the one hand, encourages and helps to strengthen the competitiveness of enterprises in domestic and foreign markets, and on the other hand, with very rigorous sanctions discouraged and suppressing the creation of monopolies, effectively prevents all forms of distortion of competition, monopolistic tendencies (agreements), abuse of the dominant position in the enterprise market. Experience shows that in the transition countries the most complex issue is related to the construction of a modern market structure in a function of ensuring an intense and effective competition between economic entities. Antitrust legislation is therefore particularly important in countries that are in transition from a planned economy to a market economy. Among these countries are the former Yugoslav republics: Serbia, Bosnia and Herzegovina, Montenegro and FYROM, which are the subject of the research of authors in this paper. Experience shows, and the current practice in Serbia fully confirms this, that just in the domain of creating the appropriate market conditions on the milk and milk products market shows considerable resistance. Our own research of the milk and milk products market points out the shortcomings and the possible increase in the degree of efficiency of antitrust legislation in the countries that are included in this analysis.

## **KEYWORDS**

Competition, Antitrust legislation, Western Balkan countries

## **JEL CLASSIFICATION CODES**

D42

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## **THE IMPACT OF PRIVATISATION IN ESTABLISHING PRIVATE SECTOR IN KOSOVO**

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### **ABSTRACT**

A major objective of the Government of Kosovo and the donor agencies is the development of Kosovo's private sector economy. In support of private sector investment in the economy, the Assembly of Kosovo have adopted a set of laws to ensure a very investor-friendly environment including regulations on foreign direct investment, repatriation of capital, the purchase of real estate, the registration of businesses and land, and the 99 year lease of land formerly used by "socially-owned enterprises" (SOEs). Hence, the Privatization Agency of Kosovo (PAK) is responsible for the privatization and liquidation of SOEs. This paper includes a general reflection upon privatization process in Kosovo. The aim of the paper is to reveal privatization results undertaken by PAK, which are based on recent data and information as well as to analyze its performance. Such course enabled us to identify emerged, strengths, weaknesses and failures of the process. In this way was created an opportunity for us to suggest improvement on certain points of the PAK performance toward accomplishment of its objectives. Empirical data were obtained from the research conducted on privatized enterprises and from data base of PAK. In the introduction part is emphasized the necessity to transform the social property into private property, which would ensure foundation of prerequisites for development of a sustainable trade economy. In the second part, it is presented a legal framework of PAK including its organizational chart. In the following part, a link between macroeconomic data and privatization in general is displayed. In addition, some success stories of privatization are also included in this part. The next part includes updated privatization results, challenges and difficulties of the process. The identification of main advantages and weaknesses of the privatization process open the path toward analyses of data. Taking into consideration the modalities and difficulties of the privatization process, complexity of social property, as well as the circumstances and specifications in which our country lies, it is concluded that privatization process in Kosovo was quite successful up to date. Transformation of social property is valued to be of a tremendous importance for revitalization of the economy and its development.

### **KEYWORDS**

Privatization, private sector, investments, economic development, Kosovo

### **JEL CLASSIFICATION CODES**

L33, P31, M38

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## **THE NEW HIERARCHIES IN BANKING AND THE GLOBAL FINANCIAL CRISIS**

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### **ABSTRACT**

The international macroeconomic and financial environment has undergone major negative changes since the global financial crisis. The magnitude and intensity of the economic and financial crisis have been underestimated by authorities worldwide. The uncertainties surrounding future developments remain high. The financial results for 2009, reported by European banks are the mirror of a new financial hierarchy on the continent. Only now, after almost three years after the first subprime market turmoil, those banks come to light for that the crisis was the perfect opportunity to grow. In Romania, the main challenges posed by the external sector refer to the worsening perception of risks, including contagion effects from the adverse regional developments, the contraction of external markets, the less readily available external financing and the replacement of global liquidity risk by solvency risk.

### **KEYWORDS**

Global financial crisis, banking, trends, rankings

### **JEL CLASSIFICATION CODES**

G01, G21, G32

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# THE IMPACT OF THE CURRENT FINANCIAL CRISIS ON BANK FINANCING OF THE SMES IN SELECTED COUNTRIES OF CENTRAL AND EASTERN EUROPE

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## ABSTRACT

This paper aims to make a comparative analysis on the impact of the global economic crisis on bank financing of small and medium sized enterprises in some countries of Central and Eastern Europe.

