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**Kavala Institute of Technology, Department of Accountancy,
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4th International Conference

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

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BOOK OF ABSTRACTS

PRECONDITIONS FOR ADOPTING THE BALANCED BUDGET POLICY IN E.U.

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ABSTRACT

The balanced budget pattern and the dismissal of public debt is not at all a new concept about financial stability of a national economy. In the nineteenth century, the classical economists have strongly rejected the government borrowings for regular expenditures. The classics were not so much opposed to the potential use of loans for the capitalization of the economy, but rather opposed to the temptation to give an unproductive use of resources borrowed. In the twentieth century the balanced budgets had been demystified, understanding the need for a safety belt if an economic shock were to take place. Even the economists defending balanced budgets have accepted the strong need to allow the exception for loans, but achieving the circumstances of these exceptions was a very hard mission.

The main rule adopted in the European Council, held in Brussels, on the 9th of November, regards the objective of the signatory States to ensure balanced budgets or in surplus. This condition is considered to be met if annual structural fiscal deficit is below 0.5% of nominal GDP and accrual deficit at below 3% of nominal GDP. The option for permanent balanced budget is also an option for “tax-smoothing rule” (Barro, 1979) considering the tax revenues will be planned to be a constant share of GDP, the permanent tax rate or share (Buiter, 2003).

For these reasons, this paper aims to show that all countries adopting the balanced budget policy should achieve some fiscal preconditions.

First of all, an aggressive fiscal adjustment could compromise the future potential economic growth and the catching up objectives for the New Member States. This may happen as a result of the very rigid structure of the public expenditures and the option for a fast fiscal adjustment would reduce the public investments potential or the government capacity to create fiscal stimulus for growth.

Secondly, the fiscal consolidation requires a balanced budget over the economic cycle and not for one fiscal year. So, the fear that the introduction of a deficit ceiling can conduct automatically to a reduction in net investments (Balassone, Franco, 1999) is ousted. Allowing the deficits in the bad years offset by surpluses in the next growth years and the permission for lending to public investments should disperse the worries that the objective of fiscal consolidation will adversely affect the investment and the economic growth perspectives.

Furthermore, for removing the negative effects of potential external or internal shocks, we could imagine together with the balanced budget implementation, a safety belt which takes the form of a budgetary buffer set between 2% and 5% of GDP of each member state.

Last but not least, the balanced budget and the strong fiscal policy must be first of all an attitude of Governments, because the statement of some fiscal rules into constitutional acts or the penalty payment does not guarantee the achievement of the financial stability objective.

KEYWORDS

Convergence, budget deficit, public debt, balanced budget, monetary union

JEL CLASSIFICATION CODES

E61, H61, H63

ASYMMETRIC BORDER EFFECTS OF EU INTEGRATION ON POPULATION GROWTH OF MUNICIPALITIES OF BELGIUM, GERMANY AND THE NETHERLANDS

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ABSTRACT

Existence of national borders harm border locations (cities and regions) since it reduces their market access by restricting them from geographically nearby markets of the neighboring countries. Moreover, researches provide evidences that abolition of border restrictions (i.e. economic integration) improves the economic wellbeing of member countries, especially of the border locations. However, some aspects of the integration benefit them only for limited period of time. We investigate this using population data from municipalities of Belgium, Germany and the Netherlands. We found out that the discriminatory benefits last only for limited period of time. Moreover, we discovered that type and level of effects are different for different national borders even within the same country. The integration benefits last longer for some borders as they are re-enforced by later integration shocks in the EU enlargement process. Hence some borders continue to benefit from the integration whereas the some borders cease to be disadvantaged but stop to gain relatively more than the non-border locations. The findings also supports that there are relocation of population to the border areas or more immigration to the border municipalities at the beginning. However, at the later stages there is relatively more immigration to the non-border municipalities as non-neighboring countries join EU.

KEYWORDS

EU, integration, borders, population, geography

JEL CLASSIFICATION CODES

F15, F22, R12

WHAT ABOUT THE STRUCTURAL CONVERGENCE?

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ABSTRACT

The aim of the paper is to provide a consistent literature review of the studies on the regional integration field that can represent a starting point in the construction of a composite index such as to measure the economic structures similarity between countries and groups of countries/regions. The paper lies in three main discussion topics: firstly, the structural similarity problem and the development of the countries within an integration area(theoretical review, the line of Chenery, Singer). Secondly, the theory of optimum currency areas: what it does and what it does not solve in the assessment of integration level of countries in a common area and lastly, some methodological problems: the variety of quantitative tools available, limits, proposals, the issue of "indices" –to what extent they can be used in analyzing the structural similarity problem.

The concern for the convergence analysis is not arecentone, but specialists attention was mainly directed towards the degree of nominal convergence recorded by the European Union member countries and later on the real one. Still, the concept of structural convergence, although as relevant in the process of convergence and catching up as those of nominal and real convergence, has been the main topic of fewer studies. Empirical studies regarding the member countries of the EU(mainly achieved for the period1990-2007)show that in terms of real convergence, the euro area countries converge on issues such as productivity, labor market indicators, income per capita, but in terms of convergence of economic structures, things are not that simple and clear.

The importance of studying the process of structural convergence resides in them medium and long term implications related to the synchronization of business cycles if the shocks are sectoral, on the dynamics of specialization and economic development model. Structural convergence is determined by three important factors: synchronization of business cycles, the degree of similarity of economic structures and trade integration(foreign trade). EEAG(2011)highlights the importance of structural similarity between the member countries of a monetary union and the economic and financial divergence resulting from the lack of it. Structural similarity is one of the key elements of the structural convergence process, due to the fact that it can fade out the shock caused by the lack of business cycle synchronization or by the differences in the common shock transmission mechanism.

In the European context, similarity gives us information about the extent to which countries form an optimal currency area, as well as about the level of integration and (dis) similar specialisation between them. However, even if two countries have similar export structures, a high level of business cycle synchronization, but they structural differences between those two exist, premises for them to diverge on the long run are established. Non symmetrical economic structures draw in different responses to common shocks and the probability of asymmetrical shock to arise gets higher.

KEYWORDS

Economic similarity, European integration, Business cycle synchronization, Trade indices, Euro adoption

JEL CLASSIFICATION CODES

F15, O57, Y2

THE ISSUE OF CONVERGENCE: NEW EMPIRICAL EVIDENCE FOR THE CENTRAL EASTERN EUROPE AREA

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ABSTRACT

This paper explores empirically the issue of convergence for selected Central Eastern European (CEE) economies. The empirical analysis uses Gross Domestic Product (GDP) per capita in Purchasing Power Parity (PPP) in constant prices of 2005 and covers the period 1980-2010. The empirical investigation relies on Nahar-Inder's (2002) methodology taking into consideration possible structural breaks. The results demonstrated that the overall evidence for the CEE area is in favor of catching up with EU-15 average though disparities for some of the examined countries were confirmed.

KEYWORDS

catching up, structural breaks, CEE countries

JEL CLASSIFICATION CODES

C32, C33, O47, O52

INTEGRATION OF THE BANKING SECTORS FROM THE NEW EU MEMBER COUNTRIES: THE CASE OF THE BALKAN COUNTRIES

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ABSTRACT

The development of a common market for goods and services, including a pan-European integrated banking sector has represented the main challenge at the European Union level in the last decades. Despite the major achievements made so far in this process, the extension of the European Union to 27 members has raised new challenges in the integration process. European authorities (the European Central Bank, the European Commission) have identified that in order to deepen the European integration process, and thus provide the full benefit of it to the European citizens, the integration of the goods and services sectors must be accompanied by an integration of the financial sector. Thus, the European financial integration process has become in the last decade the focus point of many European initiatives (the Financial Services Action Plan, the Lamfalussy process, MiFID, Financial Services Policy 2005-2010) that aim to deepen the European integration process. Despite some remarkable achievements in the financial integration process, the banking sector still remains one of the least integrated components of the European financial markets. In this context and considering the fast growth and development of the banking sectors from the new member states it appears reasonable to investigate which have been the main achievements in the integration process made by these sectors and also the futures challenges that may prevent the deepening of this process.

Thus, the aim of our research is to analyse the progresses made so far in the integration process of the new member states banking sectors while also underling the main challenges that prevent the deepening of this process. The first step of our research is the reviewing of the academic literature that tackles this important subject, in order to identify the most relevant studies in this field, present their conclusions and their limits and thus underline the way in which our research will complete the existent literature through an original and rigorous approach. In order to underline the progresses made so far in the integration process of the banking sectors from the new member states, we will use a quantitative approach, which relies on “the law of one price” as the main benchmark for the progresses made in the integration process. By underling the progresses made so far we will be able to use a qualitative analysis in order to identify the main challenges that exist in the deepening of the integration process of the new EU member states banking sectors and thus provide possible solutions for their overcoming.

Through this approach we consider to be able to provide an original and rigorous possible answer to a very important issue of the European integration process.

KEYWORDS

integration process, banking sector, law of one price, new member states

JEL CLASSIFICATION CODES

F36, G21, N24,

ASSESSING THE ROLE OF AGRICULTURE ON CONVERGENCE IN THE EU ENLARGEMENT: THE CASE OF HUNGARY

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ABSTRACT

In the last decade, the EU “historical” Eastern enlargement to 10 new member (NMS) states from Central and Eastern Europe (CEE) turned the attention on the EU policy objectives and instruments for the cohesion. In fact, the new comers showed a much lower level of p.c. GDP in comparison with the EU-15 average, and an agricultural sector still playing a relevant role on the economic structure and employment. The EU pre-accession instruments (SAPARD, PHARE, ISPA), and later on the cohesion and structural funds, as well as the Common Agricultural Policy (CAP), were aimed at promoting the EU-10 catching up with the former EU member states through convergence in p.c. GDP, in order to reach cohesion between the EU-10 and EU-15. Eight years from the enlargement, and more than a decade from the important reforms which interested the Cohesion policy and the CAP, after first signs of convergence, the EU-10 shows clear evidence of divergence with the best performing EU countries (Brasili, 2005; Ezcurra, 2007; Matkowski et al., 2006). Moreover, regional and sub-regional inequality spread (Monasterolo, 2011), affecting in particular the living conditions of agricultural population in remote rural areas (Csáki, 2009; Bertolini, 2008), and the new urban poors. Assessing the convergence path followed by the EU-10 regions, with particular attention to the role of the agricultural sector, could help understanding the development bottlenecks, in order to introduce better targeted policies. This point is particularly relevant when the EU is undergoing a deep financial and economic crisis, while it left its doors open to the Western Balkans (WBs). Thus, in this paper we are going to assess the convergence of Hungarian counties of p.c. GDP (pps) between 1997 and 2008, in comparison with the convergence path followed by the EU-10 (NUTS 3). Non-parametric methodologies (stochastic kernel), are preferred to the widespread parametric ones (β and σ -convergence) because they are able to show the distribution of the growth dynamics between the initial and final year, the presence of convergence clubs and polarization, and they are less influenced by the presence of outliers. Due to the lack of time series, in order to understand convergence in agricultural labour productivity (calculated as GAVA/AWU), which was identified as the most explicative variable for performing transition in agriculture, a σ -convergence analysis on Hungarian Counties is performed. Finally, a p.c. GDP (pps) convergence analysis conditioned to the CAP funds (decoupled and SAPS payments) is provided. The analysis highlights the difficulties in applying quantitative convergence methodologies for the agricultural sector due to the persisting lack of statistics at a disaggregated level. Moreover, the analysis shows increasing divergence both between Hungarian counties and the EU-10 regions, and the limited contribution of CAP introduction for agricultural convergence.

KEYWORDS

Sub-regional convergence, Stochastic Kernel, Cap impact, EU enlargement, monitoring evaluation

GLOBAL IMBALANCES, FINANCIAL SPHERE AND THE WORLD ECONOMIC CRISIS

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ABSTRACT

The recent global financial crisis, although initially manifested itself in the field of mortgages in the USA, spread to the international banking system and the stock markets, led to the introduction, mainly by governments of strong economies, of monetary measures, had serious implications on the “real economy” and finally led, both the decision-making of economic policies, particularly of European countries, and the theoretical understanding of the whole phenomenon, into an impasse. This specific description of events doesn’t, however, necessarily means that there is also a similar coherence in the theoretical interpretation of the crisis, despite the fact that such an approach became dominant, even among academics. From the point of view of theory, we are now in a position to claim that the causes of the systemic crisis are in the area of the “real economy”, as it has been shaped during the last three decades, where national economies affect one another in an environment characterized by the process of growing globalization. Modern international economic reality cannot be interpreted with the help of traditional economic theory; whether it is ricardian analysis, the later neoliberal HOS approach, or the more recent dynamic models of the advantages of international trade. The basic features of the present stage of globalization - that is, on the one hand, the differentiation of the structure of the international market, and, on the other, the network organization of firms at a global level – in combination with the globalized financial and banking sector, are not in apposition anymore to interpret the hypotheses upon which the normative theory of international trade is based. The huge development of the financial and banking sector, its growing specialization and the complexity of the financial products, as well as the practices of securitisation of the debt and reducing the danger, force us to question the neutrality of the financial sector. The majority of “orthodox economists” accepts the independence of the financial sector from the sphere of “real economy”, as a result of the structure and internal cohesion of the specific paradigm, expressed by the known, 1958 Modigliani-Miller theory. According to this paradigm (applied to the financial and banking sector), under perfect capital mobility there is no relationship between domestic savings and domestic investments, as long as market interest rates are unified and consequently exogenous. In such a theoretical environment, where theories such as that of the rational choice or of the self-fulfilled expectations were developed, there was widespread optimism and confidence in the effectiveness of the financial markets; and as a result the dangers of monetary instability were underestimated. Based on that logic, the macroeconomic imbalances of the globalized “real economy” are being analyzed in this paper, as well as the features and dimensions of the financial sphere, seeking to establish the relationship between them and the global, economic crisis.

KEYWORDS

systemic crisis, macroeconomic imbalances, financial sphere

THE EU SYSTEMIC CRISIS UNDER THE SPECTRUM OF THE GLOBALIZATION OF ECONOMY

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ABSTRACT

Many of the defining characteristics of the global economy today are quite similar to the primary features of the world economy more than a century ago. Although globalization appears to be modern phenomenon, global integration has flowed and ebbed for centuries. A century ago, this process was in full swing and in fact was remarkably advanced, even by contemporary standards. The international economy of the time was surprisingly integrating capital, goods, people and ideas across borders. The differences, however, are significant. Contemporary globalization is deeper and expands faster. Almost immediately after the events of the world economic crisis of 2008 and its negative effects on EU economies, there was a huge concern about economic governance in the EU, initiating a widespread dialogue about its improvement. This crisis revealed additional, important, structural problems in the operation of EU institutions. The external debt of many member states, the structural and budgetary deficits and the fragility of their banking system had not been dealt with the required severity in the framework of SGP. Furthermore the crisis added one more problem: the need for liquidity and a bail out mechanism which would not only prevent attacks from speculators but would also guarantee a viable debt restructuring. The EU tried to respond to these challenges by creating new institutions. Clearly, EU member states were saying “yes” to a more thorough scrutiny of their finance by signing into a common currency, but they weren’t really leaving their sovereign feelings aside, as up until now, in times of severe endangerment of the common currency, they fight less for euro and more for their own turf despite recommendations to act unanimously in terms of economic and monetary policy. By giving part of their monetary sovereignty to the EU, they were passing it on to the IMF as well, as the EU was gaining full competence to manage any matter that might occur in its best interest, by leaving the impression to the member state that it was it that had the final word. European governments’ persistence to work on their turf gives a split image of Europe and allows markets to speculate the way they did with Greece, Portugal, Ireland and now Italy, Eurozone’s third largest economy. They certainly do fall short of the Community law, if we take under consideration EU’s fundamental values of solidarity and mutual assistance in difficult times, coming from its own resources. EU Member States aren’t represented jointly in the IMF, which has full permission to negotiate with each one of them and with the Commission separately. Hence, in the case of Greece, Greek debt was easily put under IMF’s control and conditions, together with the Commission’s and ECB’s contribution. Several years before the unprecedented crisis Eurozone is experiencing, there were voices calling for more coherent action and representation. ECB’s role was supposed to be more decisive, yet for political and tactic reasons this hasn’t been the case. States keep playing the intergovernmental game, holding up any chance of common action, hence more solid representation and strong defence mechanisms that would face the crisis in a more effective way. The member of the Executive Board of the ECB, Lorenzo Bini Smaghi, was speaking back in 2004 about failure to coordinate their positions, which meant that EU member States actually exert far less power than the US in the IMF, when he was still Director General for International Financial Relations at the Tesoro, the Italian Ministry of the Economy and Finance. Is it a coincidence? Foreseeing a crisis still hard to imagine at the time, he was arguing that Europeans, still in a comfortably strong position (then), should agree fundamental quota reforms now and not wait until their relative economic power has diminished further.

KEYWORDS

Globalization, Economy, Crisis

THE SYSTEMIC CAUSES OF EUROZONE CRISIS

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ABSTRACT

The global financial crisis stressed, in the most emphatic way, the need for organisation of the international financial relations on the basis of strict regulatory regimes. Furthermore, it confirmed the predominance (definite?) of the supporters of regulation over the supporters of deregulation in the relevant political and academic quarrel. Even incomplete, a regulatory framework is preferred to a regulatory vacuum. The explosive message emitted by the global financial shock goes certainly beyond this incomplete regulatory framework. It contains a “mandate” for reestablishment of transparent, democratically legitimated and effective regulatory regimes.

Five years after it began, the speed at which states are exiting from the international financial crisis is varying. While the less affected, rapidly developing, countries of the world economy (also known as emerging economies) have returned to their familiar track of rapid development, most countries of the developed North continue to struggle to boost or merely to maintain the modest recovery achieved. Some countries have, however, faced severe structural and fiscal problems. Most of these, including Greece, lie within the circle of euro area countries.

Greece is facing the deepest crisis, Portugal and Ireland are trying, with better results, to deal with it while the future for countries like Spain, Italy and Belgium is uncertain, with the latter two having high public debt. Overall, however, most countries in the euro area have relatively high public debt, the reason that has led, to a gradual return to restrictive fiscal policies following a major fiscal expansion of 2009.

The more acute problems in the public and banking sector in certain peripheral countries of the euro area have highlighted the administrative and political weaknesses of common monetary governance. They have also demonstrated the structural weaknesses of the system, as well as its vulnerability in the face of a series of risks, such as the speculative behaviour of the markets and the weakness of European institutions in taking preventative and suppressant action and in implementing effective policies for a common gait and solidarity.

The questions that are raised and which need analysis in the context of the present article include:

- What are the apparent characteristics of the crisis in the euro area?
- Is it a crisis of the euro, the Eurosystem or of individual countries?
- What are the deeper causes of the crisis within the euro area?
- Is the Eurosystem itself responsible or the policies of the Member States?
- Is the crisis inherent in the system or is it a result of circumstances?
- How has the crisis been dealt with so far?
- Are there sustainable exit solutions from the crisis or is the end of the euro project pending?

KEYWORDS

Euro Area, Global Financial Crisis, Debt Crisis

JEL CLASSIFICATION CODES

F15, F34, F59

A COMPARISON OF POLICY RESPONSES TO THE GLOBAL ECONOMIC CRISIS IN THE BALKANS: ACCEDING VS. EU CANDIDATE COUNTRIES

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ABSTRACT

Current research shows that the severity of the first global economic crisis of the 21st century tested the resilience of even the most developed economies in the world, as it caught them unprepared to battle their own systemic deficiencies. With the biggest and most powerful global economies teetering on the verge of collapse, the question about the fate of the globally insignificant economic players remains unresolved. Yet, many of those small countries survived the financial tsunami, and while not unscathed, they did emerge more robust than earlier. Still not a complete member of the EU bandwagon, but refusing to be branded by its dark Balkan past, these small countries were caught between two contrasting worlds – one not ready to embrace them yet, the other one refusing to let go without a fight. The purpose of this paper is to examine the various roads taken by two very similar, yet very different countries – the Republic of Croatia and the Former Yugoslav Republic of Macedonia - in their dual pursuits of joining the EU and remaining afloat during the largest financial calamity of recent times. First, the role of their respective central banks is examined against the backdrop of a fixed currency regime. Second, an analysis of the importance of fiscal policy response follows. The structure and nature of each economy is contrasted along with the divergent level of integration in global economic flows. The main questions raised center around the changes to the oversight to the financial system and coordination with the already rigid EU policy framework. With one country already an acceding EU member, and the other one at the danger of being a perpetual EU candidate yet never a member, the main issue to be discussed is whether this situation is due to the policy responses linked to the economic crisis?

KEYWORDS

Global Economic Crisis, Policy Response, Balkans, EU

JEL CLASSIFICATION CODES

P51, G01, O52

FINANCIAL CRISIS AND THE IMPACT ON EURO ADOPTION: THE CASE OF ROMANIA

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ABSTRACT

This paper aims to assess Romania’s conditions for joining the European and Monetary Union with respect to the optimum currency area (OCA) and Maastricht criteria, in the context of the financial crisis. The crisis revealed some fundamental lessons about the functioning of the euro area. With a debt crisis threatening euro’s survival, the accession process requires rethinking in order to bring more benefits than costs to the new members. Since the introduction of the single currency there were many debates regarding the need for real convergence of the countries that adopted it. The lack of optimality of the members represents an impediment for the smooth adjustment in the event of asymmetric shocks. The optimal currency theory was the first to present the requirements for assuring the long term stability of the monetary union. In order to quantify the challenges posed by the currency crisis upon Romania’s joining the euro area we focus our analysis on the real convergence. Also, the results are compared to those regarding the nominal convergence. Thus, we quantify the economic integration and symmetry, the flexibility and the ability to meet Maastricht criteria. Our results show that fulfilment of the Maastricht criteria does not imply fulfilment of the OCA criteria. The country is closer to the fulfilment of the Maastricht criteria while it displays a greater dispersion regarding the optimality criteria.