In the study we will consider small and medium sized enterprises (SME) because they represent more than 90% of all enterprises operating on the markets of Central and Eastern European countries.

The SMEs, in terms of size and the specifics of their activities, face difficulties in procuring external financing resources, in conditions of normal operation of the economy. Moreover, in the context of the current international crisis, the SMEs access to financial resources is more difficult due to the deterioration of the economic environment and due to the increasing of the uncertainties about its progress.

In the first part of the study, we aim to highlight the place of the bank loans within the financing resources of the SMEs activity, in recent years, because, after the internal financing, this type of financing plays the most important role in getting the necessary resources of the enterprises. In this regard, we plan to highlight the dynamics of bank loans granted to SMEs, the structure on destinations and the maturity.

In the context of the global financial and economic crisis, the dynamics of the bank loans granted to SMEs was interrupted both due to the decreasing the supply of bank loans and the demand. Thus, the second part of our study aims to highlight the impact of crisis on financing the activity of SMEs through bank loans.

The negative economic outlook, the deteriorating ability to pay of the bank customers, especially the SMEs and the increase of the cost of financing led the credit institutions in most countries considered in the study to significantly tighten the lending standards. The surveys realized by some central banks show that tightening the lending standards, particularly for SMEs, due to the deterioration of macroeconomic indicators and increase the share of bad loans in the portfolio of the credit institutions had the greatest impact on decreasing the growth of bank loans.

Given the economic reality, which shows that the SME sector is a pillar of the national economies, the national authorities, but also some European institutions have taken significant measures to support the SME sector, in particular to facilitate the access to finance. In this respect, in the last part of the study we plan to highlight, in particular, the measures taken by the authorities from the analyzed countries to reduce the impact of the current crisis on bank financing of SMEs. We will also highlight the new challenges which the SMEs must deal with in the context of the current review of the Lisbon Strategy.

## KEYWORDS

SMEs, bank loans, financial structure, financial crisis

## JEL CLASSIFICATION CODES

G01, G21, O12

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## **THE ROLE OF BEHAVIORAL FINANCE IN INVESTOR PORTFOLIO STRATEGIES**

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### **ABSTRACT**

According to the mainstream theory of individual investing behavior, every investor has a defined total of goals and preferences and acts rationally in order to achieve these goals and to maximize profit. Based on an extensive survey of behavioral finance literature, this paper presents an alternative conceptual model of individual investor behavior in investment portfolio. In this approach, portfolio creation and restructuring decisions are seen as an iterative process influenced by systematic mental errors leading to less rational behavior than the classical economic paradigm assumes. This conceptual model merges concepts of financial economics and cognitive psychology to incorporate complex behavioral phenomena and individual biases to predict portfolio investor behavior. It is argued that a dual mental system is necessary to understand both individual decisions and macro-investing behaviors and to interpret the observed divergences from assumed rationality.

### **KEYWORDS**

Behavioral finance, biases, cognitive modeling, investment portfolio

### **JEL CLASSIFICATION CODES**

G1, G11, D03

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# **THE EFFICIENCY AND CORRELATION OF STOCK MARKETS IN EASTERN EUROPE: AN EMPIRICAL RESEARCH FOR FOUR NEW MEMBER STATES OF EUROPEAN UNION**

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## **ABSTRACT**

This paper examines the stock market efficiency and correlation of four new member states of Eastern Europe, Poland, Hungary, Czech Republic and Slovakia. The Augmented Dickey Fuller (ADF-1979), the Phillips-Perron (PP-1988), the Dickey-Fuller Generalized Least Square (DF-GLS 1996), Elliot-Rothenberg-Stock (ERS – 1996), Ng – Perron and Kwiatkowski, Phillips, Schmidt, and Shin (KPSS) tests are used to examine stock market efficiency. Finally, co integration and Granger causality tests indicate a high degree of interdependence among the examined stock markets.

## **KEYWORDS**

Unit root, co integration, causality, stock market efficiency

## **JEL CLASSIFICATION CODES**

C22, G10

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# **ASSESSMENT AND EVALUATION OF THE RESULTS OBTAINED BY FINANCE POLICIES OF INTERNATIONAL FINANCIAL INSTITUTIONS IN THE TRANSITION PROCESS OF THE SOUTHEAST EUROPEAN COUNTRIES**

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## **ABSTRACT**

The priority given in certain areas, the rate and sequencing of reforms and the orientation of financing are some of the factors that shaped the transition process in the Southeast European countries. The International Financial Institutions, through their financial policies, have decisively contributed to the attempted transformation of former socialist states. The involvement of Institutions in the transition process was almost direct but after the cessation of hostilities in Kosovo in 1999 there has been a dramatic increase in financing throughout the area. The level of financing in conjunction with the immediate and increasing needs of countries were the main factors that configured the balance of powers among recipient countries and international financial institutions. This paper will examine to what extent the financial assistance of the transition by the International Financing Institutions defined the parameters of the model implemented, that is, how much and to what direction the transition process was affected. At the same time, an attempt will be made to assess the results of the financial policies implemented in the last two decades. In order to make this assessment feasible, an examination is going to be conducted with regard to the characteristics of the financial assistance provided to the states by the major creditors of the region, the International Monetary Fund, the World Bank Group, the European Bank for Reconstruction and Development and the European Union. These institutions manage the vast majority of finances; however, their significance is not exclusively related to the amount of assistance which is provided but also to the associated conditionality accompanying financial policies, which cover a wide range of economic, social and political components. The conditionality regarding the economic and social aspects of the attempted transformation put into operation a mechanism that acts as a catalyst in shaping the model of transition, the way it will be applied by the countries and its impacts.

## **KEYWORDS**

Transition, International Financial Institutions, Southeast Europe

## **JEL CLASSIFICATION CODES**

F33, N24, P21

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# **THE POSSIBILITIES IN COMMERCIAL ACTIVITY AND THE LEGAL FORM OF COMPANIES IN BULGARIA AND THE COMPARISON WITH THE GREEK CORPORATE LAW**

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## **ABSTRACT**

The study concerns the legal frame about formation of commercial companies in Bulgaria and the exercise of enterprising activity with comparison of the terms under which commercial companies can be established in Greece. The aim of this study is the investigation of harmonisation level of Bulgarian corporate law with the European legislation. Another comparative item constitutes the approach of business activity and, more specifically, the decision of choice of a businessman to install itself in Bulgaria or in Greece taking into consideration the legal frame and the forecasted processes for the constitution of a company, the flexibility and the responsibility of the participant parties. An analysis of the European legislation is attempted, concerning public limited liability companies, and the applicable law in their tax imposition but also the directive 2009/102 about single-member private limited liability companies. Before two years, Greece was one of the last countries, after Bulgaria and Romania, in the list of member-states of EU, in the sector of harmonisation level with the European law. This issue can be interpreted as an element of imposition of a stricter legal frame, or of a non-well harmonization in the single market, which has negative consequences in the establishment of foreigner investments in Greece, but also in the withholding, inside the national borders, of the domestic enterprises, in comparison with the flexibility and benefits, given by the (neighbour) Bulgarian law.

## **KEYWORDS**

Corporate law, harmonization of legislations, Bulgarian companies, Greek enterprises

## **JEL CLASSIFICATION CODES**

K2, K3

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# **IMMIGRATION AND MULTICULTURAL - INTERCULTURAL MANAGEMENT: THE CASE OF CONTEMPORARY GREEK LOCAL AUTHORITIES A' DEGREE**

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## **ABSTRACT**

Immigration constitutes a global social phenomenon and consequently an intercultural one. Greece, in the last twenty years was converted from a country with tradition in the phenomenon of sending immigrants, and at the same time, of refugees influx, into a country of uncontrollable entry of immigrants but simultaneously and that of the illegal immigrants who have come to a dead end.

According to an intercultural approach, a minority's culture is important and demands recognition and acceptance. The importance of a minority's cultural identity is recognized, recognition and acceptance is attributed to it, without our being deviated from the practices and habits of the dominant, archetypical culture. Nowadays the contacts between individuals that come from different cultural backgrounds as well as linguistic and cultural backgrounds are usual. The intercultural communication is assured through contacts in the working place, economy, science, education, media, entertainment, tourism, but also in the place of immigration, of individuals or populations that they are massively moved as economic immigrants, refugees or people who request immunity.

We can consider that the social, political and economic framework for the cultural rights constitutes a field of communication and of mutual exchange between people who have different cultures. The settlement of our reflections that concern economic immigrants demands a clear, an explicit redefinition of our goals.