This study provides a clear understanding of the need to adapt to the new conditions created by the euro area crisis. It is common to draw conclusions upon a country’s ability of joining the euro only by considering the degree of meeting the Maastricht criteria. Analyzing the degree of homogeneity between euro area and Romania offers the appropriate understanding of the right moment to adopt the single currency.

KEYWORDS

convergence, OCA theory, endogeneity, heterogeneity

JEL CLASSIFICATION CODES

E42, F15, F36

HOW TO EXPLOIT THE UNIQUE BANKING BUSINESS OPPORTUNITIES IN EASTERN EUROPE AFTER THE CRISIS

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ABSTRACT

The global financial crisis and in particular the problems of Eurozone members have highlighted severe contagion problems of the European banking system due to opaqueness and lack of coordination. The subsequent world-wide tightening of lending standards and emphasis on high quality collateral has affected lending in Eastern Europe. However, the current post-crisis economic and financial conditions in Eastern Europe also present a unique opportunity for development of modern and innovative banking business based on transparency and efficiency through advanced computer technology. Eastern Europe offers a unique combination of economic growth, inexpensive qualified workforce trained in Computer Science, and a climate of political and institutional transition, which can be harnessed within a new institutional framework to build a sound a profitable banking system.

This paper makes two contributions. First, it offers a blueprint for an institutional framework for modern Eastern European banking based on “electronic transparency,” along with specific policy recommendations for its implementation. The framework takes into account the smaller size of the Eastern European economies relative to the West, as well as the current schism in the governance of the Western European banking system. The key elements of the framework are financial and regulatory institutions that would enable transparent bank governance, nimble transaction execution, sound lending practices, and real-time, on-demand disclosure and coordination of financial risk exposures among banks. The viability of such institutions depends on their foundation on modern computer technology. The main implementation challenge in building such institutions is to educate the political elites about their own incentives to properly execute such institutional development.

Second, the paper provides a conceptual analytic model for bank governance, risk management and lending practices in Eastern Europe. The model is based on applying fundamental risk-reward trade-offs to the current business opportunity set of Eastern European banks. The key elements of the model are several technological developments that would enable Eastern European banks to meet three related objectives. First, banks need to earn the retail depositors’ trust. We argue that this would reduce the banks funding costs. Second, banks need to offer sound and competitive retail and small-business lending, in order to expand their depositor base. This would improve the banks capitalization. Finally, banks should move towards increasing loan syndication within Eastern Europe in order to facilitate the expansion of medium-sized multinational corporations from Western European. The model offers specific implementation guidelines to bank managers, as well as to putative financial regulators of such dynamic banking system.

KEYWORDS

Eastern European Banking, Risks of Financial Institutions.

JEL CLASSIFICATION CODES

G21, G32, O43

CREDIT COOPERATIVE SYSTEMS IN BALKAN COUNTRIES: THE CASE OF BULGARIA, GREECE AND ROMANIA

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ABSTRACT

The decade of '90s important changes on Balkan countries, mainly of ex socialist, affected the banking system. The same decade, the Greek banking system was affected by changes provoked by the reinforcement of a common EU policy on credit institutions. One major consequence of those changes has been the creation of credit cooperative systems in these countries. The credit cooperative system is distinguished from other financial institutions by its cooperative character running for the interest of its members on the opposite of commercial banks running for profit. On the contrary to old credit cooperative systems in other European countries, since the second half of 19e century, the new credit cooperative systems in the three Balkan countries have been developed more or less in a new financial framework, either created from the beginning, in the case of Bulgaria and Romania, or facing important changes, in the Greek case. Consequently the credit cooperative systems have been developed in different contexts and different levels. The paper presents a comparative examination of the three credit cooperative systems based on the model of function, the legislative framework, the evolution and their part of the national banking market.

KEYWORDS

Bank, Bulgaria, Cooperative, Greece, Romania, Banking market

PATH OF BANKING ABROAD- BRANCHES OR SUBSIDIARIES

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ABSTRACT

The aim of the study is to show what risks there are customers for parent banks when there are political or economic risks. For Example, as the crisis in Greece - the threat or salvation of its branches or subsidiaries in other countries on its banks. Accordingly, how to prefer large banks operate through branches and how those who are focused on the performance of retail-through subsidiaries. What effect have economic and political risks, according to the legal provisions in the parent banks, and depending on the applied organizational form?

KEYWORDS

Foreign banks, organizational form, branches, subsidiaries

GREEK BANKS’ FINANCIAL PERFORMANCE AND EFFICIENCY DURING THE FINANCIAL CRISIS, AS IT IS DERIVED BY THE ANALYSIS OF THEIR FINANCIAL STATEMENTS.

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ABSTRACT

The Greek flourishing economy during the 1990s allowed the establishment of new Bank Groups and the expansion of the existing ones into new activities. Furthermore, the stock market sharp rise at the end of the same decade provided banks with the necessary funds to exploit new and exciting opportunities in the Balkan area and abroad in general, following their clientele. The first years of the new decade proved to be equally profitable, as the per capita borrowing in Greece still remained significantly lower than in other mature European economies. The Olympic Games of 2004, held in Greece, created the need for the financing of a variety of projects, offering banks even more opportunities. When the U.S.A. financial crisis led to the collapse of many prestigious financial and banking firms and started quickly spreading internationally, in 2008, it was discovered that Greek Banks had a very low, practically non-significant, exposure to the “toxic” financial products and that they were relatively safe as far as that specific aspect was concerned. However, the deterioration of the financial conditions around the globe, and more particularly in Europe, could not leave Greek banks unaffected. Then, in 2009, there was a dramatic worsening of the state economic conditions which caused a near total market collapse in every sector of the already weakened economy. In the current paper we examine the course of Greek Banks financial efficiency and profitability, by analyzing the data of their official financial statements and their financial ratios. Our main conclusion is that the three year period (2008-2010) damaged the core of entire business in every sector, reversing their achievements of 15 years and leading them to an uncertain future that will end up with their ownership partly belonging to the economically fragile Greek State.

KEYWORDS

Banks, financial statements, financial analysis, ratios, profitability, efficiency

JEL CLASSIFICATION CODES

M41,G21,F36

FINANCIAL EXPOSURE IN CEE BANKING: STRUCTURES AND RISKS

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ABSTRACT

In a fast-moving financial world dominated by self-interests, numbers and power, we assist to a twisted dimension of “normal”. In these circumstances, the key word is risk. The interdependencies between banking systems can lead to the transmission of the shocks in the financial network through the *common lender* channel. This paper offers the coordinates of financial exposure in Central and Eastern European (CEE) banking, in order to capture the multiple faces of risk. Contagion, a reality of present times becomes a fundamental, complex problem and a real concern for the national and international stability. We proposed to analyze the connections between four CEE banking systems (Bulgaria, Hungary, Poland and Romania) and the western banking systems. The level of exposure is a pre-requisite for the manifestation of credit risk, funding risk, liquidity risk and default risk. We divided the analysis in three periods: 2000-2003, 2004-2007 and 2008-2011 in order to reveal the implications of the recent financial crisis. The paper is structured on three parts, as follows: a short theoretical background on systemic risk concepts: exposure, contagion, shocks; an analysis of the level of exposure - evidence from the national banking systems related to the evolutions from the western banking and the econometric analysis. Using the Bank for International Settlements (BIS) country-level data, we compute the indices of exposure to regional contagion for the selected countries based on the absolute dependence and the absolute exposure. To conclude, the high degree of financial inter-linkages in the analyzed banking systems is economically significant and carries the risk of contagion. Identifying the pressure points in the map of risks represents a first step in the management process.

KEYWORDS

CEE banking, financial exposure, systemic risk

JEL CLASSIFICATION CODES:

G21, G32, G01

ESTIMATION OF MACROECONOMIC AND BANK-SPECIFIC DETERINANTS OF THE QUALITY OF LOANS IN MONTENEGRO

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ABSTRACT

Exploring the determinants of credit risk is an issue of substantial importance for financial stability in Montenegro. The aim of this study is to consider the joint role of macroeconomic and bank-specific factors in explaining the occurrence of banking distresses in Montenegro since 2004. The non-performing loan ratio is taken as the measure of the quality of loan portfolios. Using data at the individual bank level we examine whether the degree of banking distress is a function of macroeconomic developments and/or the unique difficulties of transition such as inadequate risk-assessment, excessive risk-taking or the high concentration of the banking system. The results suggest that an improvement in the real economy is likely to see a reduction in the non-performing loan portfolios of commercial banks. Looking at the each individual bank, the study emphasizes the delayed effect of loans growth on the ratio of non-performing loans. In addition, this study find evidence that bank-specific features, such as size, cost efficiency, risk profile, effect the evolution of non- performing loans.

KEYWORDS

Non-performing loans; Montenegrin banking system; common factor restriction; unobserved components model

JEL CLASSIFICATION CODES:

G21; C23; E50

THE EFFECTIVENESS OF MONETARY POLICY IN RUSSIA: EVIDENCE FROM VAR ANALYSIS

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ABSTRACT

The purpose of this paper is to investigate the effectiveness of monetary policy in Russia using quarterly data for the period from 1996Q1 to 2011Q3. To this end, the short run relationships between output, prices, money supply, real exchange rate and interest rates are tested by using Vector Autoregressive Model technique. Findings suggest that the monetary authority is capable of influencing the real output. Monetary expansion, interest rate of central bank and market interest rates have influence on output growth. Monetary transmission through exchange rate channel that for former Soviet transition economies supposed to be stronger found to be ineffective. Additionally, causality tests suggest that prices can be controlled by central bank specifically via interest rate.

KEYWORDS

Output, prices, money supply, exchange rate, interest rate, Russia.

JEL CLASSIFICATION CODES

C32, E51, E52

CONSIDERATIONS ON THE PUBLIC DEBT SUSTAINABILITY IN THE ECONOMIC AND MONETARY UNION

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ABSTRACT

Sustainability of fiscal and budgetary policies and therefore the sustainability of public debt is an intensely debated issue which has a particular importance in the public decision making. In Europe, the problem of sustainability public debt has become a subject of public interest after the introduction of single currency in the European Union. The growth of indebtedness of the member countries of the Economic and Monetary Union has raised an extensive debate on the sustainable level of public debt. Hence, the paper has the purpose to analyze the sustainability of public debt in the member countries of the Economic and Monetary Union.

KEYWORDS

budget deficit, sustainability, public debt, budget policy

JEL CLASSIFICATION CODES

H60, E52

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THE NEXT PROGRAMMING PERIOD OF THE EUROPEAN FUNDS – A CHALLENGE FOR ROMANIA

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ABSTRACT

The European Union adopted a proposal for the next multi-annual financial framework 2014-2020: a budget for delivering the Europe 2020 Strategy. Concerning this proposal, the Commission decided that the cohesion policy should remain an essential element of the next financial package and underlined its pivotal role in delivering the Europe 2020 Strategy. Thus, the paper try to analyse the new framework of EU structural and cohesion funds that the member states have to take into consideration in the conception of the operational programmes for the period 2014 – 2020. The Commission proposes a series of common principles applicable to all Funds, but the member states have to consider also the regulation specific fund, in particular regarding the scope of the Funds, the investment priorities, and the indicators. The total proposed budget for the period 2014 – 2020 will be EUR 376 billion, including funding for the new Connecting Europe Facility, which is designed to enhance cross-border projects in energy, transport and information technology.

The EU structural funds represents an opportunity to sustain the economic integration and to reduce the development gap, which under the circumstances of global recession, is becoming a new challenge for new EU member states. The literature presents different points of view concerning the structural funds impact. Although it was reported both positive and negative effects, in my opinion the structural funds represent a benefit offered to eliminate disparities. In this context, I have analysed the case concerning Romaniato show the benefits of EU structural funds focusing the reducing regional differences and the strengthening of administrative capacities. I also tried to develop for Romania for the next programming period 2014 – 2020 the criteria for identification of the economic sectors that require large investments on long term. In addition, I tried to establish the national economic sectors that require large investments on long term in order to modernize the national economy from European structural and cohesion funds.

KEYWORDS

European funds, Strategy Europe 2020, economy structure

JEL CODES

F15

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EUROPEAN AUSTERITY POLICIES’ CONSTRAINTS AND CONTROVERSIES UNDER THE SOCIAL MARKET ECONOMY – THE CASE OF CYPRUS

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ABSTRACT

The current crisis in public finance across the EU has brought European austerity policies. While supporting the common sense of such policies, the paper questions the vagueness of some of its tools and their effectiveness when applied to different institutional structures. We present the impact of the social market economy’s social welfare function on Cyprus success and discuss constraints and controversies of the austerity policies from the perspectives of the growth of Cyprus social market economy. On the basis of comparative analysis across the EU we conclude that institutional framework should be brought to the center of effective growth policies.

KEYWORDS

Austerity policies, government debt, social welfare function

JEL CLASSIFICATION CODES

P52, P17, B52

THE DEBT CRISIS IN THE EUROZONE AS A FACTOR DEPLOYMENT OF THE ECONOMIC AND POLITICAL SYSTEM GOVERNANCE THROUGH THE THEORY OF "WORLD-SYSTEM": THE CASE OF GREECE

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ABSTRACT

The European Union since its creation caused the scientific community bifurcation about whether is a form of state entity consisting of statehood dependent state structures (Ernst Haas, Stanley Hoffmann, Moravcsik) or is a characteristic international organization (Lindberg, Scheingold, Hix). However, the dominant trend in recent years, in the EU approach is to be regarded as a system of multilevel governance, with integration of European in a larger set of systems of governance.

Symbolic reference point for the start of multilevel perspective studies for the EU was the study of Fritz Scharpf's "the trap of joint decision" where the used analytical categories, forms, rules of decision and institutional configurations is a very large extent on international relations and comparative politics or EU surveys are very general and non specific, with the underlying idea of a political system consisting of two interrelated levels which is the analytical determination of the federal regulatory system without the teleology of the Euro-federalism.

Theory of World-Systems addresses the reality as a single indivisible entity. The World-System, as presented by I.Wallerstein, not simply a system that uses the world. Is the world. The theoretical background of World-systems theory came from I.Wallerstein who was influenced by the theory of addition R.Prebisch and historic school F.Braudel and emerged mainly as a response to modernization theory and the theory of stages. The Wallerstein and others argue that the now modern system has entered into orbit "crisis" which is expected to gradually replaced by a new World-system over the next 50-100 years. The structural features of this new system is unknown to him and claims that will shape the coming years as a result of struggle.

Beginning in 2009 with the Greek debt crisis occurred in the EU a debt crisis which gradually extended to other core countries of the Union such as Italy, Portugal, Ireland and Spain. This crisis has gradually evolved into not only a systemic crisis of the EU but also as a socio-political crisis. To address it in recent times undertaken several initiatives and policies.

In the present study is an approximation of these policies as expressed through the two interventions of the EU for the debt crisis in Greece through two loan agreements with the country and through the support mechanism, which was created. The approach is through the perspective of the theory of World-Systems because through this approach at first means the ousting the countries as units of analysis and their replacement by the "European system". This is the methodological difference from other theoretical approaches as well not restricts the analysis on political, economic or cultural boundaries, but is based on links created by the economic processes of the World-System.

KEYWORDS

Dept Crisis, Economic and Political Governance

JEL CLASSIFICATION CODES

P16, F55, F53

IS TURKEY READY TO JOIN THE EUROPEAN FISCAL UNION?

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ABSTRACT

Since Turkey was officially recognized as a candidate for full membership in 1999 and negotiations were started in 2005 its membership bid has become and still is a major controversy in the ongoing enlargement process. This controversy contributes not only to the valuation of modern Turkey's social, cultural, political but also its economic situation. Most statements are based on scenarios derived from the perspective on how Turkey's membership would influence the EU as a whole and/or some of its member states. The development of Turkey as EU member was rarely researched. In particular it was not studied how Turkey's membership would change Turkey and how these changes would re-influence the development of the EU in a longer run. The present financial, debt crisis in the EU led to intensified short-term oriented analyses on just financial aspects. In order to define and discuss pros and cons of Turkey's accession it is not sufficient anymore to focus almost exclusively on the effects of Turkey's accession to the EU. Turkey is to be analyzed from three further perspectives and scenarios: 1) How will Turkey develop as non-member state? 2) How would Turkey develop as a member-state? And 3) How would Turkey as a member state re-influence the EU? As the present economic crisis of the EU (for instance about 46 % of young people in Spain are jobless) is aggravated by a major financial crisis in the Euro zone, the economic and financial perspectives of development have to be moved into focus.

The “Europe 2020 Strategy” points the way, as it provides indicators to measure the EU's development from a long-termed perspective. Growth “at EU and national levels” has to be “smart”, “sustainable” and “inclusive”. Accordingly, “five targets were identified: (1) 75 % of the population aged 20-64 should be employed, (2) 3% of the EU's GDP should be invested in R&D, (3) The “20/20/20” climate/energy targets should be met, (4) The share of early school leavers should be under 10% and at least 40% of the younger generation should have a tertiary degree or diploma, (5) 20 million less people should be at risk of poverty.

In the following paper it will be discussed, if or how Turkey could meet these aims and if the EU could meet them if Turkey would become and be a member state. The EU's strategy targets will be complemented by financial targets, as the EU recently pushes ahead with a fiscal union. It will be checked if Turkey could become a Euro-country or at least join the fiscal union within the next decade. This will be investigated by looking at the Maastricht Criteria as well as the possibility to implement and meet the restrictions of the debt brake.

KEYWORDS

Europe 2020 Strategy; debt brake; Fiscal Union; Maastricht Criteria.

JEL CLASSIFICATION CODES

O16; O23; O52

ECONOMIC POLICIES OF FYROM TOWARDS THE EU—ARE THEY EFFICIENT?

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ABSTRACT

The Former Yugoslav Republic of Macedonia, as a Candidate Country (CC) of the European Union (EU) needs to align its economic policies in the context of European Integration. Since receiving candidacy status in 2005, Macedonia has done little in the harmonization challenge stated above. Nearly a decade of unsuccessful attempts to approximate itself to EU economic standards, Macedonia has failed to rearrange its priorities for eventual EU accession.

This paper makes that claim that, instead of economic policymaking based on economic cycles, the current and previous Macedonian Governments have made policymaking based on political cycles to suit the needs of individual elites, and not focusing on the priority of eventual EU integration. The correlation of economic policy based on political consequences is presently threatening Macedonia's attempt to create institutional reforms needed to transform its economy into an efficient market economy. This “populistic” approach of the national political elites gives Brussels additional reasons to offer Macedonia the cold shoulder, since national EU harmonization in economic issues have been frozen.

Through a comparative and benchmark analysis, the paper will examine the present economic situation in Macedonia and what is needed to intensify the process of economic policy harmonization to EU standards. It finds that the lack of sufficient economic policy outcomes from Skopje may lead the EU to regard this as a retreat from its obligations. The current economic national strategy of reforms by moving one step forward and two steps back will leave Macedonia out of the EU enlargement agenda.

KEYWORDS

EU integration, Macedonia, economic/political cycle

JEL CLASSIFICATION CODES

H11, H21, O11

A REPUTATION RISK PERSPECTIVE ON THE EUROPEAN ECONOMIC CRISIS

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ABSTRACT

The current economic crises in Europe, and especially in the case of Greece, Spain, and Italy has brought forward the complex interaction between States and Markets. At first instance, the European crises seemed to be originated in, and dominated by the Markets' financially-motivated preferences, especially in the case of Greece, Spain and Italy. However, the balance in the interplay is gradually being restored due to the unrehearsed yet coordinated and still mighty, at the European Union, State-based Political decisions to overcome the crisis, apparently in favor of a political union throughout the EU.

In this paper we are considering a reputation risk framework as a descriptive device for interpreting this interaction, the reasons that lead to it, and consequently the pitfalls that should be avoided in the future. In particular, we consider the timeline of events leading to the economic crisis, commencing from the starting at the USA subprime events, continuing with the Greek economic crisis, and consequently with other European countries, such as Italy or Spain, until we reach the present status as dictated by the Greek Private Sector Involvement (PSI) in restructuring the Greek debt. Subsequently we present an instantiation of the reputation framework that allows us to use to interpret the State-Market interplay and its dynamics in the context of the crises. We then align the timeline with a suitably adapted reputation risk framework in order to interpret the development of the aforementioned crisis and to anticipate, where possible, its evolution henceforth. Finally we discuss the main findings and the prospects of this work.

KEYWORDS

European Economic Crisis, Risk Management, Reputation Risk

JEL CLASSIFICATION CODES

D8, G01, G32, G18, H12, F59

THE IMPACT OF THE GLOBAL FINANCIAL CRISIS ON SME’S FROM OWNERSHIP POINT OF VIEW: A STUDY OF THE POLLOG REGION

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ABSTRACT

The global financial crisis of the first decade of this century deserves special attention and treatment as one of the most important economic events since the oil crisis of the 70s. The global financial crisis gave a severe blow to the world economy development in general. The negative effects of the global financial crisis began to feel mostly in 2008. Almost all the national economies, including the Macedonian economy, were faced with the challenges of financial instability. Due to the created situation the government introduced a wide range of anti-crisis measures with the aim of insuring financial stability in the country. But, in the case of the Republic of Macedonia, until now there is a gap in research, regarding the consequences of the global financial crisis on business in general and small and medium sized enterprises in particular. Although this paper summarises the main macroeconomic effects of the global financial crisis on the Macedonia economy, still it is more focused on the effects of the global financial crisis on SME’s. In fact this paper is based on a large scale research of SME’s in the Pollog region , being one of the biggest and most specific regions in the country, but from the point of view of capital owners.

KEYWORDS

global financial crisis, Pollog region, SME

THE POLICIES APPLIED IN THE EUROPEAN UNION TO CONFRONT THE CRISIS: “THE CASE OF GREECE”

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ABSTRACT

The pursuit of dealing with the crisis in Europe aims to drastically reduce public expenditure. This results in the shrinking of the welfare state and of the provision of all kinds of public goods and services. At the same time, structural elements of the European edifice do not allow for activities that would create the conditions for economic recovery. The solutions proposed perpetuate the problem, as the continuous deterioration in the income level in turn affects the goals that are being set. The attempt to establish competitiveness, with recession terms under these circumstances, raises certain serious issues of social cohesion in countries, entire regions but even in the whole European Union itself and undermines its financial and other objectives.

KEYWORDS

European, Union, Economic, policy, Crisis, Public, expenditure, Debt, Deficit

GREECE SNEEZED AND NOW MOST OF EUROPE HAS A COLD?

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ABSTRACT

“Greece sneezed, and now most of Europe has a cold. The European debt crisis has already spread like a virus from Greece to Ireland and Portugal, and other countries are now at risk...”¹ All of us read in the everyday financial news that story. But is it true? Put it differently, is it still true when we look not only at the trees but at the forest as well?

In most of the cases financial analyses are performed on a daily, weekly or monthly basis and there is nothing wrong with this. But the point is that financial data is in fact very complicated, it incorporates information on the actions of investors facing different investment horizons, from the speculator whose horizon is within the trading day to a pension fund manager whose actions are ruled by a long term strategy. This means that financial data could be much more informative and could provide us with deeper and better understanding of the underlying financial processes, if we are able to decompose it over different time scales. The right tool for such decomposition is the wavelet transform.

The current paper utilizes the continuous wavelet transform in order to investigate the degree of synchronization and co-movement of the Greece bond market and other Eurozone bond markets, including the German market regarded as a benchmark as well as bond markets of weaker economies, exposed at a risk of or suffering a debt crisis. For the pairs of markets where significant co-movements are identified it is also determined who is the market leader in the shorter and in the longer time perspective. Taking into consideration the obtained results it is discussed if actually Greece is that contagious.

KEYWORDS

European debt crisis, market co-movement, market leader, wavelet coherence

JEL CLASSIFICATION CODES

G01, G15

¹Source:<http://www.washingtonpost.com/wp-srv/special/business/financial-crisis-in-europe/>

THE FINANCIAL CRISIS IN GREECE AND ITS IMPACTS ON WESTERN BALKAN COUNTRIES

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ABSTRACT

The issue of financial crisis still remains a matter of concern for Western Balkan countries and Europe's as a whole. In moments when economies of these countries recover from recessions of global financial crisis, a new crisis threatens the region. Indeed, a considerable part of the financial sector of the Western Balkan countries is from Greek capital as well as the economic interdependency among them is great. Therefore the purpose of this paper is to explore the financial crisis in Greece and its impacts on economic performance of Western Balkan countries. An econometric model will be employed for empirical analysis using the latest macroeconomic data. How this question is handled by respective authorities and European Union and which strategies are followed for crisis alleviation will be discussed as well.

KEYWORDS

Greek financial crisis, Western Balkan countries, Economic performance

THE REPERCUSSIONS OF THE FINANCIAL CRISIS ON THE FOREIGN TRADE BETWEEN GREECE AND THE BALKAN COUNTRIES (BC)

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ABSTRACT

In this paper we will examine the repercussions of the financial crisis on the foreign trade between Greece and the BC. Based on the bibliography and findings related to the financial crisis and international trade, we examine the quantitative data on the foreign trade between Greece and the BC during the 2007-2010 period (Greek exports and imports to and from the BC, the balance of trade and the trade volume). When investigating the changes of the foreign trade between Greece and the BC during the financial crisis period, a correlation is made between the annual change of the BC GDP with the change in Greek exports and imports to and from the BC. Based on the course of the Greek exports over the last three decades (1980-2007), it appears that they are intensely influenced during the periods of global recession. With 2008 being the financial crisis reference year, the Greek trade imports and exports to and from the BC mark a decrease in 2009. Backtracking from 2010 to 2007 the Greek exports present a greater reduction towards the BC compared to the EU and the rest of the world. From 2010 towards 2007 there is a continuous trend in the reduction of Greek imports from the EU and the world, whilst imports from the BC present a slight increase. With most of the BC, Greece's balance of trade is in surplus throughout the period in question, although a reduction in the surplus is noted in 2008. Its geographical significance during the financial crisis period also has negative repercussions for Greece's neighbour countries and the volume of foreign trade transactions. The Greek trade volume with most of the BC is reduced to a lower level compared to the trade volume with the EU and the world and this seems to be due to its geographical position and to a lesser extent due to Greece's trade completion with the BC compared to the EU. Although Greece's trade terms have deteriorated in their entirety, with concerns most of the BC they remained favourable for Greece, whereas with concerns the EU and the world they are unfavourable for Greece and have further deteriorated. In 2009, a GDP reduction is marked in almost all the BC as a consequence of the 2008 financial crisis. Correlating the changes of the BCs' GDP and Greece's imports and exports to and from the BC, one is able to ascertain that 2009, which notes the greatest recession of the BC, also presents the greatest reduction in both Greek imports and exports. Furthermore, it is ascertained that the countries that present the greatest recession during 2009 also mark the greatest reduction in Greek imports and exports. Ultimately, it is concluded that the extent of the recession of the BC is directly related to the progress of the Greek exports towards these countries.

KEYWORDS

Greece, Financial Crisis, Foreign Trade, Balkans

THE ROLE OF MONETARY POLICY AND LESSONS FROM THE FINANCIAL CRISIS

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ABSTRACT

The key objective of the paper is to analyze the role and conduct of monetary policy and the lessons from the global financial crisis. First, the key elements of the pre-crisis monetary policy paradigm are analyzed as well as their importance during the global financial crisis. With this regard, the emphasis is put on the following four central issues: (a) the central bank independence and its importance as a corner stone of credible and effective monetary policy making; (b) the importance of the price stability as a primary objective of the monetary policy; (c) the monetary analysis and its role for the successful monetary policy making; (d) the monetary policy reactions on the asset price bubbles. Second, the challenges ahead and the role for monetary policy are analyzed in the paper. The key importance is attached on the monetary policy non-standard measures adopted by the ECB and the fiscal stimulus and support measures taken from the governments in response to the crisis. The main challenges ahead the monetary policy making are related with the current intensified tensions in sovereign debt markets and the state of public finances in the Euro area. The paper concludes that a new growth model is needed which is different from the one during the years before the global financial crisis. Moreover, the financial supervision and the economic governance should be strengthened and the Basel III is an important step in this direction.

KEYWORDS

Monetary policy; global financial crisis; central bank independence; monetary analysis.

JEL CLASSIFICATION CODES

E52; E58.

CONCLUSIONS FROM THE STABILITY OF FINANCIAL SECTOR FROM CRISIS IN EUROPE. PROPOSITIONS FOR FUTURE REFORMATIONS AND SUPERVISION OF FINANCIAL MARKETS. THE IMPORTANCE OF SYSTEMATIC RISK IN CRISIS

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ABSTRACT

The target of this analysis is to prove the inefficiency of supervision and controlling procedures in financial system, and his failure during the crisis to bring in balance the financial markets. In this framework we will discuss the weaknesses and their impacts to the economy.

So we focus among the other factors of crisis to examine the role of financial markets in the creation of crisis and the collapses from malfunctions of the financial system. We approach the above mentioned weaknesses from a view analyzing micro-prevention and macro-prevention of supervision and controlling financial market and institutions. The micro dimension refers to subjects like, capital adequacy of banks, crossboarder financial cooperation and capital movements, the uniformity of rules and regulations etc. in the micro dimension we examine the role and the impacts of the micro-economic forces place in turbulent conditions if crisis. More specific we take in account the opinions and theories about the underestimation of systematic risk on crisis phenomena.

So we analyze the supervision and controlling role of central banks and we make propositions for a new orientation about the procedures of supervision. We ‘ll try to point out the significance of a more effective frame for “crises” management for banking system an the other money and capital markets of the E.U.

We discuss about subjects like: a) the «early intervention» of the supervisory authorities, b) the procedures of «bank resolution», c) the «insolvency proceeding» and the clean- up procedures between banks.

Also issues like the role of moral hazard in the creation of crisis and the bankruptcies and the need for creation of new proper mechanisms to prevent all the above, also propose the possibility for the establishing an recapitalization and restoration authority witch will be financed through a special tax or duty in the banking exchanges. We will refer to the necessity to establish a single European financial system.

The establishment of new rules and regulations for the strict framework for the resolution of banks another financial institutions in Europe, in a new direction of uniformity against the national separation or sector separation. This means a more crystal role within the “Action Program on Financial markets”, for the “single financial services market”, the investors protection and the transparency of the retail markets and the enforcement of preventing supervision of Bankings system and other financial Institutions.

Also the enforcement of the MiFiD and the federalization of supervision between European states. Finally we propose the rescheduling of the whole frame of the “regulative structure” and relative procedures of the E.U., in issues like: «Rating Agencies, hedge funds, private funds investments companies, the accounting rules, the capital requirements and adequacy. Also we see the establishment of the “European council of systematic risk” and “the European system of financial supervision”.

ASSESSING THE EFFECTIVENESS OF MONETARY AND FISCAL POLICY DURING THE FINANCIAL CRISES IN THE COUNTRIES IN TRANSITION

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ABSTRACT

Since the start of the global financial crisis in the U.S., the different macroeconomic strategies were being applied in different regions (US, EU, Japan, Asia countries and emerging countries) in order to prevent further development of the financial crisis and thus a deterioration of the real economic sector. Regarding the SEE countries the situation was different compared to the advanced economies for the reason that they believe that they have small room in term of applying expansionary monetary and fiscal policy stimulus. Even so, some of the SEE countries have adopted somehow an expansionary fiscal policy by changes of the budget structure, cutting current expenditure in favor to capital spending, some of them introducing a cut in public administration costs. Therefore the main objective of this paper is to examine the impact of the financial crisis on real output for SEE economies and what kind of macroeconomic measure, should be used in the SEE's countries during the economic crisis in order to alleviate economic recession. The result suggests that financial crises have significant and permanent effect in SEE economies by decreasing output. Moreover, the effect of financial crises in lowering output is much higher in SEE countries than in EU-15 countries. In addition, we find out that fiscal policy tools has more efficient in handling with the financial crises than the monetary policy tools.

KEYWORDS

Crisis, Monetary, Fiscal

FOREIGN CURRENCY LOANS FOR HOUSEHOLDS AND THEIR IMPLICATIONS: EVIDENCE FROM CEE COUNTRIES

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ABSTRACT

In the period previous to the burst of the current global crisis, in most of the analysed CEE Countries (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania), the loans granted to households have represented the most dynamic segment of the bank loan market.

The extremely fast growth, expressed through two digit rates, of the banking loans granted to households, especially of the foreign currency mortgage loans, has led to a pronounced increase of the households' bank debts, as well as to an increase of the risks exposure, especially to the foreign exchange and interest rate risks.

In most of the countries included in the sample, the accelerated dynamic of the loans granted to the economy in general and to the households in particular, has led to important macroeconomic and financial imbalances.

The recent global economic crisis has stopped the rapid growth of bank loans granted to households in all the analysed CEE countries. The economic downturn, the liquidity problems from the international financial markets, the tightening of the credit conditions and standards, the depreciation of a series of national currencies and the exchange rate volatility, the negative perspectives regarding the economic growths and the unemployment rate have led to the decrease of the households growth rate in all the analysed countries, although with some major differences.

The pronounced imbalances recorded by some of the analysed countries, in the light of an extremely rapid and unsustainable households loan growth, as well as the extremely serious implications of the crisis on those countries, highlights the households loans major importance in assuring the economic and financial stability, especially of the ones denominated in foreign currency. From this perspective, the banks and the supervisory authorities face new challenges related to the improvement of the risk management and the insurance of a legislation and supervision framework that is able to ensure stability.

The aim of our paper is to comparatively analyse, on the example of the countries included in the sample, the main factors that determine the increase of the foreign currency bank loans granted to households, the macroeconomic and financial imbalances recorded as a result of a growing share of loans in foreign currency, and the challenges that arise for the monetary-financial authorities, both at national and European level, in the post crisis period.

The methodology used in our paper starts with an extensive literature review in order to underline the importance of the research theme approached. The analysis is based on information and statistical data provided mainly by the official statistics of the central banks from the analysed states, official statistics of the Eurostat, ECB, IMF, World Bank, different reports, studies and researches.

Throughout the content of our paper, we aim to highlight the major importance of the insurance of a sustainable households lending process and of the rigorous monitoring of the foreign lending activities undertaken by the central banks and the supervisory authorities on the insurance of the economic and financial stability.

KEYWORDS

foreign currency loans, households, imbalances, risks, policy makers, global crisis

JEL CLASSIFICATION CODES

G21, E44, R20

PERSISTENCE IN PERFORMANCE FOR MUTUAL FUNDS IN PERIODS OF CRISIS

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ABSTRACT

The study investigates the performance and persistence in performance for a sample of South European funds. Employing alternative performance measures, risk adjusted performance is measured in an attempt to judge the influence of the 2008 crisis and the current debt crisis on funds' inclination to persist in their previous returns record. Overall results suggest evidence of persistent results, whether positive or negative, both during the 2008 crisis and the current debt crisis, leading us to deduce that factors leading to performance persistence are not affected by market changes, since medium to long term persistence bypasses any temporary market mischief.

KEYWORDS

Mutual funds; crisis; performance persistence; bond markets

JEL CLASSIFICATION CODES

G15, G11, G23

HOW HAS THE ECONOMIC CRISIS AFFECTED THE FINANCIAL INSTITUTIONS. AN ANALYSIS BASED ON THE FUNDAMENTALS FINANCIAL FIGURES OF THE BANKS IN THE LAST DECADE (2001-2010). EVIDENCE FROM THE GREEK BANKING SYSTEM

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ABSTRACT

Crises are an integral part of modern macroeconomic history. Derived from the banking crisis is the stock market crises. The crises in a bank can start from the liabilities and assets.

The main features of coexistence of the crisis and the recession is that it takes longer to exit a country out of recession, total losses for the production as a percentage of GDP is much larger, nearly 100% of countries have recession and crisis led to production losses and reduced GDP.

This paper aims to present the analysis of the fundamentals financial elements of the Greek banks over the last decade (2001-2010), since that Greece joined the Eurozone area. It also try to distinguish these financials figures before the start of the global economic crisis in the year 2007, until the year 2010, which is the last year of publication of the balance sheets of banks today. Therefore this paper will attempt to show whether and how have the fundamentals figures of the Greek banks affected from the financial crisis in the first three years of its existence.

In the first part of the paper we present the structure of the Greek banking system, the institutional framework of the banking system, the role of banks in the financial system and banks' main distinctions.

In the second part of the paper we describe the evolution of economic fundamentals financial elements of listed banks in Greece in the Athens Stock Exchange during the first decade (2001-2010) in which Greece joined in the Eurozone area.

In the third part of the paper we work at the financial analysis of those fundamentals financial figures which is divided into 2 periods. The pre-crisis period 2001-2006 and the post crisis period 2007-2010 and comparisons. We make a comparison between these two time periods and we try to show the influence of the economic crisis in the Greek banking system. Finally, we cite the conclusions of this financial analysis.

KEYWORDS

banks, banking sector, liquidity, efficiency, profitability.

JEL CLASSIFICATION CODES

G2, G21

WILL THE NEW FINANCIAL PRODUCTS CAN BE THE SOURCE OF A NEW CRISIS - AN ANALYSIS BASED ON REDUCTION OF EMISSION OF GREENHOUSE GASES

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ABSTRACT

The enterprises that are affected with the total emissions of greenhouse gases, they are influenced by many regulations. The European Emissions Trading Scheme (EU ETS) allows them to manage the risks associated with excessive emissions. The market trading in CO₂ emissions develops very rapidly. It is expected that it may even become one of the largest commodity market in the world [Kanter, 2007]. It is believe that we should recognize the risks associated with this development. Short term forecasting of this market makes it difficult to allowance of prices. At the same time we observe a considerable uncertainty about the final shape of the market. Decisions that will be taken by the European Commission can influence on the market price of units (decisions on allocations of units for each country and restrictions on the quantity of emission). There is also a risk of speculation, or even "speculative bubble". The participants of market are not only trading entities directly involved in the issue (enterprises), but also individual and group investors who want to achieve good profit. For example, on the emissions trading market we can find new instruments which are called subprime coarbon ("junk carbon"). These are contracts for CO₂ emission allowances for significant likelihood of failure (usually applies to projects under the CDM and JI). The development of this market is accompanied by a wide spectrum of financial instruments. There are often complex instruments created by financial engineering, such as options or swaps quanto options. We must remember that many of the participants in this market are non-financial sector managers (industry, energy, chemical, food, etc.) for whom it is so complicated that they couldn't recognize their application or analyze the risk associated with these instruments. This part of the market is not subject of any regulation or supervision. We ought to find legal solutions that would protect participants of the market. As a result, we can avoid another global crisis.

KEYWORDS

contracts for CO₂, risk management, global crisis

AN EMPIRICAL INVESTIGATION OF THE EFFECTS OF FOREIGN DIRECT INVESTMENT ON THE SKILL INTENSITY OF HOST COUNTRY EMPLOYMENT

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ABSTRACT

The last two decades have been characterised by a rise in income and wage inequality in a wide range of countries, including transition countries. These increases have been attributed to a range of factors, such as globalisation, skilled-biased technological change, differences in access to schooling, the pattern and level of unemployment and institutional differences. International trade and foreign direct investment (FDI) have increased significantly in transition economies during the transition period, which has motivated scholars to examine the impact of these factors on the labour market and more specifically wage inequality in these countries. The increased inflow of FDI in transition economies has been considered to be an important channel for the diffusion of new technology, managerial skills and new ideas. Feenstra and Hanson (2001) argue that both trade in intermediate inputs and skilled-biased technological change have decreased the demand for low skilled labour and increased the relative demand for and wages of the higher skilled. The net effects of FDI on wage inequality will depend on country specific effects, namely how large are differences in skilled and unskilled wages and the skill-intensity of employment in foreign-owned firms compared to domestic ones. This paper examines the effects of FDI on the skill intensity of host country employment in transition economies using the Business Environment and Enterprise Performance Survey (BEEPS) undertaken in three waves 2002, 2005 and 2009. These data have two dimensions, a pooled cross-section of firms randomly selected in each wave and the panel dimension of firms that participated in the survey in all three waves. The question to be addressed is whether foreign-owned firms employ a more educated and skilled workforce and whether they are more likely to provide formal training to their employees in comparison to domestic-owned firms. Several measures of the skill intensity of employment and provision of training are used: the ratio of skilled to unskilled workers, share of employees with tertiary education, provision of formal training, provision of formal training to nonproduction employees and provision of training to production employees. Using the pooled cross-section dimension of BEEPS data we examine if foreign-owned firms employ a more skilled workforce and whether they are more likely to provide formal training to their employees after controlling for other firm characteristics. Results indicate that foreign-owned firms have a better educated labour force and they are more likely to provide formal training to their employees in comparison to domestic-owned firms while, surprisingly, the effect of foreign-ownership on the ratio of skilled to unskilled workers is negative and significant. The panel dimension of the data allows to control for unobserved firm characteristics and to test whether these relationships are robust. The FE estimation results suggest that after controlling for firms' unobserved characteristics, the effect of foreign-owned firms on the share of employees with tertiary education is still positive and significant, though the effect on the ratio of skilled to unskilled employees and on the training incidence becomes insignificant.

KEYWORDS

Skill Intensity, Transition Economies, FDI

JEL CLASSIFICATION CODES

F23 - Multinational Firms; J01 - Labor Economics: General; C01 – Econometrics.

LABOUR MARKET ATTRIBUTES IN HUNGARY FOCUSING ON 'PEOPLE LIVING WITH DISABILITIES'

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ABSTRACT

In my PhD thesis I analyse the labour market situation of North-Great Plain Region (North-East area) of Hungary. Nowadays employment is a very important topic in Hungary. Many kinds of supplies are provided by the State (on the basis of the 8/1983. EüM-PM Hungarian Law), for example for the group 'people living with disabilities'. It is very difficult to provide job for these people after their rehabilitation. Statistical figures show, that the highest ratio of "people living with disabilities" can be measured in the North-Great Plain Region of Hungary (30 per cent of the total number of "people living with disabilities"). The number of these people was constantly growing in the last 20 years in Hungary and the situation is the same in a lot of European countries too. This special group of pensioner requires a huge amount of charges from the state budget.

Employment of these people means extra costs for enterprises too. At the same time the complete accessibility of workplaces is still not provided in many cases in Hungary yet. Currently only a few enterprises are specialized to employ people living with disabilities in the North-Great Plain Region. Unfortunately most of the enterprises do not want to employ them. New workplaces for these people should be created by the utilisation of European Union and national available sources in order to integrate them into the job's world in long run. Our civilisation „generates” the disability (industrial jobs, unhealthy lifestyle, etc.). The duty of our society is to give the possibility of job for more and more people in a sustainable way. I research the possibilities how disabled people could become employees in this structure.