Our goals should not have a coincidental character in the work market, and policies should not be wasted only in the coincidental identity of the guest workers. The migratory policies of European Union that are adopted by our country have to include the growth and the development of the economic immigrants. In the case of Greece, the presence of an enormous number of foreigners (legal and illegal) constitutes a new reality for the Greek society which was inadequately prepared for the specific socio – economic development. The quintessence of the modern culturally and economically non – homogeneous societies can be turned to the public's interest and growth advantage and mainly in the framework of contemporary Greek Local Authorities a' or b' degree.

## **KEYWORDS**

Interculturality, Multicultural Management, Migration, Local Government

## **JEL CLASSIFICATION CODES**

Z1, Z10, F22

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## **THE VIA EGNATIA IN PREFECTURE OF KAVALA: THE EFFECTS ON THE SMALL AND MEDIUM ENTERPRISES OF THE CROSSING AREAS AND ADAPTING PROPOSALS TO THE NEW DEMANDS**

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### **ABSTRACT**

The Via Egnatia, as a new transport infrastructure, diverts and creates new road travel flows and affects on the accessibility's variation to the local markets of the crossed regions. The improvement of transport connection between strong economic centres with less developed regions is expected to increase competition, enhance the penetration of business centres and thereby limit these competitive advantages of the local firms. In this paper, we focus on the economic effects of the Via Egnatia in Prefecture of Kavala and in the SMEs on its route. Provided that these companies want to cope with the new demands at the market, they have to upgrade, modern and above all cooperate with other SMEs. After a thorough evaluation of possible forms of cooperation, we have come to the conclusion that cooperatives offer SMEs, under these conditions, most advantageous for these companies.

### **KEYWORDS**

New transport infrastructure, local markets, local firms, forms of cooperation, SMEs cooperatives.

### **JEL CLASSIFICATION CODES**

R11, R58, R40

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## **A STUDY OF POLAND’S PRODUCTION FUNCTION, POTENTIAL GROWTH AND OUTPUT GAP**

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### **ABSTRACT**

The paper concentrates on obtaining a robust estimate of the labour input by deriving Poland’s natural rate of unemployment. The estimated unemployment gap is found to track well pressures on resource constraints. Moreover, the overall results show that, prior to the recent global financial crisis, Poland’s output and employment were both growing above potential. The production function is also used to derive medium-term projections of the output gap. According to our methodology, in the aftermath of the global crisis, Poland is not expected to experience a sizable and persistent negative growth.

### **KEYWORDS**

Production function, potential growth, output gap, NAIRU, Poland

### **JEL CLASSIFICATION CODES**

C51, E31, E32

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## **CSR, AN IRRESPONSIBLE CONCEPT DURING THE ECONOMIC CRISIS?**

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### **ABSTRACT**

The current economic crisis has drawn the attention again to the concept of corporate social responsibility. When confronted to problems or crises, corporations bring again the concept of CSR into discussion. In this article we would like to embark upon the following question: has the irresponsibility of the economic-financial system led to the decrease of granting funds for corporate social responsibility? In order to discuss the effects of the world economic crisis in the field of corporate social responsibility, we have to make a reference to the analysis of the worldwide economic crisis and its effects on social responsibility. One can analyse this idea from a multi-level approach: the irresponsibility of the banking system, the irresponsible financial markets, the irresponsible corporations and the irresponsible executives. Starting from this idea, we would like to discuss the relation between the economic-financial crisis and corporate social responsibility from 1929 up to the present. In the second part of this article we will try to briefly define corporate social irresponsibility and to outline the consequences of their irresponsible actions.