KEYWORDS

labour market, people living with disabilities, handicapped

JEL CLASSIFICATION CODES

E24, J14

LABOUR FORCE EXTERNALIZATION – A STEP TOWARDS FISCAL OPTIMIZATION IN ROMANIA’S COMPANIES

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ABSTRACT

In the current economic context where companies are facing a critical lack of liquidities, the optimization and betterment of fiscal spending is the concern of any business management. The legal reduction of the amounts paid as taxes and fees is an efficient tool to raise additional liquidities which can be reoriented to new development opportunities. The work contracts-related fiscal costs born by Romania’s companies have a major share in their total fiscal expenses. Therefore, according to labour laws, employers and employees are required to contribute in the social security system. An employee is requested the following compulsory social security contributions: employees' contribution in pension funds is 10.5% of monthly gross incomes; employees' contribution in health insurance funds is 5.5% of monthly gross incomes; employees' contribution in unemployment funds is 0.5% of monthly gross incomes; A company undertakes the following compulsory social security contributions: company's contribution in social security is 20.8%, 25.8%, 30.8% depending on working conditions; company's contribution in health insurance budgets is 5.2%; company's contribution for holidays and bonuses is 0.85%; contribution in the funds guaranteeing salary debts is 0.25%; company's contribution in unemployment funds is 0.5%; insurance contribution rate for labour accidents varies between 0.15% and 0.85%. The criteria needed to set risk categories have been established by Government decision. If the 16% salary tax is added to the compulsory social security contributions deducted from both the employers’ and employees’ revenues, the result is a fiscal salary cost of 45% of total salary expenses. To optimize the fiscal costs generated by salary expenses, a company has the opportunity to use the services of a small enterprise, thus giving up the payment of salaries according to an individual work contract. In terms of the billing services of the small enterprise in the same amount as the costs a company would have if it paid the proper salaries to its employees, the respective company obtains a maximum benefit because the amount of billed services is not subject to salary fiscality. The present paper approaches the analysis of companies’ fiscal costs in the event they pay salaries by means of individual work contracts, respectively the cost a company has to bear if it resorts to labour force externalization with the help of a small enterprise.

KEYWORDS

Fiscal cost, fiscal optimization, small enterprise, salary spending, social contributions.

JEL CLASSIFICATION CODES

H32, M21, M41.

UNEMPLOYMENT DURATION IN SLOVENIA: SURVIVAL ANALYSIS APPROACH

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ABSTRACT

In this paper we apply survival analysis and the Cox proportional hazards model to analyze the influence of different variables (age, gender, level of education and region) on the duration of unemployment spells for the youth in Slovenia. For the estimation of the model parameters we use a rich dataset on unemployed persons collected from the unemployment register kept by the Employment Office of the Republic of Slovenia. The unemployment register includes records of all individuals who have been registered with the Employment Office of the Republic of Slovenia as unemployed persons and actively search for a job. The target group in our empirical analysis represents young unemployed persons aged from 20 to 29. To provide some comparisons, the paper aims to identify the differences in unemployment duration between unemployed youth who did not participate in active labour market policy and those unemployed youth who did participate in active labour market policy. During the empirical analysis we expect to define significant effects for age and level of education. On average it takes longer for women to get a job and the duration of unemployment is on average decreasing with the increasing level of education. We also expect to define some selection effects between those unemployed participating in active labour market policy and those unemployed not participating in active labour market policy.

KEYWORDS

Survival analysis, Cox proportional hazards model, active labour market policy, unemployment.

JEL CLASSIFICATION CODES

J64, C41.

TO WORK OR NOT TO WORK: JOB MARKET OPPORTUNITIES OF GEORGIAN WORKERS IN THE REFORMING ECONOMY

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ABSTRACT

Transition economies (TEs) have been going through dramatic changes in the last 2 decades. This is especially true for the Republic of Georgia that suffered the deepest recession among all TEs following the breakdown of the Soviet Blok and the conflicts that followed. After the Rose revolution of 2004, Georgian economy has gone through a drastic reformation process that has very few parallels around the world. According to the World Bank's "Doing Business" project, Georgia has been one of the top reformers in the world in the last 5 years, approaching in ranking the most developed countries, and well ahead of other TEs (in 2011 Georgian ranked 16th at the world level – up from the 37th place in 2007 - 1st among Eastern Europe and Central Asian Countries). As the result of widespread reforms, and despite the ongoing conflict with Russia and the global financial crises, the country's economy has been growing steadily at high rates. The main aim of the reforms in Georgia has been deregulation of markets, including the labor market and the social security system, in the attempt to make them more efficient and flexible. The new Labor Code adopted in 2006 radically changed the labor market, turning it into possibly one of the most liberal labor markets in the world. While excessive regulation may certainly limit flexibility of labor market and make it less functional and efficient, complete liberalization of it might lead to neglect of job safety, abuse of workers' rights and other market failures. In our paper we turn to official statistics of Georgia in an attempt to follow the developments in the labor market as its regulation changes. More specifically, we analyze how probability of being employed has been changing over time starting from 2003 until 2010 - the earliest and latest years data from nationwide household surveys used in the analysis are available for. We also assess how different factors that influence the probability of having a job evolve over the time period under consideration and estimate the impact of those factors on the probability of being employed in any given year and for different locations in Georgia. This exercise allows identifying groups of potential winners and losers within the working age population that emerge after the labor reform, at least in terms of likelihood of having a job, and of ending up working as an employee rather than as a self-employed (in the agricultural sector or in other sectors). We believe this information can be helpful in designing labor market and social support policies and even better targeted for different location within the country.

KEYWORDS

Labor market reforms, transition, Georgia

SOME APPROACHES TO GOVERNMENTAL REGULATION OF LABOR FORCE MIGRATION IN UKRAINE

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ABSTRACT

An intensification of the labor force migration is among the main features of globalization and internationalization. According to the great growth of total number of international migrants, governmental regulation of labor force migration became the one of the most important problems nowadays. Most countries in the world have a lack of capacity for effective management of the international mobility of persons today. Country's safety, improvement in economical growth and an increase in population's welfare should be among the main points of governmental demographical policy. The government should defend the national labor force market. Development of professional skills of the labor force must also take place.

Nowadays the list of main aspects, that are influencing international labor force migration, is formed and specified. It is a country's unemployment rate, country's international brand image, quality of workers and managers in a country. An influence of migration capital on country's economy also should be mentioned.

As we can see from the experience of European countries, governmental regulation of labor force migration faced many changes and upgrades in the last several years. In almost all of these countries the work and residence permits for foreign worker are indispensable. Also there are many barriers for foreigners in job achieving, such as giving preferences to local and into-EU workers, necessity to prove your qualification level for getting a work permit. It is also important, that most of work permits have temporary nature. That means that the future of immigrants in a foreign country, even when they get a temporary permit, is not so clear. On other hand, the most part of EU-countries claims the attraction of high-skilled foreign specialists as a main aim of immigration policy. High-skilled workers are a real power of increase in technological and scientific level of the country.

In Ukraine it is also necessary to make some correctives in governmental regulation of labor force migration and to develop governmental programs inspiring national enterprises to use local workers and to stimulate the progress of national scientists and brainpower. Also the aim of governmental is a minimization of bad effects of immigration. The possible way of the salvation of this problem is an implementation of the migrant's certificate.

KEYWORDS

Labor force migration, governmental regulation, unemployment, worker's certificate.

JEL CLASSIFICATION CODES

F22, J61

THE ROLE OF ORGANIZATIONAL POLITICS IN FOREIGN DIRECT INVESTMENTS

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ABSTRACT

Few prior research studies have viewed capital investment decision making as a political process (Ackerman 1971; Carter 1971; Bower 1972; Butler et al. 1991; Hirst & Baxter 1993). Even fewer papers have addressed the political character of the foreign direct investment (FDI) decision-making in particular. Drawing upon Pettigrew's (1985) work on decision making and change, the current paper is a case study of the decision making process of a Greek manufacturing company which invested in the Balkans during the 1990s. The analysis illustrates that conflict and political behaviour emerge during strategic decision tasks in response to changing environmental conditions. More specifically, sectarian demands are generated during those decision processes and power is mobilized through the control of resources. Dominant actor groups try to bring about their favourite decision outcomes, by subtly forwarding their preferences and by affecting other participants' perceptions. This paper also evaluates developments in the use of management control systems (MCS) for Foreign Direct Investment (FDI) decisions. The paper concludes that the change of the business affected by the FDI increased the influence of both the formal MCS and those who controlled them.

KEYWORDS

FDIs, Organizational Politics, Balkans, Management Control

JEL CLASSIFICATION CODES

D74, M40

STRATEGY AND COMPETITIVE ADVANTAGE

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ABSTRACT

The conclusion of the internal strategic diagnostically should not be "we know to do this" but "how we do it in relation to main competitors, based on requirements imposed by the environment", the objective of this diagnosis being determination of the strengths, weaknesses of the company and its distinctive competencies. Identifying of the strengths, weaknesses and of the key success factors will allow the company, on the one hand, to bring remedies to the likely aspects that may compromise its future development, and on the other hand, to build the strategy based on its distinctive competence. Also a other objective of the paper is how we can built a strategy based on knowledge.

KEYWORDS

Strategy, competitive advantage, knowledge, performances

ENTREPRENEURIAL INTENSIONS AMONG UNDERGRADUATE STUDENTS: IN SEARCH OF ENTREPRENEURIAL ENHANCEMENT

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ABSTRACT

Even though Social entrepreneurship as a concept dates back to the second half of the 18th, it is still poorly defined. It has been defined via the use of terms such as social enterprise, social innovation, nonprofit ventures and social responsibility. Its boundaries to the other fields are unclear and its practice is in low level.

However, social entrepreneurship is an emerging area of entrepreneurship, and literature on this field, has been grown the last two decades. It attracts attention mainly to its high importance for the economies in terms of social and economic values creation. This paper studies social entrepreneurship and its role in economies of austerity, with emphasis placed on European countries and it provides and a mapping of the situation.

The difficult economic circumstances have empowered social entrepreneurship and many cooperatives, voluntary organizations, associations; NGO's have been established aiming to improve economic conditions, social cohesion, the employment percentage and generally the production of goods and services. The assessment of social entrepreneurship in economies of crisis is examined through the study of the existing bibliography and the analysis of related data of Global Entrepreneurship Monitor (GEM, 2009).

Findings suggest, that non for profits, non-governmental organizations and individuals play an important role in promoting, funding, solving and informing social entrepreneurs around the world and social entrepreneurship increasingly gains grounds.

Related data shows that about 10% of businesses in Europe are social, employ 11 million employees and the 10% of jobs created in recent years in the European Union are related to activities in the field of social economy. Social economy represents the 5.9% of total employment and 6.7% of salaried employment.

It is also supported that the expansion of social economy sector stimulates entrepreneurial spirit, creation of suitable conditions for peoples' employment with difficulties in access and mainly promotes social cohesion.

The paper's originality lies in the review of social entrepreneurship and steps taken by European countries in this sector, adding more evidence on the existing literature on the relationship between social entrepreneurship and its positive contribution to economies in austerity using the Greek economy as an example. "When we will stop thinking the poor people as victims and instead recognize them as creative and future entrepreneurs the sparkle of light will be the sun".

KEYWORDS

Social entrepreneurship, social cohesion, economy, European countries, Greece.

JEL CLASSIFICATION CODES

M00, 010, Z00

COMPLEX EVALUATION OF INTELLECTUAL RESOURCES DEVELOPMENT

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ABSTRACT

The comparative evaluation of the intellectual resources (IR) development in the Baltic and Balkan States, their efficiency criteria and their complex evaluation shows that they (IR) may be successively measured both qualitatively (i.e. with account of expertizing results) and quantitatively. It is accented that some sophisticated problems in the IR management should be solved much better if the last one would be based on special researches conducted systematically and their insights of the sustainable development argued in more detail. Some components such as new product development, changes of out-of-dated technologies or products, growth of new markets and their part, amelioration of product quality, both organizational and productive adaptivity to innovations, - have to be taken into account. It is revealed that the systemic multicriteria evaluation of the national IR, their dynamics, factors of changes and effect measurement are the necessary premises for their more adequate resourcing and more rational distribution of the means in perspective, necessary variant transformations of their branch and sectoral structure, also for determination of economic development strategy with account of intellectual potential development criteria. The totality of the evaluation criteria of the national IR was formulated and adopted with account of the WB and the WEF experts opinion. The authors proposed the complex multicriteria evaluation model integrating the wide specter of primary indicators on the basis of Simple Additive Weighting (SAW). In particular, the technique of evaluation supposes the identification of essential components, their quantitative evaluation (in points) and estimation of their significances as well as the calculation of the general IR development index. It may help for the forecasting of development alternatives, also the reasoning of the macroeconomic development decisions based on the criterion of IR growth. The case study of essential IR components for Lithuania was performed according to 2011 situation with account of the data of international institutions and expert evaluations fulfilled by authors. As a result based on proposed model, the Lithuania's IR development was evaluated at 52 points, and its forecasted significance for 2013 at 56 points. The conclusion concerns the perspectiveness of applying the multicriteria decision support methods when evaluating the development of the IR and rating the newly EU countries according the IR development criterion.

KEYWORDS

intellectual resources, expert evaluation, development strategy, complex evaluation, multiple criteria methods

JEL CLASSIFICATION CODES

E24, I28, J24, O15

THE MOST IMPORTANT PART IN POLICY-MAKING DECISIONS

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ABSTRACT

Most industries have been favorable to the removal of barriers to free movement of goods, services and capital. European multinationals lobbied governments and the Commission to speed up the market integration, resulting in the Single European Market after the recession at 50s. Depending on the interests, mainly, multinationals promote policies in the EU through pressure groups. The business lobby is promoting policies to develop the industry and therefore their interests. Most EU interest associations are composed of national associations, large companies or both. Sectors dominated by small firms tend to be represented by federations of national associations, whereas highly concentrated sectors tend to be represented by direct company membership organizations. The key players, lobbying groups, exhibit striking differences in their approaches. They may have particular preferences, resources, forms of management, or lobbying styles. These differences often stem from factors such as geographical origin, type or size of organization and situational (time) aspects. They represent businesses, NGOs, public organizations, national ministries and national non-European interests. There is close relation to the aspects of everyday life and the activity of European citizen to the decision taking centers because they are the last recipients of the respective policies, but they, usually, are not aware of this situation. There are many business cases that are dependent on government decisions. In those cases, strong contacts with the decision-making centers and the pressure levels play a significant and crucial role. So, the aim is reached by making financial contributions in election campaigns and lobbying governments on specific legislation. In EU it is estimated that 500 large enterprises are represented through lobbies and are specialized in legal issues. They are pursuing to be found in the appropriate location in order to contribute in the final configuration of a decision be taken in the power center. The basic purpose of all regulation and codes of conduct is to bring lobbying into the open. Although there is still pressure in some quarters in favor of making the codes legally binding, others argue that this is not necessary as long as they are consistently enforced. Lobbyists recognize that it is not in their interest to be suspected of underhand practices and that good relations with EU institutions are essential for them. In the present study we will try to explain and analyze the relation and the role of lobbies as the mediator between the European policy and the forwarding business interests. We will expose how possible is the EU to be affected from lobby's decisions and by which way. Finally, we will investigate the crucial role of the Court of Justice in this issue and the EU's intentions on this subject.

KEYWORDS

European Union, Lobbying, legislation, jurisprudence, Company Law, Competition, Enterprises

JEL CLASSIFICATION CODES

ENTREPRENEURIAL INTENSIONS AMONG UNDERGRADUATE STUDENTS: IN SEARCH OF ENTREPRENEURIAL ENHANCEMENT

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ABSTRACT

Entrepreneurship is widely accepted as an important contributor to innovation, creativity and job creation around the world. Consequently is a determinant driver of economic and social development. In this context, higher education institutions all over the world, even at developed or developing countries, integrate courses in their entrepreneurship education in order to enhance entrepreneurship knowledge and learning. Nowadays the challenge is not just the training of potential entrepreneurs but the provision of appropriate knowledge, skills and abilities to engage in a more innovative and flexible way in a changing workplace environment. Higher education plays a vital role in encouraging entrepreneurship and providing the skills needed for potential entrepreneurs. The exploitation of business opportunities is still a challenge for entrepreneurship education.

Students' entrepreneurial intentions in higher education institutions have been widely investigated and demographic characteristics as well as personality traits seem to affect entrepreneurial intentions. Motives, obstacles and some personality traits such as risk taking or achieving goals are closely associated with entrepreneurial activity. The purpose of this paper is to explore Greek undergraduate students' entrepreneurial intentions and their influencing factors in the notion of entrepreneurship education provided. Due to the economic and social interest of family businesses, their relationship with students' entrepreneurial intentions is also investigated. Family background often determines the choice of professional career while family support it is assessed as an important driver for potential entrepreneurs.

The paper is mainly based on related bibliography and the 2011 GUESSS research conducted at 26 countries while data processed with the statistical package SPSS 17.0.

KEYWORDS

Entrepreneurial intentions, family background, undergraduate students

JEL CLASSIFICATION CODES

A 2.2 ,I 2.3 ,L 2.6

THE RISK EXPOSURE CALCULATOR

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ABSTRACT

In our approach to build an analytical model we could have included the construction of a new rating system. The amount of information necessary for this approach: design, validation, required information resources, limited to an individual user, and the mandatory compliance with the regulations of National Bank of Romania and the requirements of Basel II made us to give up this approach. Giving up to develop an model from the inside according to Basel II we can choose to use a rating assessment conducted by an external institution (ECAI). A good example is the "Risk Calc" developed by Moody's Investor Service on private companies; the rating system is constantly improved by specialists and used by Moody's agency as a rating methodology. Another way to determine the class of risk model is to use the rating agencies. As a novelty in the model of credit risk analysis we introduce a new element, an risk exposure calculator of the assessed company. The risk exposure calculator is divided into 3 areas according to the internal pressures which occur inside a company to multiply its performances and to increase also the risk level into its activity. The model has been tested by hundreds of CEOs who graduated Harvard Business School. Their objective was to improve their style of management and the performances of the organizations they work in from a period to another. The Risk Calculator must be included into the credit risk assessment because it is both a quantification of strategy errors and also of healthy and sustainable growth strategy of a company. It is also a new way of analysis. Without proper business calibration, without control, without a careful evaluation of the processes, other functions of management cannot be fulfilled. Hence the strategic importance of risk calculator as an evaluation system for the organization. A good business architecture of processes and an efficient management steers the company towards the right direction.

KEYWORDS

risk calculator, strategic importance, performance, efficiency.

JEL CLASSIFICATION CODES

G24, M40, M41.

BUYING LOCALLY OR ABROAD? DOMESTIC CONTRACT- ENFORCEMENT AND HOME-SOURCING IN CENTRAL AND EASTERN EUROPE

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ABSTRACT

In this paper I test whether firms' own perceptions of the ability of the domestic courts to enforce written contracts is an important determinant of the intensity with which inputs are sourced domestically as opposed to abroad. In doing so, I add to the growing body of literature in international trade, concerned with institutional quality and trade flows.

From the literature on transaction cost economics, we know that market-based transactions involve the risk of either party engaging in a range of ex-post opportunistic behaviours and that this risk increases, the more relationship specific a given transaction becomes. Within this literature, contract-enforcement has been suggested as one of the possible ways to reduce such a risk.

Drawing on these insights, it is argued in this paper that the willingness of a final goods producer to purchase relationship specific inputs (i.e. customized inputs) from external suppliers is, in part, an increasing function of the perceived quality of the judicial system governing such transactions. The relative intensity of home sourcing, by producers requiring such inputs, is therefore expected to be an increasing function of the perception of domestic contract enforcement. Producers which perceive of domestic courts as being poor are therefore also expected to source a greater share of their sensitive inputs from suppliers located in 'safer' markets abroad.

Empirically, this is tested using firm-level data covering 5600 enterprises across 27 countries in Eastern and Central Europe, obtained from the World Bank. The data contains information on the share of purchased inputs of domestic and foreign origin, as well as respondents' own perceptions of the fairness, speed and ability of domestic courts to enforce final decisions. This is combined with data on the contract-intensity of final goods, obtained from Nunn (2007, Quarterly Journal of Economics) in order to account for differences in the importance of relationship-specific investments across industries (measured at the 4-digit level).

Using a fractional logit model and controlling for a number of firm-level factors as well as industry and country fixed effects, I find that the share of purchased inputs of domestic origin is indeed an increasing function of perceived domestic contract enforcement for producers of highly contract-intensive goods.

Additionally, I make use of a measure of judicial quality at the country-level and find that the results are driven exclusively by within-country variation in the perception of domestic courts.

KEYWORDS

Trade flows, Heterogeneous firms, Contract-intensity, Institutions, Transaction costs.

JEL CLASSIFICATION CODES

D23, F10, F14

SOCIO-ECONOMIC ASSUMPTIONS OF RETAIL INTERNATIONALIZATION ON SERBIAN MARKET

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ABSTRACT

Internationalization is one of the actual flows of retail in the market of developed countries, as well as ours. The difference exists only in the progress in the expansion of international retail company, so we can talk about the retail sector, which is also called "international". The process of internationalization is imminent large retail chains, which in this way find new market areas and generating new sources of profit. For retail companies, the internationalization is a growth strategy and business development. However, performance on a particular market relies upon assumptions or factors that have a large influence on the choice of a particular market. First of all, it is the effect of the following factors: economic, political, demographic, socio-cultural and institutional. As the Serbian market in recent years becomes attractive to some international trade chains, it analyzes the preconditions or factors of implementation strategies of internationalization gains importance. The aim of this paper is to show all the relevant assumptions or factors which determine the performance of international retail chains. In a separate part of the paper will point to the experience of Romania and Bulgaria in implementing the strategy of internationalization of trade.

KEYWORDS

Internationalization, assumptions, retail, Serbian market

VULNERABILITY OF THE CURRENT ACCOUNT IN REPUBLIC OF MACEDONIA

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ABSTRACT

Transition economies, including Republic of Macedonia (RM) are faced with deficits in current accounts, which raises questions about their sustainability in the medium and long term. The purpose of this research is to analyze the vulnerability of the current account of the RM, through the time series of the structure of import and export and the source of financing the deficit of the current account.

The data from the foreign trade in RM show that in the period from 1995 to 2010 the current account of the balance of payment has a negative value. Factors that affect the current account deficit in RM in the reporting period are: economic growth, foreign direct investment, financial intermediation, import oriented economy and low diversification of the export. The level of sustainable current account deficit ranges between 0, 4% and 8,2% of GDP. Current account deficit is due to the deficit in the trade account, while aimed at reducing from the high inflows from private transfers and the volume of foreign direct investment (FDI).

However, from the fourth quarter of 2007 to first quarter of 2009, influenced by both external shock of this period (the global rise in prices and global recession), the deficit has consistently surpassed sustainable levels, indicating a deteriorating external balance. Despite the establishment of equilibrium in 2009, this historic episode indicates the high sensitivity of the external sector shocks and stresses the need for structural changes in the Macedonian economy in order to prevent such episodes in future.

Hence, the sustainability of current account deficit is a key issue affecting economic growth of RM. For this purpose will be carried out detailed analysis of the structure of current account and the volume of FDI in the RM and will be purposed some measures for reducing the current account deficit.

KEYWORDS

Current account, foreign remittances, foreign direct investment, export, import

JEL CLASSIFICATION CODES

F32

INTERSTATE AND TRANS-BORDER ECONOMIC RELATIONS: THE FLORINA & BITOLA CASE

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ABSTRACT

The bilateral Economic relations between Greece and the Former Yugoslav Republic of Macedonia began 22 years ago. The extent of commercial exchange between the two countries indicates the fact that they are very important markets for each other. In 2009, exports of 396, 58 million € were recorded from Greece to FYROM and imports of 214, 83 million € respectively. Furthermore, during 1996-2008 the Direct Greek Investments in FYROM reached the number of 985 million €.

However, apart from the interstate economic relations there is always the development of an “unofficial” trans-border economy between the residents of each area. There has always been the tendency for residents of border areas to develop transaction and cooperation relations between them. Border areas are particularly susceptible to external decisions. In order to confront today’s changes, residents of border areas utilize any favorable solutions found in coterminous countries.

In December 2011, an empirical research was realized in order to analyze the “unofficial” bilateral trans-border relations through the use of questionnaires. A remote border region, which is an interesting and representative case study, is the cross-border area designated by the prefecture of Florina on the Greek side and the Municipality of Bitola from the Former Yugoslav Republic of Macedonia, an area with long formal and informal cooperation.

The border region of Florina (Greece) and Bitola (FYROM) have a common economic past which has passed through several phases. These phases depended on the decisions of the countries and the general political climate. Despite the occasional variations, there is a constant mobility, with economic dimensions, which is not recorded by official statistic measurements, nor interested, in the trade balance of the countries.

The questionnaires were completed after personal interview of residents from both Florina and Bitola. The interview took place in the point of entrance and exit of each country, which is the customs Niki. For the impartiality of the investigation the function RANT (EXCEL) has been used, which assigns a random number between 0 and 1. Then the number of days in the month of December (31) was multiplied with that random number and rounded down to the nearest integer, thus producing a random day in December 2011 ($RANR() = 0.727154$, Random day = $31 \times 0.727154 = 22.541773 = 23$). In this way the day chosen for the investigation was Friday 23th December 2011. Also, for the selection of a random time, the process was repeated by multiplying the new effect of the RANT function to the number 17, as it was estimated that the investigation should take place between 7:00 a.m. and 12:00 p.m. ($RANR() = 0.247615$, Random hours = $17 \times 0.247615 = 4.209452 = 4$, 7:00 + 4:00 = 11:00 o'clock). In this way, the time from 11 a.m. until 12 noon was designated as the time to complete the questionnaires.

At the appointed day and time there were 27 exits by adult residents of Florina bound for the neighboring city of Bitola and 24 entries by residents of Bitola, for the city of Florina. 25 people from the Florina region agreed to participate in the survey and 20 from the region of Bitola. A total of 45 questionnaires were completed, a figure estimated representative and adequate for the needs of the research.

The findings of the research delineate the “unofficial trans- border transactions” as far as products and services are concerned. On a second level, these findings are related to the bilateral economic relations of the two countries in order to compare and contrast trans-border areas to the national image.

KEYWORDS

INTERSTATE ECONOMIC RELATIONS, TRANS-BORDER REGIONS

JEL CLASSIFICATION CODES

F5,F14, R12

A MODEL TO CALCULATE THE HEALTH INSURANCE PREMIUM: A FUZZY APPROACH

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ABSTRACT

Traditional actuarial methodologies have been built upon probabilistic models. They are often driven by stringent regulation of the insurance business. Deregulation and global competition of the last two decades have opened the door for new methodology, among them, being fuzzy method. The defining property of fuzzy sets is that their elements possibly have partial membership (between 0 and 1), and therefore this always help to design such models where the membership (belongings) is lies between 0 and 1. Hence in this work a fuzzy model is considered for the calculation of premium of health insurance of a person having cardiovascular disease. This work provides a quick overview of developing fuzzy sets methodologies in actuarial science, and the basic mathematics of the fuzzy sets. Further I also show how to build and fine-tune fuzzy logic models for changing rules to reflect supplementary data.

KEYWORDS

Health Insurance, Fuzzy Logic, Actuarial Science

JEL CLASSIFICATION CODES

C45, C65

FINANCIAL SUSTAINABILITY OF A HEALTH INSURANCE FUND FOR KOSOVO

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ABSTRACT

In this paper we investigate the current shortcomings of Kosovo’s healthcare system, and propose a method for implementing a universal health insurance fund. We establish a ten year funding strategy that complements the current tax-based system in Kosovo. Our study shows increases in overall healthcare contributions and simultaneous relief of some of the pressure from the government through increased funding from the private sector. Our analysis uses the most current economic data, and makes use of preliminary reports from Kosovo’s 2011 census. We include a wide set of scenarios based under different economic outlooks and different healthcare package covers. We define a family members’ multiplier allowing for an easy and intuitive set up of a family cover package. The structure of contributions is geared towards an equal (percentage) split between employers and employees, and at the same time allowing for a great degree of solidarity. We also allow for paid sick leave and maternity leave based on current legislation. We also propose an organizational chart for the Health Insurance Fund (HIF), and the flow of payments once the HIF is introduced. Finally, we investigate the effects HIF could have on the labor market.

KEYWORDS

Health Insurance, Universal Healthcare, Insurance Fund.

JEL CLASSIFICATION CODES

I13, I15, I18

OPEN METHOD OF COORDINATION ON PENSIONS

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ABSTRACT

Impact of the European Union's social policy is particularly noticeable on the example of pension provision. Although the management of pension schemes is still the responsibility of the Member States, the European Union influences increasingly on them however. The scope of these influences has two dimensions: direct and indirect. The first one is expressed in the coordination of social security, and is associated with the implementation of fundamental principles - freedom of movement employees. The growing scale of economic migration implies the need to overcome any barriers, including those arising from the different principles of operation pension systems in Member States. An indirect size is much broader, understood in two ways - as a purely economic impact of the decision on pension systems, or as a collaboration undertaken in this area by Member States. The most representative example is the "soft" instrument - the Open Method of Coordination. This article analyzes the determinants of the operation of pension schemes in the European Union. Particular attention was paid to the issue of transfer of competences in the field of social policy (including the management of pension schemes) to the level of EU directives and regulations. In light of the circumstances it is easier to understand the mechanism of OMC, but also to appreciate this kind of cooperation as a compromise that takes into account the different areas and properties of the Member States.

KEYWORDS

Pension systems, Open Method of Coordination, social policy

TEN YEARS AFTER THE START – PROBLEMS AND CHALLENGES FACING THE BULGARIAN PENSION FUNDS

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ABSTRACT

Bulgarian pension system was quite significantly reformed in 2000. The basic aim of the introduced changes was to respond to the demographic problems and the population aging which affected Bulgarian economy seriously in the 1990's. As a result, a three pillar system was launched and the pay-as-you-go principle embedded for so many years in the Bulgarian social insurance was supplemented by a new fully funded one. In 2002 the pension funds from the second pillar started their business effectively. Ten years after that, Bulgarian pension companies are among the most dynamic financial institutions in the country. Currently they manage investment portfolios of more than 2 billion euro and the process of increasing their assets under management is far from complete. For ten years the legislation concerning the supplementary compulsory pension funds has been changed several times aiming to stay in step with the continuously expanding business of these financial institutions. Since 2002 the normative rules concerning investment policy have been liberalized, allowing pension funds to invest in variety of sophisticated financial instruments whose aim was to raise the yield realized and to support the accumulation of resources into person's individual account. At the same time the world financial and economic crises affected in a severe way the prices of the financial assets used as investment vehicles by the Bulgarian long term investors. As a result the rate of return dropped and became even negative for some of the years. The insured individuals realized that their savings are not guaranteed and they bear a significant investment risk within the defined contribution pension schemes.

The aim of the current paper is to evaluate the implemented reforms in the Bulgarian pension system, to assess the presentation of the pension funds for the past ten years and to make recommendations for their future development. In order to do this, first, the changes concerning normative regulations on pension fund issues have been analyzed; second, the effects of the world economic and financial crises on the yield realized by Bulgarian pension funds have been discussed; third, an efficiency evaluation of the normative rules aiming to protect the interests of the insured has been made and fourth, some conclusions on pension fund perspectives have been drawn. Ten years after their start, Bulgarian pension funds are still in their accumulation phase. There are some eight years before the first larger payments to be made from the universal pension funds which absorb the greatest part of the resources at the moment. The risks they face are not small and should be monitored carefully in order to guarantee not only the success of the reform but also the pension benefits of the future retirees. If coordinated and proper steps in further advancement of pension theory and practice are not made by state authorities, pension managers and academics, Bulgarian pensioners risk staying in the lowest income part of the Bulgarian society for still many years.

KEYWORDS

Pension, funds, investments, regulation, economic, crisis

THE CHALLENGES FACING INSURANCE COMPANIES IN POLAND

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ABSTRACT

Polish insurance market becomes dependent on trends in the European insurance market. Globalization, deregulation, growing foreign investments, rapid economic growth, last financial and economic crisis influence insurance market structure, behavior and results of Polish insurers.

This article presents the main challenges facing the Polish insurance market. Taking into account the effect of various factors on the insurance industry and the structure and results of the Polish insurance market to the major challenges facing the Polish insurance companies in the short term can include:

- 1) maintain adequate security and profitability of the investment policy,
- 2) the possibility of locating the appropriate reinsurance programs,
- 3) introduction of new products without the knowledge base,
- 4) improvement of risk assessment procedures,
- 5) to enhance network efficiency of sales and claims handling
- 6) information technology and efficient customer service, both in terms of sales and claims handling.

In the longer term challenges will be:

- 1) demographic changes and selection of appropriate personnel,
- 2) climate change and catastrophic loss, and
- 3) technological changes and the introduction of green technologies.

KEYWORDS

Polish insurance market, insurance challenges, insurance trends

THE IMPACT OF TRUST ON KNOWLEDGE TRANSFER IN INTERNATIONAL BUSINESS SYSTEMS

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ABSTRACT

Over the last decade, international business alliances have emerged as one of the most important strategies for firms to expand in international markets. In addition, knowledge transfer has been determined as one of the key factors that lead to the creation of sustainable competitive advantage for firms and to the success of learning alliances. Furthermore, trust enhances the effectiveness of this process. The growing volume of published research in recent years has indubitably revealed the significant role of trust on knowledge transfer in International Business (IB) Systems and in particular in International Strategic Alliances (ISAs) and International Joint Ventures (IJVs). This paper consists of an in depth review of the most recent literature about the impact of trust on transfer of various types of knowledge in IB Systems with reference to the relevant theoretical models and the applications in the international context. The first section contains the theoretical background of the concept of trust, the different types of knowledge and the process of knowledge transfer. The main section refers to a few contemporary and distinguished scientific articles about the impact of trust as a determinant factor of knowledge transfer from the most recent international literature. The conclusions of the literature review and the authors' propositions for further research are presented at the final section of the paper.

KEYWORDS

Trust, knowledge transfer, international business (IB) systems, international strategic alliances (ISAs), international joint ventures (IJVs)

JEL CLASSIFICATION CODES

M16 – International Business Administration

PRACTICAL TRAINING IN E-TOURISM USING HOTEL MANAGEMENT SOFTWARE

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ABSTRACT

The hotel operation is unimaginable without a well functioned hotel management software package related/suited to a company, so its education is a pivot by tourism and hospitality faculty at the University. The knowledge of such a programme is really important for students. On the one hand, this programme joins with the whole operational system, so it ensures transparency and comprehension of the system, on the other hand, management requires that entrants know this type of software package.

In Hungary, among small and medium enterprises, one of the most popular hotel management software packages is the HostWare integrated hotel software, created by HostWare Limited Liability Company. At present more than 420 hotels adopt the company's software not just in Hungary but in Romania and Austria.

In 2009 tourism and hospitality faculty were launched at the University of Debrecen Centre for Agricultural and Applied Economic Sciences and in this year these professionals emerge at the labor market.

In this semester began the education of professional informatics supported by HostWare company, so students are able to know the Company's one of the most significant modules, the front office system. The recognition and usage of the software is the essential part of the 135 students' vocational training. It is indispensable to teach students how they can apply the software independently.

The aim of this study is to present our experiences and students' opinion in connection with the education and use of the software. In the analysis of students' opinion we applied questionnaire survey. We found it interested to examine how students value the faculty, this special course and what kind of cognitions they have as regards hotel management software.

KEYWORDS

HostWare, Hotel management system, front office

JEL CLASSIFICATION CODES

L86

THE INTELLECTUAL CAPITAL PERFORMANCE OF POLISH BANKS: AN APPLICATION OF VAIC™ MODEL

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ABSTRACT

In the knowledge economy intangible resources are the primary value drivers. This is particularly true of companies such as Banks. However, intangible resources (Intellectual Capital) appear difficult to measure. Today, there are several methods that allow to measure Intellectual Capital in listed companies. However, not all methods of measurement are adequate for listed Banks. The paper uses the Value Added Intellectual Coefficient VAIC™ ratio, to measure the Intellectual Capital efficiency of the Polish listed Banks using a five years period data set from 2005 to 2009. Three value efficiency indicators, Human Capital Efficiency (HCE), Capital Employed Efficiency (CEE) and Structural Capital Efficiency (SCE) which are the components of VAIC™ ratio, were used in the analysis. The data set was divided into two groups of banks. First group was 10 listed Polish Banks and second group was 10 listed comparable Banks from Europe (the peer group). The results of the rankings of the banks for the average of five years (2005-2009) showed that for VAIC™ the top two performers in the study were Komerčni Banka and BRD Groupe Societe Generale S.A. The BCGE - Banque Cantonale de Geneve, Bankas Snoras and BOŚ Bank was the worst performers. The results of ranking based on Human Capital Efficiency (HCE), showed similar results as that of VAIC™. There was observed a significant decrease of VAIC™ ratio in the years 2008 and 2009 which was caused by crisis on financial markets. The results extend the understanding of the Intellectual Capital role in creation of sustainable advantages for Banks in developing economies.

KEYWORDS

VAIC™, Intellectual Capital, polish banking sector, intangibles,

JEL CLASSIFICATION CODES

G21, M20, O16

RESEARCHING MARGINAL ISSUES OF BUSINESS PLANNING FOR BUSINESS DEVELOPMENT. THE CASE OF SECONDARY SECTOR IN THE PREFECTURE OF KAVALA

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ABSTRACT

This work aims to trace and detect the role of business plans (BP) in the development of the Greek companies. According to the supporters of the business plans, companies that integrate a business plan in their management toolbox, they have a greater potential to develop as well as to preserve their business level of action. More specifically, a positive correlation between business development and sustainability and business plan implementation is assumed. Following this assumption, this work elaborates on marginal issues of business planning, (i.e., organizational structures, financing, entrepreneurial incentives, entrepreneurs' expectations, the entrepreneurial environment etc.) and in particular if and how these issues are indeed addressed within companies. The study focuses on manufacturing enterprises, located in the prefecture of Kavala, Greece and especially on those that occupy more than 50 employees. The intuition behind this focus is that medium or large enterprises are more likely to utilize modern management tools (like Business Plan software) and therefore, they would be more prone to provide us with the necessary feedback.

KEYWORDS

Business Plan, Medium and Large enterprises, Manufacturing Enterprises

JEL CLASSIFICATION CODES

M10, O21.

ERP PACKAGE EVALUATION: THE CASE OF SMALL AND MEDIUM ENTERPRISES

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ABSTRACT

In this paper we aim to explore the basic options of ERP package evaluation in small and medium enterprises. The criteria of ERP selection and implementation are examined in order to measure and to interpret their relevance and impact on firm's performance. Moreover, these criteria are tested in terms of significance in the selection process of ERP package. The research was developed in Eastern Macedonia and Thrace region using primary data from 83 small and medium enterprises. According to the results, the most significant criteria in ERP selection are cost, compatibility to firm's systems and ERP matching with the enterprise organizational structure of the firm. Furthermore, project management and implementation duration of ERP have minor but significant impact on firm's performance, while there is modest relevance with ERP selection criteria and firm's characteristics.

KEYWORDS

ERP, SMEs, criteria evaluation.

JEL CLASSIFICATION CODES:

C8

THE ESTABLISHMENT DIACHRONIC ORGANIZATION AND OPERATION OF THE BRETTON WOODS INSTITUTIONS THROUGH THE ECONOMIC THEORY: THE POWER OF THE SOUTHEAST EUROPEAN COUNTRIES INTO THE DECISION MAKING SYSTEM

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ABSTRACT

The establishment of the Bretton Woods institutions came as a result of the International Monetary and Financial Conference of the United Nations, held in 1944 involving 45 states, in Bretton Woods, USA. It was shortly before the end of World War II that the economically powerful nations, which had equivalent political influence, decided to establish the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (IBRD).

The present paper will attempt to study the rationale underlying the establishment and operation of the Bretton Woods Institutions by means of the Economic Theory. In order to make this possible, what will initially be examined is their establishment background, the philosophy embodied and their founding principles. Subsequently, there will be an imprinting of the deviations into their operation, which were presented in the mid-1970s, grown during 1980 and consolidated in the 1990's, becoming thus an integral part of their promoted policies. An attempt was made to relate these deviations to an emerging change in the overall philosophy of the institutions, since their priorities and the models they cultivate seem to be differentiated with respect to the policies their founders sought to introduce and promote.

Their foundation will be examined in light of Liberalism and, specifically, the Liberal Institutionalism as the founding member states appear to have attempted to promote a liberal economic order that would ensure domestic stability. Their operation from the mid-1970's and onwards will be interpreted in view of the World System Theory.

At the same time, there will be an overview of the composition of all administrative bodies as well as the mechanisms through which the power of each country is configured and reflected in order to estimate the power held by Southeast European countries onto the organization and operation system and to assess the balance of power in decision making as well as the potential to exert effective policy.

The aforementioned findings will be evaluated in light of the legal status of the IMF and the IBRD as well, since these institutions are Public International Organizations which constitute specialized organizations of the UN system.

KEYWORDS

Bretton Woods institutions, Liberal Institutionalism, World System Theory, Southeast Europe.

JEL CLASSIFICATION CODES

F33, F53, F59

INTEGRATION, INSTITUTIONS AND EXPORT SPECIALIZATION

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ABSTRACT

During the nineties, Central and East European countries (CEEC) have transformed their economy from a plan economy to a competitive market economy. Their transition process has been enormous, including institutional reforms such as liberalization and privatization. In terms of exports, the artificial trade relations with other Central and East European countries collapsed immediately at the start of the transition process and firms needed to reorient their trade towards Western Europe (Rodrik (1994), Walsh & Whelan (2001)). Today, these countries are integrated in the Western market by engaging in several bilateral and multilateral free-trade agreements and by joining the European Union and the World Trade Organization. The EU15 is now the dominant foreign market of the CEEC, with more than 60% of CEE exports going to the EU15 (Damijan et al. (2008) and Spies & Marques (2009).)

This transition and integration process offers us a unique setting to study the impact on the export pattern of CEE countries. First, the integration process allows us to test traditional and new trade theories suggesting that trade liberalization results in increasing specialization (Amiti (1999), Venables (1999) and De Bruyne (2004)). The empirical literature provides evidence of increasing specialization in Western Europe (Amiti (1999), Brulhart (1998)) and Central and Eastern Europe (Traistaru et al. (2003), Hildebrandt & Wörz (2004), Traistaru et al. (2003)). One drawback of these studies is that trade integration is captured merely by a time trend assuming that trade integration is a linear process. In contrast, Treffer (2004) and Beine & Coulombe (2007) measure trade integration by weighted tariffs. Second, the transition process in Central and Eastern Europe also offers us the opportunity to analyze whether an institutional environment has an impact on export specialization. Acemoglu et al. (2005) provide theoretical and empirical evidence that well-functioning institutions stimulate investors and producers and thus create growth and larger trade flows. The effect of institutions, especially property rights and contract enforcement, on exports received recently more attention: Nunn (2007), Levchenko (2007), Ranjan & Lee (2007), Schuler (2003), Martincus & Gallo (2009), Berkowitz et al. (2006), Jansen & Nordas (2004).