### **KEYWORDS**

Corporate social irresponsibility, economic-financial crisis, management

### **JEL CLASSIFICATION CODES**

M10, M14

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## **WORLD CRISIS - A PREPARATORY STEP FOR GLOBALIZATION?**

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### **ABSTRACT**

Crisis, the word that is on everyone's lips today. About this fully developing event, we tried to understand as much as we could so that we would share this information with you, being convinced that this information should reach everyone, because in this way it would be easier to understand and afterwards decide what we should all do to be able to surpass this situation. First crisis was caused by the dacians gold! More than 2,000 years ago, according to the historian Dio Cassius, roman legions brought of Dacia 165.5 tons of gold and 331 tones of silver. This led to the first crash of the price of gold in human history! The precious metal decreased rapidly, with nearly one-tenth, throughout the Roman Empire. So, Traian was forced to make, in 107, a currency reform, the devaluation of gold and silver coins. And the prefect of Egypt modified parity between the two metals. It was the first world inflation, a form of economic crisis. After that, mankind has been plagued by crisis. In modern times, all economic crises have caused widespread phenomenon in political or social. These events were often more disastrous than the crisis itself. Financial globalization has meant the world scale expansion of a limited number of large financial conglomerates, banking, insurance and investment, and financial activities also focus on several global centers like New York, London, Frankfurt, Tokyo and Hong Kong. The main beneficiary of financial globalization, the U.S. is the primary destination of Japanese and European capital, thereby managing the trade deficit until August 2007, when deteriorating housing market, weak dollar and the collapse of the credit system broke bubble that kept the odds positive signs the U.S. economy and shock waves were transmitted rapidly throughout the world. Crisis began in the United States of America, the stronger country in the world, and expanded worldwide. The American state bought the majority of the shares from the banks which had problems. The USA covered that deficit with money from the state budget, and so it did not collapse. But this is immoral, because they were helped with taxpayers' money, exactly those speculate financiers which triggered crisis, in greedy. A controversial term within the ideological context, globalization is the foundation of the European Union. In the current economic crisis, globalization is more than a concept, the basic principle of operation of becoming EU member countries. It may be that this global economic crisis will trigger a major geopolitical restructuring: formation of the North American Union, reply to the European Union. The dollar place could be taken by a new currency called the Amero. Globalization, however I say, this process is underway and if until now, kept finances wars in balance, now in the third millennium it seems that they were "elegantly" replaced by endless crises.

### **KEYWORDS**

Crisis, globalization, financial globalization

### **JEL CLASSIFICATION CODES**

G01, F02

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## **FOREIGN DIRECT INVESTMENT IN THE BALKANS: THE ROLE OF GREECE**

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### **ABSTRACT**

The fall of communism in the early 1990's and the subsequent social and economical developments, placed the spotlight on the potential of the Balkan economies (Bulgaria, Albania, Serbia, Montenegro, Romania and FYROM). Nowadays, 20 years after the dramatic change in the economical status quo, the markets of the Balkan countries seem to be successfully integrated into the free market economy. Foreign direct investment (FDI) has a significant role in encouraging and supporting such a transition, making it a matter of growing importance to the countries of the whole Balkan region. Greece, an E.U. member country that has always been integrated into the free market economy, plays a significant regional economic role, especially when it comes to FDI. The present study aims to present contemporary quantitative data concerning FDI in the Balkans, analyze the current and future investment climate and make predictions about future FDI trends in the region. Results offer interesting observations that can be used by policy makers and companies.

### **KEYWORDS**

Greece, Balkans, Foreign Direct Investment

### **JEL CLASSIFICATION CODES**

F21

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## **EVOLUTION OF REGIONAL DISPARITIES IN NUTS II LEVEL IN GREECE**

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### **ABSTRACT**

The paper attempts to investigate the long-term development progress of Greek region in NUTS II level for the last 16-year period as it is demonstrated by annual Gross Domestic Product and Per Capita GDP. The core of our analysis is consisted of the evolutionary performance in the dispersion in the development level of Greek NUTS II geographical units. In other words, we audit the assumption of the reduction in the overall deviation of the NUTS II development level according to the mean following the  $\sigma$ -convergence method, as well as the assumption of economic and geographic dualism in the Greek region. Despite the fact that data reveal the existence of important peripheral inequalities, both the level and the progress of such inequalities vary according to the statistic and economic index used. However, this study confirms that regional disparities in Greece consist a permanent status during the last decades. The following inferences are reported in combination with a brief review of the Greek literature related to the issue as well as a substantial inspection of the primary causal factors that assemble regional problem in our country.

### **KEYWORDS**

GDP, Economic and Geographic dualism,  $\sigma$ -convergence

### **JEL CLASSIFICATION CODES**

R11, E01

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# **QUALITATIVE ANALYSIS OF SUSTAINABILITY INDICATORS - THE CASE OF MANUFACTURING SECTOR IN REGION OF EAST MACEDONIA-THRACE, GREECE**

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## **ABSTRACT**

The role of manufacturing sector in the economic activity of the region and of the total of the country is generally discussed very widely, finally, and in contradiction to the increase of role of services in the economic activity. Today, even if the manufacturing constitutes an important sector of economy, nevertheless the growth and more specifically the sustainability of the manufacturing units presents important problems particularly in the less developed regions. In this frame, we consider that, the estimation and the qualitative analysis of business-to-business indicators of sustainability of the sector will lead to useful ascertainments that can constitute a basis for the elongation of duration of life of enterprises, but also the recognition of priorities in the research, aiming at the configuration more effective manufacturing policy for the sector. In order to identify more completely the business-to-business indicators of sustainability of the manufacturing enterprises, we consider that the statistical research and analysis of these with various qualitative characteristics will offer useful information.