This paper can bring both streams of literature together and study export specialization during a period of both integration and institutional reform. This will allow us to compare the impact of both factors at export specialization. We analyze this relation at the macro-level for twelve CEEC: Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Lithuania, Latvia, Malta, Poland, Romania, Slovakia and Slovenia during the period 1996-2008. The increasing integration process between CEEC and the former EU15 is captured by the average weighted import tariff of the EU15. Our estimations find evidence that trade integration increases export specialization in these CEEC. Institutional changes are captured by different measures. The results confirm that the protection of property rights leads to more export diversification. Moreover, we also observe that a fair credit policy (enterprise reforms) stimulates export diversification.

KEYWORDS

Export Specialization, Tariffs, Herfindahl index, Institutions, Transition economies

JEL CLASSIFICATION CODES

F14, F15, R12

THE RATING AGENCIES IN THE INTERNATIONAL POLITICAL ECONOMY

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ABSTRACT

The internationalization of the economy, the integration of national markets for goods, services and capital, the internationalization of production and generally augmentation of international movement of factors of production and the growing economic interdependence in recent decades have caused a rapid increase in the construction and use of indicators for assessing countries. Typically the comparative evaluation of countries is conducting, using simple or complex indicators, based on quantitative and / or qualitative variables. The results of comparative evaluation of countries usually concern the policy makers, markets and public opinion.

The concentration of information in an index seems to have a practical significance and facilitate comparison between countries. From the position that a country conceives in the list of evaluation has certain economic and political implications. The different evaluation systems (indicators) of countries have however advantages and disadvantages. Many organizations for example publish indicators for the competitiveness of countries. Widely known indicators are competitiveness of World Economic Forum (WEF, Geneva) and the Institute for Management Development (IMD, Lausanne). There are also indicators of corruption, bureaucracy and regulations, investment climate, political risks and security risks. Agencies and organizations like the World Bank, IMF, EU and the OECD publish indicators often for a number of specific issues.

The indicators and assessment methods of countries are often the basis for empirical economic research, data useful for counseling policy and guide action. For governments evaluation of countries is an important form of information. The advantage is that the indicators reflect complex relationships of world economy. The advantage is at the same time the disadvantage. And this is because they provide only general information. The aim of this article is to evaluate the importance of rating agencies to the configuration of world economy. For this reason, we will study the historical development of rating agencies and the causes of this development. The article also examines the issue of interest conflict and the potential impacts to state economies. Finally, it is examined the impact of rating agencies to international economic crisis.

KEYWORDS

Rating Agencies, International Political Economy, International Economic Crisis

JEL CLASSIFICATION CODES

F30, F59

GLOBALIZATION AND IT'S EFFECTS ON TURKEY, BRIC, BALKAN, EAST EUROPEAN COUNTRIES AND THE DIFFERENT STRATEGIES PERSUED BY THE EMERGING MARKETS

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ABSTRACT

This article intends to study globalization particularly from the perspective of less developed countries (LDCs) and newly industrializing countries (NICs).

After World War 2 (WW2), LDCs and NICs implemented a closed economy model, import-substitute industrialization, interventionism and protectionism. This was in line with most development economists at the time who observed market imperfections, increasing returns to scale and interdependence between sectors in these countries. However, implementations in most went overboard with excesses resulting in balance of payments crises, high inflations and worsening of income distributions.

This was observed by many new breed development economics economists in the '70s who advised New Classical Development Theory of non-interventionism. Since public opinion in many of these countries had also arisen against closed economy, during the '70s and '80s, they turned toward market economy, outward orientation and export encouragement through flexible exchange rates. In the '90s, the use of computers and open attitudes ushered in globalization stage in which freer trade, direct private investment flows are fully encouraged and in addition, free flow of financial funds are allowed. 1997-98 Global Financial Crisis which emanated in South East Asian Countries due to misuse of financial funds received spread all over the world, including Russia, Turkey, Argentina, etc. Hence there was a substantial contraction in the flow of financial funds and direct private investments. Starting from a lower level, in the '90s, globalization nonetheless continued to expand till these days as an inevitable and irreversible trend.

The volume of international trade today, direct private investments (DPI) and private financial funds (PFF) going to LDCs, NICs and emerging markets definitely prove that globalization has become widespread and irretrievable. Accordingly, all these countries, rather than denying or opposing globalization, seek to obtain maximum benefit from the process. This requires choosing a “suitable globalization strategy” that should be part and parcel of “good (overall) governess”.

KEYWORDS

Globalization: Effects, Strategies, Emerging Markets, BRIC, Balkan, Turkey, Eastern Europe

JEL CLASSIFICATION CODE

O10 F01 F40

COMPETITIVENESS THROUGH CLUSTER ORIENTED ECONOMIC POLICY

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ABSTRACT

Economic clusters are the mezzo-level of the economic system, lying between its micro- and macro-level. On macro-level, economic analysis is made and economic policy decisions are taken. Policy makers usually base their analysis on a few macro-economic indicators like GDP, level of prices, wages, interest rate, unemployment, ignoring complicated interactions between clusters on mezzo-level and individual transactions on micro-level.

We consider economic clusters as input-output mechanisms with specific functions and interactions in the frame of the whole economic system. Because of their interdependence and functions in the economic system, clusters are subjected to a hierarchy. Obviously some of the clusters like infrastructure, natural resources, information-communication, knowledge play more fundamental role for the general competitiveness and development of the whole economic system than others. The competitiveness of the economic system depends on the competitiveness of the clusters and on "smoothness" of interactions between clusters due to their consideration like input-output mechanisms. We measure smoothness of the interactions between clusters by transaction costs of transfers between clusters. Therefore, in order to increase competitiveness of the whole economic system, one could conduct economic policy for increasing competitiveness of its clusters and for decreasing transaction costs.

For doing more efficient economic policy, we suggest a cluster portfolio of measures based on cluster priorities and input-output analysis of interactions between clusters.

Opportunities for development of clusters on the Balkans, based on common historical development are investigated.

KEYWORDS

Competiveness, Cluster, Economic Policy

JEL CLASSIFICATION CODE

O10, O20, O47

THE INTERRELATION OF DEMOGRAPHIC AND EMPLOYMENT CHANGES AND THEIR IMPACTS UPON A REGIONAL AGRICULTURAL ECONOMY

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ABSTRACT

It was strongly argued over the last years that the importance of agri-food sector in rural economies has been significantly diminished. Employment share in the later sector has declined depriving the rural economy income and viability. Among other factors, structural damages in rural population have caused structural and dimensional changes in rural employment.

So, an attempt is made to investigate the interrelationship between demographic changes and employment changes, in order to assess the overall impact upon a rural economy. This is achieved by combining the methodological approaches of labour market accounts and of extended input-output framework.

This combined methodological approach was applied in a NUTS II Greek region, where over the last years, significant employment and economic changes have been recorded. The results clearly demonstrate changes in the rural population and in the agri-food employment influence not only the viability of agricultural sector, but also the entire rural economic viability. So, demographic changes, agri-food employment changes and the performance of the entire rural economy are strongly interrelated and this interrelationship is identified and measured.

KEYWORDS

Labour Market Accounts, Extended Input-Output modeling, Demographic and Employment Changes

JEL CLASSIFICATION CODES

J21, J43, Q18

A SECTORIAL APPROACH OF IMPLEMENTATION THE EUROPEAN QUALIFICATION FRAMEWORK (EQF) IN THE AGRICULTURAL SECTOR

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ABSTRACT

The EQF (European Qualifications Framework) is a common European reference system which will link different countries' national qualifications systems and frameworks together. This will help learners and workers wishing to move between countries or change jobs or move between educational institutions at home. The primary users of the EQF will be bodies in charge of national and/or sectoral qualification systems and frameworks.

Although Qualifications within the Agricultural sector in Europe share a common base, each country represents significant geographical differences that result in variable Learning Outcomes. The ImpAQ project (Implement Agriculture Qualification) recognizes the importance of researching different national qualifications in order to contribute to the comparative analysis at national and European level. The ImpAQ aims to compare the Qualifications related to the Agricultural sector, by identifying and analyzing the main issues to be addressed with the purpose of connecting them to the EQF and focusing on the best resolving approaches following the "best fit" criterion. Within the ImpAQ project the consortium developed and applied ICT tools for collecting information from countries of consortium members to build Inventory Database of Agricultural Qualifications and Agricultural Matrix. The matrix cells contain that which qualification title for job in the product/process. The Inventory Database and the Agricultural Matrix is used for comparison qualifications. In our article we describe the concept for analysing the agriculture sector and develop models, methods and ICT tools which were used in the project.

The concept is based on a map which provides to the ImpAQ project partners a common reference framework concerning the agriculture sector, in order to enable a coordinated collection of the qualifications in each country. The map is the result of 3 cross dimensions:

- a broader definition of the agriculture sector which includes traditional agriculture, an enlarged vision of agriculture, and multifunctional agriculture;
- a list of the processes occurring according to the analysis of activities related to multifunctional agriculture;
- a selection of the production chains, qualitatively significant and strategic for the development and expansion of agriculture.

The developed Bridge document proposes to represent all sector Qualifications by using a common and shared framework which allows to catch national, regional and local differences and varieties. Working with the EQF and learning outcomes includes a change in our educational dimension. It is a paradigm shift and it asks for more than investigating present qualification systems and sticking EQF levels on them. Most educational institutions are not aware of this paradigm shift and what is needed to become a modern educational organization which is aware of the needs of the present European economy.

KEYWORDS

Agricultural sector, EQF, Learning Outcomes, Qualifications, Labour market

JEL CLASSIFICATION CODES J24

ANALYZING THE EFFECTS OF EU ENLARGEMENT ON BULGARIAN AGRICULTURAL TRADE

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ABSTRACT

In the last decade, the results of the dual EU enlargement (2004 and 2007) undoubtedly influenced the entire Balkan as well as Bulgarian economy and foreign trade. According to the latest available trade data, the main destination for the Bulgarian exports of agricultural products is the European Union. In 2010, the value of total Bulgarian agricultural exports reached almost 3.5 billion US dollars, an increase of 24% since 2009 and almost 160% since 2005. Nearly the three quarters of these exports had as destination the member countries of the European Union. As it regards imports, during the last six years (2005-2010), the value of agricultural imports to Bulgaria increased significantly by 186%, assisted mainly by the country's accession to the EU in 2007. This paper, utilizing the latest available data of Bulgarian agricultural exports and imports for the period 2000-2010, estimates the impact of EU enlargement on Bulgarian exports and imports of agricultural products vis-à-vis the effect of EU enlargement to other Balkan neighboring countries' agricultural trade. For the assessment, an Augmented Gravity Equation Model will be utilized, articulated according to the research objectives of the paper. The estimation of the model presents a positive and statistically significant relationship between the Bulgarian agricultural trade and EU enlargement. The results thus indicate significant differences on the magnitude of the effect of EU enlargement among the agricultural trade of Balkan countries.

KEYWORDS

Agricultural trade, EU enlargement

JEL CLASSIFICATION CODES

F1, F15, Q17

CONSTRAINTS AND STRENGTHS OF MICROFINANCE IN AGRICULTURE: A COMPARISON BETWEEN ALBANIA AND HONDURAS

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ABSTRACT

An early strand of the literature focuses on the preferences of farm households toward risk. Majority of these studies, on the basis of both experimental and observed data on farmer behaviour, conclude that peasants are risk-averse, (e.g., Moscardi and de Janvry 1977, Binswanger and Sillers 1983). However, this empirical literature wrongly attributes to risk aversion all the departures from economic efficiency and confounds risk behaviour with other underlying factors. The empirical evidence (Roumasset, 1976; Binswanger, 1980, Kotwal, 1989 and 1990) make it possible to postulate that such differences in farm behaviour could only be explained by the differences in farm households' constraints, such as access to credit, marketing, extension programs, institutional arrangements, etc. (Mendola, 2007).

On this brief statement of the problem, the paper compares two national cases, Albania and Honduras, discordant in term of results of micro-credit applied to agriculture. The performances of these micro-credit systems are used as indicators of market opportunities for farm household and its structural development in disadvantaged socio-economic contexts.

The comparison proposed is based on an exploratory research on the Albanian Savings and Credit Associations (Belletti et al., 2009), and a *logit* model calibrated using the database collected in the research project "Alternative Rural Financial Systems, the case of Honduras" (Falck et al., 2001).

The hypothesis supported in this work is that the opportunities offered to peasant farm household by access to micro-credit is positively influenced by its connection to local markets while it was adversely affected by specialization and international market dependence.

In Albania, the access to credit is producing positive results in the direction of a better integration between farm household and local markets. In addition, this integration seems to occur in a process of consolidation of smallholding structure resulting by the agrarian reform rather than an evolution towards specialization.

By contrast, in Honduras the farm household is characterized by specializing in the production of commodities large traded on the international market (coffee, cereals, etc.), and this despite the fact that Honduras farm household appears suited to the production oriented to self-consumption under the constraint of size and high cost of market access. This smallholding does not seem able to find in the credit opening channels a sufficient condition to initiate a process of income generation.

So the smallholding placed in difficult socio-economic contexts seem to be able to generate income if it is oriented to the production for local markets while it seems to be financially inefficient if it is oriented to foreign commodities markets. The case of Albania shows that access to credit resulting in increased economic and financial efficiency of peasant farm but not the increase of farm size.

KEYWORDS

Commodity market, local food market, risk, credit, farm household, sustainability.

JEL CLASSIFICATION CODES

Q12, Q13, Q14.

THE COMPETITIVENESS OF AGRICULTURAL PRODUCTS (TRADE RELATIONS BETWEEN GREECE - BULGARIA)

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ABSTRACT

In a constant changing environment - involving and Greece, with a fully open economy and thus confronted with developments in economic, and political level, the analysis of the competitiveness of individual sectors of the economy it is still timely and important. Especially after the recent enlargements of the European Union, which have generated new data and changed the terms of trade. In economic terms, the agricultural sector has special significance because of particularities. Also in this new environment is created and changed the position of the agricultural sector in Greece. The measurement of competitiveness, grown used to their strengths and weaknesses in order to create a framework for corrective action, if needed, and suggestions for the future.

The assessment of competitiveness achieved by using three main tools: increasing production, productivity and international competitiveness, the tools we can use alone or in combination. Using the third tool, international competitiveness, and by extension the approach of competitiveness between two states, our study based on analysis of the trade balance of agricultural and food products between Greece and Bulgaria for the period 2005-2010. Trade relations between the two countries have strong economic and political interest. For Greece, Bulgaria is the only member country of the European Union, which adjoins. Bulgaria also occupies the third rank of major trading partners of Greece in the export trade of agricultural products. Finally this time is typical and reflects the changes and differences in terms of trade after the accession of Bulgaria to the European Union.

KEYWORDS

competitiveness, international competitiveness, agricultural sector, trade balance.

JEL CLASSIFICATION CODES

Q13, Q17, F10

REGIONAL DEVELOPMENT IN GREECE

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ABSTRACT

This paper aims at analyzing the contribution of agriculture to both economic growth and regional development in post war, especially after 1970 Greece. In doing so, it explores the relationship of agriculture with the main economic sectors, and its contribution to some economic fundamentals such as employment, exports, domestic value added, and etc. In addition, the role of agriculture to the Greek regional development is examined. It is evident that the development model proclaimed and followed in postwar Greece neglected agriculture and emphasized industrialization. However, the implementation of the model did not achieve a strong industrial sector but it destroyed agriculture and over inflated services. Regional development was also uneven. In the paper, the use of proper econometric and statistical techniques utilizing time series data collected for the period 1970 up to date establishes the growth effect of agriculture on both the national and regional level. A particular research question is the contribution of agriculture to industrialization on the basis of the dual economic growth model.

KEYWORDS

Agriculture, Economic Growth, Regional Development, Greece.

JEL CLASSIFICATION CODES

Q1, Q 10, R1, R10

THE TAX REGIMES OF THE EU COUNTRIES: TRENDS, SIMILARITIES AND DIFFERENCES.

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ABSTRACT

The tax burden on wages, profits, property, and goods or services has a serious impact on cross-country competitiveness, something that, in turn, impinges strongly on the actual economy of common markets such as the European Union (EU). While the mobility of productive factors is directly related with country tax-regime differences, government budget funding from tax revenues and rates are the main fiscal policy tools.

This article analyzes the trends, similarities and differences between the tax regimes of different countries for the period from 1995 to 2009. Every category of taxation, be it indirect taxes, direct taxes, property taxes, environmental taxes, energy taxes, taxes on customs or rights, are presented. The structure and volume of tax rates are analyzed in order to find similarities and differences between tax regimes. Tax revenues per category as percentages of Gross Domestic Product (GDP) and as a percentage of total tax revenues are analyzed in order to find the contribution and performance of each tax category. Total revenue from taxes as a percentage of GDP, including or excluding revenues for social security, are presented also for Public Economic purposes. The applicable taxes rates and their contribution to public revenues for each country are then correlated with the balance of payments, year of the accession to the EU, year in which the country became a member of the European Monetary Union (EMU), and country growth. Total revenue from taxes as a percentage of GDP is functioned with average wages, deficit or surplus of balance of payments and growth rate of GDP in order to find the result of the mobility of production factors upon the effectiveness of tax systems into the EU common market. The methodologies we employ include time series analysis (analyzing the trends), multiple regression analysis (analyzing determining factors) and multivariate cluster analysis (analyzing differences and similarities). The data are mainly collected from the OECD database and tax revenue departments at country level.

We argue that there are significant differences among the tax regimes of EU countries and that no policy has been implemented to ensure tax homogeneity across the EU, nor is there any likelihood of such. The anarchy in fiscal policy is an obstacle for the European Integration. Budget deficits have an impact on taxation and countries, invariably, manage the recent debt crisis by selecting different taxes as fiscal policy tools.

Our article shows that the level of economic growth affects the structure of taxes at work and alters the performance of different types of taxes; is also wishes to explain the factors that differentiate tax regimes by using multi dimensional criteria and thus contribute to the debate for a common tax regime between EU countries.

KEYWORDS

Taxation, EU, Public Economics, Tax Regime Structure

JEL CLASSIFICATION CODES

H20, H60, O10

MANAGEMENT POSSIBILITIES OF HOUSEHOLD TAX BURDEN

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ABSTRACT

Though it is often argued that the household tax burden is heavy, however, there is few researches carried out on management of household tax burden and they are more theoretical than practical, indicating the need for the analysis of tax concession. The management of the tax burden, or in other words their planning, in Lithuania it is often synonymous with tax evasion, so possibility of tax planning, optimization, however, undeservedly neglected in general, although the planning activities of the tax burden are carried out all around the world in order to be more competitive.

Management of the household tax burden is understood as the process of planning, i.e. creating of strategy to reduce, control and, if necessary, to make adjustment to the household tax burden. In the literature the most important step in this process is a tax planning, i.e. reduction of tax burden or avoidance of it using legitimate tax reduction. The aim of the article is the analysis of the theoretical aspects of the management of tax burden, to evaluate management possibilities of the household tax burden in Lithuania and other Eastern European countries. In order to reveal the theoretical aspects of the household tax burden management, the article contains the concept of tax concession, the classification of tax concessions, i.e. their types and forms. The analysis of the literature revealed that there are three attributes to specify the types of tax concessions (according to nature, according to whom the tax concession is determined and the tax concession validity) and three forms of tax concession (providing a lower payment of tax, providing the tax payment deferral or exemption from it. The concessions, which provide a lower tax payment, can be arranged by reducing the tax object or increasing the tax-free share by reducing the tax rate, the payment itself or refunding the tax share already paid).

The practical aspects of management possibilities of household tax burden are revealed through the analysis of Lithuanian tax concessions, and comparative study of tax concessions in Lithuania and other Eastern European countries. The size of household tax burden is influenced by personal income and value added taxes, mandatory health insurance and state social insurance instalments, so this article focuses specifically on concessions of those taxes. The comparative method can help to achieve one of the methodological problems solutions, i.e. narrative which seeks to identify similarities or differences between the study objects, the carried out comparative study of tax concessions intended for households in Lithuania and other Eastern European countries revealed similarities and differences of the management of the household tax burden and highlighted their strengths and weaknesses in the analyzed countries, i.e. in Lithuania and other Eastern European countries.

After the analysis of the theoretical and practical aspects of management of the household tax burden, the objective suggestions on possible tax rates and changes of taxable bases are presented in this article.

KEYWORDS

Tax burden, management, households, tax concessions.

JEL CLASSIFICATION CODES

H24, H31

INFLATION UNCERTAINTY, OUTPUT GROWTH UNCERTAINTY AND MACROECONOMIC PERFORMANCES: COMPARING ALTERNATIVE EXCHANGE RATE REGIMES IN EASTERN EUROPE

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ABSTRACT

This paper uses Exponential GARCH models of inflation and output growth and monthly data for the six Eastern European countries covering the period of 2000:01 to 2011:07 to estimate the effect of real and nominal uncertainty on macroeconomic performance. We also estimate the feedback effect from inflation and output growth to their uncertainties. Our main results support the conventional view that real and nominal uncertainties influence the macroeconomic performance and vice versa; nevertheless, these effects are not systematically different in currency board countries, compared with the inflation targeting regimes. Indeed the international anchor of European Union integration plays a dominant role to determine these relations and hence marginalizes the role of domestic anchors i.e monetary policy regime differences.

KEYWORDS

inflation, inflation uncertainty, real uncertainty, monetary regimes, Eastern Europe

JEL CLASSIFICATION CODES

C22; C51; E0

EVOLUTIONARY PROCESSES IN ECONOMICS: MODELING OF MACROGENERATIONS DINAMICS

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ABSTRACT

A scientific paradigm of irreversible changes in the natural sciences has opened new prospects in economic researches. Evolutionary theory sees economic development as an irreversible process of complexity, diversity and productivity increase of production due to recurrent changes of technologies and institutions.

The modern school of evolutionism offers a wide variety of economic development models. However, according to Maevski, the evolutionary approach, rather successfully applied in the researches on the theory of company and innovation, has not received adequate dissemination in the analysis of macroeconomic processes.

So the objective of the study is modeling of the economic growth as the evolutionary process of macrogenerations change. To solve this problem the hypotheses of the macrogenerations model have been formulated based on the evolutionary theory and the log-normal function has been selected as a separate macrogeneration model. In order to increase the adaptive properties of the model the additional parameters have been introduced into the function. Based on the dynamics of GDP of the EU and the CIS for 1960-2011 years a series of calculations with different macrogenerations parameters has been made. Experiments have confirmed the theoretical assumptions about the moments of their appearance and dynamics. It was shown that the duration of macrogenerations is being reduced with the acceleration of technological progress.

The results correspond with the theoretical assumptions and are suitable for further analysis of evolutionary processes in the economy.

KEYWORDS

Economic Grows, Evolutionary Theory, Macrogeneration Model

INVESTIGATING THE CATCHING-UP HYPOTHESIS USING NON-STATIONARY PANEL UNIT ROOT TESTS: EVIDENCE FROM SOME EUROPEAN COUNTRIES

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ABSTRACT

The aim of this paper is to test for catching-up between the group of Portugal, Italy, Ireland, Greece, and Spain with France which is considered as the benchmark. Data sources from the Pen World Tables, concerns the logs of annual real per capita GDP expressed in PPP, in US \$ and covers the period 1950-2009. To test for stochastic convergence of the above countries towards France, we applied different non-stationary panel unit root tests. More specifically, we employed the common root tests of Breitung, LLC (Levin, Lin & Chu), Hadri, and the individual root tests of IPS (Im, Pesaran & Shin), ADF & PP-Fisher, ADF & PP-Choi. All unit root tests can not reject the null hypothesis of non stationarity, supporting the hypothesis of non-convergence. In addition to individual LM statistics, we explore the panel version of the minimum LM unit root test of Lee and Strazicich (2003, 2004). The LM test without break, fails to reject the unit root hypothesis for all examined countries except Portugal. Allowing for one structural break, clear evidence in favour of catching-up is found for Portugal, Ireland and Greece.

KEYWORDS

Catching-up, Non-stationary panel unit root tests, LM unit root test

TARGETS CONSTRAINTS AND IMPACTS OF TRANSITION PROCESS IN CENTRAL AND EASTERN EUROPEAN COUNTRIES

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ABSTRACT

The beginning of the transition of Central and Eastern Europe countries was followed by the swift increase of their trade with the European Union and the rest of the world. In the transition countries, most of the reforms intending to stabilization, are realised with the help of two of exterior factors: regional bodies (as the E.U. and the NATO) and other world organizations. The economic transition (passage) in the market economy is realized in four main stages. The first step is the macroeconomic program of stabilisation, that should adopted, so that are improved the macroeconomic indicators, as the inflation the interest-rates, the unemployment, and generally are improvement of the life conditions of citizens. The second step of transition is the release of economic activity to a free economy, as are the prices, the trade, the convertibility of currency, suppression of monopolies and the integration within organizations, like the IMF, the World Bank and the WTO. The third step is the reduction of size of public sector with the fast privatisation and the reformation of government owned enterprises. In the fourth step, very important is to create new laws, that promote the institutional reform and structural changes. A successful transition process does not emanate only from the interior of country, but also from the exterior help, is essential importance, that it can be received in the form of guidance or economic/financial support. There are a lot of historical cases, where the transition process, in a more liberal and macroeconomic stable (more constant economy) which is accompanied by the proper political changes and institutions. For the transition/passage from closed in the open economic model, is required total reform of economic system, in all the sectors, so to be achieved individual aims.

- Configuration of prices witch based on the offer and the demand.
- Competitive and virtuous markets of goods and productive factors
- Creation the suitable institutional and legal frame.
- Privatisation of government owned productive sector and liberalization of trade.

There exist three basic parameters for the classification of strategies of the transition passage. The speed of actions in the main sectors the transition, that is to say the macroeconomic and fiscal stabilization, the release of market powers and the institutional changes, the privatisations and the reformation. The consequence and the internal plenitude of applied policies, that creates a critical mass of reforms, and the reject of macroeconomic mismanagement. The total progress in transient stage that has been achieved up to the moment. The results from the transition of economies of Balkan and S,E, Europe countries are following: The application of "shock policy", is not pleasant, because the changes are painful for the citizens. As it was proved, however, the countries that adopted this policy, they presented better results. The reforms in all the countries were accompanied by social problems as the poverty, the unemployment, e.t.c.

COULD INWARD PROCESSING ATTRACT INVESTORS IN ALBANIA?

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ABSTRACT

Globalization and its effects have attracted the attention of researchers, who assess the possibility of international fragmentation, which means sharing the production process in several components, which can be realized in different countries. This process affects positively international trade and leads to faster globalization. The statistics reveal that almost in all Western Balkan countries, exports of finished goods or semi-finished goods (SFG), which are subject of inward processing, represent a considerable share in the foreign trade volume, which in some cases exceed 50% of total exports of the country. However, for small countries is more difficult to attract multinational companies which produce, utilizing outward processing and to compete with outsized countries with cheap labor cost. These large manufacturing multinational companies have concentrated their outward activities in the countries of East Asia and Africa due to low costs of labor, despite the geographical distance of these countries.

A detailed analysis of inward processing exports of Albania over the last 10 years will be presented in this paper, with the main focus on categories of goods, their trade volume, originated countries of imported goods for inward processing in Albania, concluding in the prevailing trend.

The paper also aims to analyze the investment environment in Albania and the key issues facing the business that operates in inward processing. The results of data analysis and the main findings will be presented and discussed in the concluding part of the paper.

KEYWORDS

Inward and Outward Processing, Manufacturing, Foreign Trade, Albania

JEL CLASSIFICATION CODES

F16, O44, O24

THE PROGRESS OF THE BALKAN ECONOMIES FROM THE CENTRAL PLANNED SYSTEM ECONOMY TO THE MARKET ECONOMY: A COMPARATIVE ANALYSIS OF THE RELATIVE TRANSITION CRITERIA.

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ABSTRACT

This article presents a comparative analysis of the transition path of the Balkan economies from the central planned system economy to the market economy according to several criteria which the fulfillment degree defined the completion degree of transition. It also describes the transition path of 6 under consideration Balkan economies with particular emphasis on the fulfillment path of selected criteria. The most important are, the price liberalization, privatization process, restructuring the business environment, the degree of function of competitive forces, the reform of the banking system and the macroeconomic environment. However special mention is made on the parallel path of the 6 economies to their entrance in the European Union.

The conclusion of the transition analysis indicates that the transition process in some countries was fulfilled with rapid rate whereas it was delayed in other countries. Nonetheless, it seems that the essential operations of the market economy were implemented to a satisfactory level in the Balkan economies.

KEYWORDS

Transition path, Central planned system economy, Balkan economies

THE FOREIGN BANKS SECTOR AND ITS CONTRIBUTION TO THE ECONOMIC DEVELOPMENT OF THE POST-SOCIALIST COUNTRIES IN S.E. EUROPE

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ABSTRACT

During the socialist period, the banking sector was not able to participate effectively in resource allocation, because of its size, and its special role in the centrally planned economies system. After a long period of adjustment following the initiation of the post-socialist countries' transition to a market economy, the gradual development of the banking sector and especially the entry of foreign banks made the generation of positive economic results and macroeconomic stabilization, to varying degrees eventually possible. Theoretical research on emerging economies provides strong evidence that there is an endogenous positive relationship between a growing, healthy and efficient financial sector and long-term growth prospects through private sector funding. In terms of empirical research, the results sometimes seem not to support the theory, probably due to the distinction between short-and long-term span, and the distinction between household and business borrowing. This article suggests that, although the banking sector degree of development varies widely in the SEE countries, the presence of foreign banks is significantly stronger than that of the domestic ones based on both the number of service units available and the value of their assets. Financial indicators, suggest that foreign banks may be showing better performance in terms of the net revenues margin due to lower cost of raising debt capital; however they are characterized by higher operating expenses ratio. As a result they do not enjoy higher profitability. Never the less, the presence of foreign banks seems to enhance the development of the domestic banking market through cheaper capital raising, higher investments for infrastructure and competitive pressure to returns realized. Moreover, with regard to the lending policies, foreign banks are achieving a higher and less volatile pace in credit growth. In their vast majority foreign banks have experienced substantial profits and contributed to macroeconomic stability through a counter-cyclical lending policy. On the other hand, concerns have been expressed about the opening of the banking sector to foreign capital, particularly in the high industry concentration, caused by mergers and acquisitions, and thus creating a very strong bank or a group that controls the market. Another concern supports the view that increased competition may cause solvency problems for small domestic banks, with significant risks of destabilizing the system or causing possible future macroeconomic imbalances. Additionally, some authors believe that volatility in domestic banking systems is possible, if foreign banks decide to exit this market, by liquidating their holdings, especially at a time when the global economic crisis seems to endure severe danger. It is also realized that the increased presence of foreign banks helped the financing of domestic business directly and indirectly as a result of increased competition and loans with the domestic banks. Related positive effects associated with company size are also investigated.

KEYWORDS

transition economies SEE, foreign banks sector, economic development, private sector borrowing.

THE MULTI-LEVEL APPROACH TO THE ECONOMIC DEVELOPMENT ANALYSIS: THE CASE OF ECONOMIC DEVELOPMENT POLICY IN LATVIA

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ABSTRACT

Authors review general economic development theories and theories of local economic development. Economic development theory has been analysed by scientists from macro and micro perspective. Scientific literature reflects economic development within various spatial units – local, regional, national. Article reviews spatial levels (the attributed meaning for „national”, „regional”, „local”) of economic development analysis and uneven spatial distribution of economic activity on regional level. The spatial amplitude is important in context of competitiveness of national economy within globalizing economy.

The meaning implied within spatial level is important for economic development policy planning. The empirical data on macro-level could not identify economic development challenges on micro level. Authors point that there is a necessity to use multi-level analysis. The authors indicate challenges and interrelations of economic development policies within structurally integrated framework and for prosperity-generating capabilities within different spatial realms. The complexity of economic development is highlighted within institutional framework of economic development policy planning in Latvia. The structural framework of development policies (national, regional and local), institutional system and legislative acts in Latvia is reflected. Socio-economic indicators reflecting uneven spatial distribution of economic activity on regional level may question sustainability of the development.

Authors conclude that regional level empirical data does not reflect economic development challenges on local level; quantitative socio-economic indicators may hide the local reality; qualitative approach would allow understanding economic development in social and historical context. Authors bring the interrelation of economic development policy planning for further discussion.

The aim of this article is to provide conceptual elements for further qualitative and quantitative analytical work, and to add to the debate on development and related policy decision making processes.

KEYWORDS

Economic development, local economic development, development policy

JEL CLASSIFICATION CODES

O10, O20, R12

INSTITUTIONS, AND ECONOMIC DEVELOPMENT IN ALBANIA.

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ABSTRACT

Economic theory has proposed and discussed a lot of possible factors or explanations that promote or foster economic development. One of these gathers specific discussions from other Social Sciences, incorporating social, cultural, religious, institutional and political dimensions – and among them, the idea of 'social capital'. Although the discussion held by Putnam on the benefits of association, civic involvement and interpersonal trust is extremely rich, this paper incorporates the discussion advocated by the World Bank, and the central ideas of Woolcock and Narayan papers, since they extend the scope of analysis, making what is called 'synergic vision' of social capital. These authors consider that "social capital does not exist in a political vacuum", i.e there is no way to separate the elements that characterize the social and the political and institutional elements that surround it. The 'community social capital' of Putnam cannot be understood without the macro-environment in which it operates. Countries have different conditions for economic growth and development, which are commonly linked to the availability of traditional production factors: physical, financial, human and natural capitals. More than half a century after the initial ideas proposed by Robert Solow, the Theory of Economic Development has incorporated factors and variables that were originally outside the traditional model – because only purely economic explanations fail to explain development issues. Contemporaneously it is investigated the contributions of political, social, cultural and institutional conditions, incorporating the studies based on the role of social capital and institutional. This paper aims to explain the economic behavior in Albania, considering the importance of the attributes directly related to social capital (interpersonal trust, which leads to the association and civic involvement, i.e the formal attributes related to the action of the state, which establishes social, political and economic behavior. It wants to explain if these two dimensions are correlated in order to explain the behavior of agents in different economies in Albania and their economic development. Social capital theory has been incorporated into economic literature from studies of non-economists. After the initial thoughts in the field of Sociology – by Pierre Bourdieu and James Coleman (1988, 1990) – the subject was handled by the political scientist Robert Putnam (1993, 1995). These authors introduced the theoretical basis for the incorporation of social capital as an important production factor and with effects and impacts on economic activity. While the definitions are different, it is understood social capital as "[...] features of social organization, such as trust, norms, and networks, that can improve the efficiency of society by facilitating coordinated actions" (Putnam 1993:167).

The comprehension of institutions and their contribution to economics is contemporary to the debate about social capital, and is related to the original contribution of Douglas North (1989, 1990, 1991). The author summarizes the institutions as the 'rules of the game', which constitute a guide to economic activities and interactions.

But is there consensus on the role of institutions and social capital on economic activity? This is the central subject of this paper that discusses the importance and influence of both concepts to economic development, focusing in Albania environment. The purpose of the paper is to present a literature revision on the theoretical framework of social capital and institutions and the initial findings that investigate the relationship between both of them and economic performance in the region.

KEYWORDS

social capital, economic development, institutions, Albania

MARKET AND ECONOMIC DEVELOPMENT IN BULGARIA

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ABSTRACT

The present paper tests empirically the existence of a causal relationship between the economic growth and the development in the banking and stock market in transition economies and especially the case of Bulgaria. The Johansen cointegration test indicated one long – run relationship between the banking sector, the stock market and the economic growth while the application of the Granger causality test indicated a bilateral relationship between the economic growth and the development in the stock market, as well as between the economic growth and the development in banking sector. Finally, a unilateral relationship was concluded between the development in credit and stock market.

KEYWORDS

Cointegration, Granger Causality, Stock market, Economic Growth

JEL CLASSIFICATION CODES

F00, F30, F36

ROLE AND DEVELOPMENT OF BROADBAND NETWORK IN THE RURAL ECONOMY

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ABSTRACT

Fast data networks contribute to the development of social welfare, people use more and more e-services (eg. e-banking, e-commercial, client gateway) and the entertainment opportunities are expanded significantly also. And they have a great effect on economy too, since information means new production factor for the agri-food and rural economy in the information society. Networks provide economic opportunities for enterprises, since much activity became more effective by internet. They manage the affairs online and take internet-based services for their activities. But this is true just in general. The use of fast networks for economic goals is highly dependent on regional orientation and what combination of the economic sectors in a given area. In Middle-East Hungary there are mainly agri- and commercial enterprises, mostly SMEs, which have an essential function in hungarian economy. Among these, regarding the usage of internet, the differences are significant. Individual agro-undertakings are the worst situation, they not really know the e-services then not really use them. Commercial enterprises are already using internet for a lot of activities and they recognized the possibilities of fast data networks. In this article I present the situation and future perspectives of broadband network of a middle-east hungarian rural settlement in point of enterprises. I made the analysis based on surveys and personally interviews. In most countries there is a great difference among settlements from the point of view of the available of information technologies. It depends on mainly regional orientation and functionality. About it the network development strategies are different since the economic environment has an effect on service sector also. Since then there are regions where state interference is required for progress. Connected for this I present the arguments (pros and cons equally) of intensive broadband development concepts of rural areas.

KEYWORDS

fast, data network, rural, development, SME, usage

JEL CLASSIFICATION CODES

O39, R11, M15

ASYMMETRY IN PRICE TRANSMISSION BETWEEN PRODUCER AND CONSUMER PRICES IN THE DAIRY SECTOR; THE CASE OF TRANSITION ECONOMIES

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ABSTRACT

The present study investigates the existence of asymmetry in the price transmission mechanism between the producer and consumer prices in the dairy sector of transition economies, members of the EU. In particular, the research is focused on the dairy products and the role of CAP regime. The empirical analysis of asymmetry was based on the Johansen cointegration technique (intermediate stage) and the estimation of two dynamic models; the Error Correction Model (ECM Model), and the LSE - Henry general to specific model (GETS model). With the assistance of the cointegration technique, the existence of a long - run relationship between producers and consumers in the transition dairy market is estimated, while the application of the Granger causality test demonstrates that the consumer price Granger causes the producer price, whereas the reverse is not valid in most cases. Furthermore, the GETS model application confirmed the existence of asymmetry in the price transmission mechanism within the dairy market. Finally, the role of CAP in determining the producer prices is vital and is confirmed by the findings of the cointegration technique and the Granger causality test.

KEYWORDS

Transition economies, Price Asymmetry, CAP, dairy sector

JEL CLASSIFICATION CODES

Q10, Q11

CONDITIONAL EFFICIENCY ESTIMATION WITH ENVIRONMENTAL VARIABLES: EVIDENCE FROM GREEK CEREAL FARMS

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ABSTRACT

The objective of this paper is to assess technical efficiency of cereal production in Greece in a nonparametric framework while accounting for a set of mixed exogenous variables. To this end, we implement robust partial frontier techniques on a sample of cereal-producing farms included in the Farm Accountancy Data Network (FADN). The utilization of a mixed kernel function with a data-driven bandwidth selection allows us to handle continuous and discrete exogenous (environmental) variables. Moreover, we assess the partial impacts of the environmental variables using non parametric regression tools.

KEYWORDS

Nonparametric estimation, conditional efficiency, cereal farms

JEL CLASSIFICATION CODES

D24, Q12

THE IMPACTS OF COMMON FISHERIES POLICY OF THE EU ON THE GREEK FISHERY SECTOR

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ABSTRACT

The last three decades, major changes have occurred in the objectives of the European Union's (EU) Common Fisheries Policy (CFP). These changes can be attributed mainly to the important environmental pressures caused by the intensive fishing activities. This article attempts to assess CFP impacts in order to better understand how the process of policy reform in CFP affects the Greek fishery sector.

The CFP is the EU's tool for fisheries' resource management, aimed at enhancing the sustainability of fish stocks and the economic competitiveness of the fishing industry. Since the early 1970s, the EU goal is to develop a CFP capable of effectively conserving fish stocks and ensuring the economic viability of the sector. Within the establishment of CFP in 1983, a Conservation policy was introduced. The main measures were the adoption of annual Total Allowable Catches (TACs) and quotas for single fish species. In particular, two types of measures are undertaken in order to provide a comprehensive conservation regime: TACs which set upper limits for the total amount of fish which can be landed from particular areas; and technical measures including gear regulations, restricted fishing periods and areas, and minimum allowable sizes for individual species.

CFP measures, enacted under the frame of this Conservation policy, have major impacts on the Greek fishery sector, which constitutes a vital economic activity for the country, providing income to several families at coastal areas. Furthermore, the GDP and employment rates in those areas are above the national average values, highlighting the impact of fisheries on both the economy and the environment for these marginal coastal areas.

A combination of exploratory and confirmatory factor analysis, cluster analysis and path analysis are employed in this study, in order to assess the potential CFP impacts on Greek fishery sector. The results reveal that CFP measures set entry barriers for the Greek fishery sector. Since 1995, the Greek fishing fleet has a reduction of almost 17%. However, CFP technical measures such as restricted fishing areas and periods could contribute to an operative fishery sector. The results clearly indicate that the adoption of dynamic and market-responsive fishery policies constitute key elements for an operative fishery sector. This seems to be particularly important for policy makers in the context of the future reform of the CFP of EU.

Therefore, the forthcoming CFP should continue the course taken towards policies initiatives aiming to tackle the balance between fishing effort and fisheries' resource management. The consistent implementation of the CFP measures could be a well confronting perspective against the challenges and threats of a global marketing environment. Consequently, an efficient implementation of CFP measures endorsed into a competitive advantage strategy will improve Greek fishery sector and will promote the sustainability of the whole supply chain. Thus, the impending CFP reform should take into consideration specific measures designed to enhance CFP awareness, promote a Common certification regime for fisheries products, and improve infrastructure in order to maintain a viable and competitive fishery sector.

KEYWORDS

Common Fisheries Policy, Greek fishery sector, factor analysis, policy assessment

JEL CLASSIFICATION CODES

Q18, Q22, C38

TECHNICAL EFFICIENCY OF CHIOS SHEEP FARMS IN GREECE: AN APPLICATION OF STOCHASTIC FRONTIER ANALYSIS

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ABSTRACT

The sheep farming sector in Greece experiences a major transition into an intensive production system which is characterized by high investments in machinery and buildings and in high-quality livestock. This intensive production pattern creates new opportunities for the development of the sector; however, the economic performance of these sheep farms depends heavily on their management efficiency. The efficient utilization of the available resources of these farms is essential in order to improve their profitability and consequently their competitiveness. Greek farms that rear pure-bred Chios sheep, which are considered as the most productive indigenous Greek breed, operate under intensive production systems exhibiting major structural and economic advantages compared to the traditional labor-intensive production systems that prevail in the country. Within this context, the technical efficiency of Chios breed farms in Greece is estimated through the application of the parametric Stochastic Frontier Analysis approach. A Translog stochastic frontier production function is estimated using technical and economic data of 58 Chios sheep farms. Furthermore, the impact of various farm-specific socio-demographic and biophysical factors on the level of the estimated efficiency is evaluated. The Chios sheep farms are then categorized into efficiency groups on the basis of the estimated technical efficiency score and their main structural and economic characteristics are calculated and compared, providing an indicative picture of their structure and productivity. The results of the stochastic frontier model indicate that there are substantial production inefficiencies among the Chios sheep farms and that these farms could increase their production through the improvement of technical efficiency, while the results of the inefficiency effects model reveal that both socio-demographic and herd-related factors can partly explain the observed efficiency differentials. The measurement of technical inefficiency and the detection of its determinants can be used to form the basis of policy recommendations.