## **KEYWORDS**

Regional policy, Enterprises sustainability, Manufacturing sector, Region of East Macedonia -Thrace

## **JEL CLASSIFICATION CODES**

L25

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## **ESTIMATION PATTERN OF ANTICIPATED ERRORS**

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### **ABSTRACT**

This paper investigates the relation between the firm's financial performances through the agency of financial items and the errors discovered by the auditors in their missions. In this paper I try to estimate an errors rate with the help of an econometric pattern.

When a firm is unable to obtain profit or has negative operating cash flows, that firm tends to overstate its profit in order to obtain financing or to reduce the cost of financing. Also the specialized literature generalizes the fact that firms tends to manipulate their profits through earnings overstatement or cost reduction. Earnings overstatements are realized especially by recording unreal debts or the anticipate recognition of future earnings which do not meet recognition criteria according to accounting principles. This can be observed by an increase of the period in which a firm collects its debts in conditions where the credit policy applied to customers remains unmodified.

Another incentive for earnings manipulation is represented by contractual agreements, such as bonuses given to the managers and credit agreements. Credit agreements impose certain conditions regarding keeping a certain level of performance and violation of those agreements is generally considered to be expensive events which managers want to avoid. We are expecting that the management of heavily indebted firms with modest financial performances to be more incentive to manipulate earnings than the management of a firm without debts.

The research is conducted on the financial statements of 51 Romanian firms which have been submitted to audit and on errors discovered by the auditors while carried out the mission.

Accordingly to above mentioned hypothesis, we will empirical discover firms with low profitability and firms heavily indebted with an incentive for financial statements manipulation due to lack of cash. Furthermore, the empirical results indicate that there is a close relation between anticipated errors rate and the period in which a firm collects its debts, profitability, and degree of indebtedness.

### **KEY WORDS**

Estimated errors rate, financial statements manipulation, audit, incentive for manipulation, materiality threshold

### **JEL CLASSIFICATION CODES**

M42

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## **STRATEGIC OPTIONS OF REAL HYPERMARKET UNDER CRISIS CONDITIONS**

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### **ABSTRACT**

The current financial and economic crisis has affected many sectors, but companies have tried to implement marketing strategies adapted to the context. Retail activity was affected to a lesser extent, given the customers' need to buy, need that doesn't go away, but that can be achieved through orientation to other providers. The study focuses on the dissemination of strategies used in the REAL Hypermarket chain.

Real - Hypermarket division is part of METRO Group, one of the biggest retailers in the world, present in 30 countries where it has over 2,400 units with approximately 270,000 employees.

Real – Hypermarket Romania SRL entered the Romanian retail market in March 2006, when the first store was opened in Timisoara. Then another 20 hypermarkets followed, opened in the major economic centers of the country, so the chain currently includes 21 hypermarkets.

The company's strategy, given the current economic situation, focused on three major lines: personal brand, customer fidelity and fresh products segment.

As a research methodology, we used qualitative methods and empirical data on the evolution of Real Hypermarket under crisis conditions. The main advantage of these methods is the adaptation to existing resources and external identifying limitations.

The objective of this study is to understand how to manage effectively a crisis by applying different marketing strategies adapted to the changing customer needs.

### **KEYWORDS**

Crisis, opportunity, strategy, retail

### **JEL CLASIFICATION CODES**

M00, M20

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## **MODEL FOR DETERMINING THE CASH FLOW STATEMENT BASED ON THE BALANCE SHEET**

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### **ABSTRACT**

This paper work presents a new model for calculating the cash flow. Analyzing the indirect method of determining the cash flow as it is presented in IAS 7, I found that it shows some weaknesses when applied into practice, meaning that the period cash flow is not correlated with the difference between monetary balances at the end of the period and monetary balance at the beginning of the period.

In practice most companies present these differences under “other items” in operating flow category. This paper work tries to identify what are those elements and in what category of flows can be assigned to.

Most of the literature uses the indirect method of determining the cash flow only to determine flow from operating activities and for the flow of investments and financing activity flows uses the direct method.

To identify the “other items” I will use the indirect method for all the inflows, starting from the changes in economic factors presented in the balance sheet.

### **KEYWORDS**

Cash flow statement, changing financial position, patrimonial variation

### **JEL CLASSIFICATION CODES**

M41, M42

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## EU’S CRUCIAL ROLE

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### ABSTRACT

Even before the creation of the European Union the European countries on their own path of development and strive for a better future, developed but not on the same scale. In some countries it was greater understanding of the need to improve the living conditions of mutual border cooperation between adjacent regions. In other, inside people still face historical problems, the challenges associated with protecting the environment, economic difficulties, compounded by political conditions are asking for salvation. The main reasons for problems are caused by the limits that they have depressing effect on spatial interaction by preventing the mobility of factors of living and production. Our desire is to overtake and eliminate these barriers. Southeastern Europe should no longer be a region of misunderstanding and instability. It deserves to become a region of cooperation and dialogue, productively integrated in broader international institutions and forming a distinctive part of Europe, where it belongs. In today’s globalized world, where the interdependence of national economies is gradually increasing, regional and peripheral policies are facilitating the process of economic integration and incorporating the region into the universal system. Regionalism, while maintaining its own special elements, plays a crucial role in the effective functioning and legitimacy of globalization. In conclusion, good-neighborly relations and cooperation constitute the foundation of development in the area of Southeastern Europe. They are preconditions rather than an outcome of the process of EU integration. The EU has in the past few years played a significant role in promoting regional dialogue and cooperation and it should continue along the same road until it has achieved the successful and complete integration of the whole area in the European framework. At the same time, though, these countries should move forward and realize that the aim of EU integration is indeed a common one and that their common future lies within the EU. The European Union and the process of European integration will remain incomplete without the full accession of the Western Balkan countries into community institutions.

### KEYWORDS

Integration, dialog, development, EU, cooperation, economies

### JEL CLASSIFICATION CODES

Z0

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# **CONSIDERATIONS REGARDING THE METHODOLOGY OF ANALYSIS AND PERFORMANCE EVALUATION FOR MODERN ROMANIAN SMALL AND MEDIUM ENTERPRISES**

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## **ABSTRACT**

The key factor in the profitability of today's modern Small and Medium Enterprises is the intellectual capital and, implicitly, its intangible assets. Previous empirical studies confirm the fact that intellectual capital has a significant background impact on the performance of modern Romanian Small and Medium Enterprises.

The aim of this article is to examine the relationships and inter-actions between the components of intellectual capital and intangible assets in evaluating the performance of modern enterprises, which confers a sustainable competitive advantage. These are fundamental for assisting management in decision making regarding resource allocation and for investors' decision regarding the correlation between value and price. Our research is based on a group of Romanian Small and Medium Enterprises, listed on the Bucharest Stock Exchange (BVB). We analyze the importance of intangible assets to the total market value of these companies' own capital. From an accountancy point of view the importance of the intangible assets is very low. However, market data suggested a significant importance of the intangible assets, with 51% of the market value of their own capital in 2008.

## **KEYWORDS**

Analysis and evaluation methodology, intangible assets (non-corporate), intellectual capital, evaluation methods

## **JEL CLASSIFICATION CODES**

O10, O52

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## **CLUSTERING APPROACH IN CRETE**

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### **ABSTRACT**

In the past two decades, clusters have received widespread attention as an instrument for enabling firms to overcome internal limitations by joining efforts and resources with other firms, R&D institutions and universities, and public sector organizations in pursuit of a common objective or vision. Clustering however is something that has been happening spontaneously throughout time. In the 21<sup>st</sup> century a lot of work has been done towards the system approach of clusters and the policies that should be followed. However for a cluster to be formed there should be enough companies who want to change, who share the same vision and who have compatible needs. But that is not enough. These companies need to have the appropriate internal organizational structure that will allow them to support the growth and spread of innovation by, for example, participating in a cluster. It also presupposes a desire to plan for the future. The current article addresses this issue as part of the preliminary stage of a PhD research project concerning the possibility of construction clusters in the region of Crete.

### **KEYWORDS**

Innovation, clusters, construction, Crete

### **JEL CLASSIFICATION CODES**

L74, O32, O33

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