KEYWORDS

Chios sheep, technical efficiency, stochastic frontier analysis, determinants of inefficiency

JEL CLASSIFICATION CODES

Q12, D24

CHALLENGING THE ECONOMIC DOWNTURN: EVIDENCE FROM GREEK LIVESTOCK FARMS

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ABSTRACT

The livestock sector consists a key growth factor for an economy, within a period of economic slowdown, bearing in mind the number of people and industries that are employed in the production and processing of dairy products. The structure and performance of the livestock sector is shaped by the market situation as fluctuations in commodity prices and variations in output prices frequently influence livestock farm profitability. The current economic slowdown has increased the degree of uncertainty inherent in livestock farming, especially in Greece, where the specific sector follows a declining course, displaying a 30% contribution in the value of agricultural production, when this percentage rises to over 50% at most European countries (Germany, Denmark and Holland exhibit around 70%). Within this context, attention has been paid on how livestock farms can survive from this economic recession and which management tactics are required to lessen or even diminish the negative consequences of the crisis.

Given this background, the aim of this study is to identify the management tactics that livestock farmers are implementing in order to overcome economic difficulties and improve their performance. To achieve this objective, 110 livestock farmers in the Prefecture of Anatoliki Macedonia and Thraki have been surveyed through administrative (structured questionnaire) personal interviews. A combination of multivariate data analysis identified and evaluated the most important management steps taken from farmers to survive the economic downturn. The results indicate that the livestock sector is undergoing significant changes caused by the economic hardship and individual farms have applied different management strategies to adapt to the new economic situations. Many livestock farmers expressed a high concern regarding the on-going economic situation, while others considered livestock farming as a rather “stressful occupation”, not only due to the unpredictable factors, like the weather, but also because unfavourable market conditions. Livestock farmers were already subject to stresses from rising costs (e.g. animal feed) and decreased market prices for their products prior to the crisis and the severe economic hardship has further challenged livestock farming industry. The need for policy intervention to reduce the severe impact of the stressful economic recession on livestock farming is more than ever indispensable.

KEYWORDS

management tactics, economic downturn, livestock farms

JEL CLASSIFICATION CODES

Q10, Q13, Q18

CONSUMERS` ATTITUDES TOWARDS CORPORATE SOCIALLY RESPONSIBLE COMPANIES IN THE CHANGED WORLD

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ABSTRACT

This review article aims to illustrate the main concepts, frameworks and researches regarding the corporate social responsibility (CSR) and the consumers' attitude towards the socially responsible organizations. Given the veritable explosion of CSR research during the recent years, there is a genuine need for the field to take stock of what has been learned so far and what that implies in terms of consumers' attitudes towards the socially responsible companies and where researchers should be headed. Numerous researches have attempted to study how a CSR-based promotion is perceived and also to determine the factors that are influencing the attitudes towards the CSR initiatives. We have analyzed books and articles in leading economic journals in order to accomplish our objectives. The main implications are the potential for adopting and incorporating CSR in the marketing and communications strategy of the company. In the paper, different theories, definitions and researches concerning the present status of the corporate social responsibility (CSR) and the individuals' attitudes towards the socially responsible organizations are promoted, enriching the literature from this field of study.

KEYWORDS

corporate social responsibility, consumer attitudes

JEL CLASSIFICATION CODES

M14

PRESENTATION OF RISK AND CURRENT VALUE OF DERIVATIVE INSTRUMENTS IN COMPANIES FINANCIAL STATEMENTS

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ABSTRACT

A financial instrument (derivative instrument) is a contract between two parties that specifies futures conditions (especially the dates, resulting values of the underlying variables, and notional amounts) under which payments are to be made between these parties. The most important attribute of derivatives, which is considered to be a very risky element as well, is that before the date of square up none of both parties of such a contract don't know / can't be 100% sure they will earn or lose money on contract and how much. This is because the subject of these kind of contract is a future value of assets (very often financial assets) and it's very difficult to properly forecasting their value. These contracts (especially derivatives called forwards) also are considered to be very risky due to the fact that none of the side of them could be sure that his partner of the contract will be able or would like to pay his liabilities.

Even though they are not so safety assets or liabilities, companies more and more often use them in their everyday activities. They are used mainly for 2 purposes e.g.

a) speculation – entities would like to earn money on them in a similar way as they earn on other assets like foreign currency, stocks, gold or other assets which are subjects of trade on financial market,

b) hedging – entities would like to “secure” value of other existing assets, existing liabilities or even would like to secure a future transaction which company plans to realize in the future.

All above mentioned characteristics of financial instruments:

a) nobody knows whether would earn or lose on it and how much,

b) it's very risky as company couldn't be sure its partner would be able or would like to pay his duties,

derivatives are considered to be extremely risky assets or liabilities and shareholders would like to see in financial statements very precise information about its current value (not only its value at the date of square up) and information about nature and “value” of current risk.

The article is about information to be presented in financial statements of companies of current value and current risk of derivative instruments as nowadays, this is one of the very important task of accountancy to present all necessary and useful information for financial statement users.

abstract should be self-contained and understandable by a general reader outside the context of the paper. Abstracts should be up to 500 words.

KEYWORDS

derivative instruments, financial statement presentation, accounting of financial instrument, value and risk of financial instruments

JEL CLASSIFICATION CODES

M41

THE COST- A TOOL IN THE ECONOMIC AND FINANCIAL DECISIONS

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ABSTRACT

The article presents analysis on the cost of borrowed capital, capital cost and economic value added, an analysis of funding sources used by the enterprise to create surplus value obtained by the shareholders of net profit from operating activities. Calculating economic value added based on interest liabilities of carriers, equity and net operating profit differs from traditional indicators to measure economic and financial results. Maximizing the traditional indicators of economic and financial results such as net profit after tax and return on investment, does not correspond to the theoretical with the objective of maximizing shareholder wealth. Economic value added financial performance presents a new perspective, being especially useful for companies that perceive equity as a source of funds without any cost and where financial results are measured only through profit indicators. The efficiency requires knowledge of how administrators have used the resources entrusted to the company, which, in financial terms, is asset protection.

KEYWORDS

equity cost rate, rate cost of borrowed capital, cost of capital invested, economic added value

JEL CLASSIFICATION CODES

G17, G31, G17

THE LIQUIDITY – PROFITABILITY TRADE-OFF FOR POLISH COMPANIES

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ABSTRACT

This study investigates empirically the liquidity and the profitability trade-off as it is known in the literature, for a sample of non financial companies listed in the stock exchange in Poland, a transition economy that has become a member of the European Union. For the examination of the testable hypotheses we use panel data analysis and causality tests to investigate the relationship between the liquidity and the profitability of a company as they are determined by selected liquidity and profitability measures. We compare our results to those of the Lyroudi and Rychter (2012) study where there were used parametric statistical methods such as correlation analysis and regression analysis (simple and multivariate regression analysis) to examine the same relationships. In addition to the causality relationship and the panel data analysis we are interested in examining whether the selected methodology plays any role for the results we obtain regarding the above relations.

KEYWORDS

Liquidity, profitability, transition, economies, panel, data

FORECASTING THE BULGARIAN BUSINESS CYCLE

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ABSTRACT

The paper presents the creation and unitization of a new coinciding composite business cycle indicator for dating of the Bulgarian business cycle. The Bry-Boschan method is used to determine the turning points for the Bulgarian business cycle for the 2000-2011 period. The timing of the national cycle is compared to the Euro area cycle. It is shown that the national business cycle was lagging the Euro Area cycle before 2007 and was early after that. In addition, a new composite leading indicator for the Bulgarian business cycle is created and presented. The new leading indicator's quality is tested and it is used to forecast the Bulgarian business cycle.

KEYWORDS

business cycle, leading indicator, economic crisis

MORTGAGE PORTFOLIO IN LITHUANIA, LATVIA AND ESTONIA: ANALYSIS OF MAIN FACTORS

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ABSTRACT

This paper reviews mortgage lending as one of the most important and influential factor of the economic growth. During the last decade three Baltic countries Lithuania, Latvia and Estonia experienced a full economic cycle including slow recovery, fast growth and sharp deterioration of the whole economy. During the growth period the portfolio of mortgage loans and the real estate market developed extremely rapidly. Since 2007 - 2008 the problems related to overheating of economies and bubbles of the real estate prices in the Baltic countries have appeared. The economies of Lithuania, Latvia and Estonia have contracted most among all EU members. Identification of the main factors that are determining the growth of the portfolio of mortgage loans is important for developing a strategy in order to avoid possible future economic crises or to ease the negative effects of the economic downturn. The aim of the paper is to find out the most important macroeconomic factors that are determining dynamics of mortgage portfolio in Lithuania, Latvia and Estonia. The research of the mortgage portfolio of Baltic countries has been carried out based on correlation and regression analysis of the macroeconomic factors. Results of the research confirmed that real GDP is the main factor determining the development of the mortgage portfolio in the Baltic countries. Further analysis of the real estate market prices and real GDP growth showed that the growth of economy is more sustainable when the main driver of the mortgage portfolio is real GDP growth instead of the growth of the real estate prices. Also, the results showed that changes of real interest rates did not have any significant correlation with the mortgage portfolio.

KEYWORDS

mortgage loans, economic growth, financial crisis, commercial banks.

JEL CLASSIFICATION CODES

E44, G21

A STATISTICAL-BASED APPROACH TO ASSESSING COMPARATIVELY THE PERFORMANCE OF NON- BANKING FINANCIAL INSTITUTIONS IN ROMANIA

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ABSTRACT

In this paper we construct a framework that enables us to make class predictions about the performance of non-banking financial institutions (NFIs). Our objective is to create a classification model in the form of a logistic regression function that can be used to assess the performance of NFIs based on different performance dimensions, such as capital adequacy, assets' quality and profitability.

Our methodology consists of two phases: a clustering phase, in which we obtain several clusters that contain similar data-vectors in terms of Euclidean distances, and a classification phase, in which we construct a class predictive model in order to place the new row data within the clusters obtained in the first phase as they become available.

In the first phase, we employ unsupervised neural networks in terms of Kohonen' Self-Organizing Maps (SOM) algorithm in order to build clusters that include NFIs with similar performance (in terms of financial ratios). Based on the SOM we construct a two-dimensional unified-distance matrix map (a two-dimensional representation technique for the distance between neurons). Then, we characterize each cluster as containing NFIs with good, average or poor performance by looking at the feature planes for each individual input variable. Based on this characterization we build the “class performance” variable by attaching to each data row a class label depending onto which cluster it belongs.

In the second phase, we employ a statistical technique, namely multinomial logistic regression, in order to build a classification model that links the newly constructed “class performance” variable to the input variables (financial performance ratios). We build this classification model in order to avoid the problems associated with adding new data to an existing SOM cluster model. Inserting new data into an existing SOM model becomes a problem when the data have been standardized, for example, within an interval like [0,1]. Also, the retraining of maps requires considerable time and expertise.

Logistic regression has certain advantages over other statistical techniques that can be used to perform a classification task: it has a nice probabilistic interpretation because of the sigmoid function employed, can handle non-linear effects even when exponential and polynomial terms are not explicitly added as additional independent variables and does not assume normally distributed error terms. Binary logistic regression – BLR – refers to the case where the dependent variable has two classes, whereas multinomial logistic regression – MLR – refers to the multi-class case. MLR classifies cases by calculating the likelihood of each observation belonging to each class.

We extend our dataset used in previous studies. The new dataset consists of 769 observations collected for 54 NFIs on quarterly basis from 2007 to 2010. The dataset contains 12 performance ratios divided in 3 performance dimensions: capital adequacy, assets' quality and profitability. As a conclusion of this paper we now want to be able to validate our methodology and understand how different financial factors can and do contribute to the companies' movements from one group/cluster to another.

KEYWORDS

Non-banking financial institutions, performance evaluation, logistic regression, class prediction

FROM EFFICIENT MARKET HYPOTHESIS TO BEHAVIORAL FINANCE: CAN BEHAVIORAL FINANCE BE THE NEW DOMINANT MODEL FOR INVESTING?

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ABSTRACT

The present paper reviews two fundamental investing paradigms, which have had a substantial impact on the manner investors tend to develop their own strategies. Specifically, the study elaborates on Efficient Market Hypothesis (EMH), which, despite remaining most prominent and popular until the 1990s, is considered rather controversial and often disputed, and the theory of Behavioral Finance, which has increasingly been implemented in financial institutions. Based on an extensive survey of Behavioral Finance and EMH literature, the study demonstrates, despite any assertions, the inherent irrationality of the Theory of Efficient Market, and discusses the potential reasons for its recent decline, arguing in favor of its replacement or co-existence with Behavioral Finance. In addition, the study highlights that the theory of Behavioral Finance, which endorses human behavioral and psychological attitudes, should become the theoretical framework for successful and profitable investing.

KEYWORDS

Efficient Market Hypothesis, Behavioral Finance, Investor psychology, Investment portfolio

MARKETING STRATEGY FORMULATION IN INNOVATIVE PRODUCT DEVELOPMENT PROCESS

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ABSTRACT

The scientific literature widely considers the new product development process, influenced by the innovative process, that brings the product an exceptional value which stimulates market demand of these products. Innovation provides products the specific basis for which world economies compete with each other on the global market. Able to find new solutions, innovations generate significant changes in existing markets, destroy them, or create new markets (Hauser et al. 2006). The development of new products using innovations enables small businesses to prosper by conquering their major competitors both in sales volume and company's financial indicators. Dougherty (1992) argues that new product development is the process linking technology and consumers, and it is (Zhang, 2009) a potential source for the company's competitive advantage. To create a successful new product is not easy. Despite the advantages of new products and market power, the development of these products is a problematic and long-term process that requires considerable time and financial costs, which often does not receive the return, bringing heavy losses to companies. Studies have shown that 46% of their resources, companies devote to product development and introduction into the market, is wasted on unsuccessful product development projects (Cooper, 2011). Also, it has been stated that over 60% of all new product development efforts are stopped before they are commercialized, and 40% of the remaining products are withdrawn from the market (Allen 2003). However, Hopkins (2003) has summarized Cooper and other authors' researches and presented reasons of new products' failures: 55% of the surveyed companies have stated that problems are related to marketing. Based on these research results, the article concentrates on the marketing strategy formulation for a new product development process. Marketing is not something that is undertaken after engineering has developed the new innovative products. Among other things, a well-developed marketing competency includes proactive consideration of the customer in the development process; it helps to guide technical specifications, determine appropriate market segments, establish cost targets to meet pricing objectives, and identify partners that will play a critical role in the value delivery process. In other words, it brings the voice of the customer into the firm.

All the global literature has been explored, examined and processed in order to present the most updated findings. The aim of this study is to review key issues and conducted research related to the marketing activities in the new product development process, as well as different new product development process models and the attitudes associated with this process, to overview traditional methods of marketing strategy development in order to adapt them to new product development process. In analysis of new product development process, the limits of research were set - the process is analysed from the initial product design phase and is completed with the product introduction in the market. In analysing this process in the scientific literature it was determined that both product development and commercialisation of the research and innovation process are overlapping, and the solved problems are related. Based on this conclusion, the article compares the processes of a new product, research commercialization and innovation, major differences are emphasized and conclusions are presented, that form the basis for the insights in marketing strategy formulation. Marketing strategy has been a major focus of academic research since the 1980s. Marketing literature presents many different points of view related to marketing strategy formulation. However, most of the opinions agree that marketing strategy provides the means of utilizing the company's skills and resources to achieve marketing objectives.

The most important aspects of this study will serve as the basis of a new model and methodology development process, that is to be examined in PhD work “Marketing strategy formulation in high-technology commercialization process”.

KEYWORDS

Marketing strategy formulation, innovative product, development process.

JEL CLASSIFICATION CODES

D800, O310

INTRAPRENEURIAL EFFORTS TO REJUVENATE A COMMERCIAL BRAND NAME, MOTIVES AND LIMITATIONS: THE CASE OF THE AMERICAN FARM SCHOOL – THESSALONIKI, GREECE.

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ABSTRACT

The purpose of this study is to explore the effectiveness and limitations of intrapreneurial behaviour as a factor influencing the ability of a long established organisation to successfully undertake an expansion strategy of related diversification, based on the existing strength of its brand.

The case study concerns the American Farm School (AFS), founded in Thessaloniki in 1904. AFS is examined not as an educational organisation but as a dairy producer with a long established niche brand name.

The research undertaken consists of three parts: First, an evaluation of the existing brand strength and its extension potential was undertaken using a questionnaire distributed among the AFS customers; the findings of this quantitative analysis were benchmarked against the characteristics of a strong brand provided by the relevant literature. This was followed by an evaluation of the product development ability of the organisation using a focus group sensory analysis of a newly developed pasta product of AFS. The findings were used to evaluate customer acceptance of the product in terms of its organoleptic attributes. Finally, the process actually used to reach the decision of launching the new product was examined via personal interviews with the Farm Director and the Head of the Plant Department. The interview questions were based on, and the findings were evaluated against, Lambin's Market Orientation model.

The overall findings lead to the conclusion that the AFS brand as a dairy producer would benefit from shifting its current image of a safe and ethical producer to that of an organization that offers nutritional/functional and/or gourmet value. Moreover, AFS has to seek new market segments since the existing customer basis cannot offer a significant growth potential. Additionally the findings revealed that AFS as a food producing organization is technically competent, but suffers from market myopia. Finally, intrapreneurial (in distinction to entrepreneurial) behaviour was found to be useful in gradually rejuvenating the brand but at the same time potentially contributing to cultural confusion rather than to a paradigmatic refreezing along market orientation lines.

The originality of this paper rests on its focus on the interface between marketing and organisational analysis and its implications for the management of the rejuvenation of aging small organisations, trying to survive and prosper in the present turbulent market conditions. The findings are relevant to established companies in the emerging economies of Eastern Europe who have to rejuvenate their brand and reposition themselves in order to enter the European markets.

KEYWORDS

Intrapreneurship, Brand Rejuvenation, Market Orientation, Sensory Analysis, Food Sector

MARKETING POLICIES THROUGH THE INTERNET: THE CASE OF SKIING CENTERS IN GREECE

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ABSTRACT

Lately, Internet constitutes a major tool for transactions in every aspect and supports innovative marketing policies. Broadband Internet has become “the key to success” for businesses, as it offers various advantages and benefits through Internet marketing (e-marketing) policies. In Greece, mountainous areas are usually covered with snow during winter months; so, skiing centers have become an important asset for winter tourism. The Internet evolution and the development of network infrastructure enhance marketing policies for winter tourism activities. This paper studies the use of marketing policies in Greek skiing centers through the Internet, such as promotional activities, website interactivity, accommodation & entertainment information, online weather forecast, guest book, etc. Therefore, the paper aims to optimize and evaluate skiing centers in Greece, qualitatively and quantitatively according to e-marketing policies used as criteria, based on the multicriteria method of PROMETHEE II and further to classify them in groups. Finally we identify and describe the optimum group of skiing centers to be used as a model with enhanced customer communication services.

KEYWORDS

marketing, marketing policy, internet, skiing centers, Multicriteria analysis, Promethee II.

JEL CLASSIFICATION CODES

C65, M31, O32

IN SEARCH OF SUSTAINABLE BUSINESS PRACTICES: THE UTILIZATION OF PRIVATE LABEL PRODUCTS AS MEANS OF ENFORCING LOCAL PRODUCTS’ BRAND IDENTITY IN GREECE.

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ABSTRACT

During the last few years, Greek supermarkets have been trying -by utilizing their access to consumers- to provide their customers with products whose marketing is controlled by supermarkets themselves. This effort creates problems to conventional marketers, yet opportunities to some others. In the current phase of the economic cycle, where banks appear unwilling to finance supermarkets, they are increasingly examining the potential of co-operating with Greek producers. At the same time, the direct and collateral consequences of the recession, urge Greek consumers to choose Greek products and, thus, create new scenery in the Greek economy. This trend “Consumer Ethnocentrism” constitutes a particularly interesting phenomenon in the Greek market, not only because it creates business opportunities to Greek firms, but also because it gives the opportunity to “rationalize” the consumer behavior. The problem of Greek food /nutrition products lies in fundamental marketing problems: selection, standardization, distribution and communication and not in the quality of their characteristics. Greek producers are presented with the opportunity to create a strong regional brand image for their products and mostly for their region. The opportunity to create food products with a strong regional character and to support the local brands lies in the hands of local producers, who in collaboration with retail merchants, can regain a market which they have “surrendered” to their foreign competitors.

The acceptance of Greek P.L. (Private Label) products from the Greek consumers does not ensure their establishment in the market as Local products. In order for this to happen, systematic and consistent effort on behalf of the producers and the distributors is required. P.L. products have increased their market share by utilizing the reduction of Greeks’ available income, as well as Greek consumers’ need for information. Effective communication handling and effective relationship management, based on sincerity constitutes the necessary treaty for building a strong local brand identity. Superiority in quality characteristics, even when based on evidence should be reported to the consumers until is rendered conscience.

In this context, the situation in the market of Greek PDO/PGI (Protected Denomination of Origin/Geographical Indication) products is addressed, through a quantitative research carried out. Research was applied on a sample of 200 consumers, the results of which are encouraging for the recuperation of the lost market share of Greek producers’ food products.

KEYWORDS

Marketing

VISITORS EXPECTATIONS FROM THE THERMAL SPRING BATHS OF SMOKOVO KARDITSA. A FACTOR ANALYTIC APPROACH

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ABSTRACT

Health tourism in Greece goes back to the ancient times. Greeks were aware of the great healing properties of thermal springs, and Greek people would visit them for bathing and drinking for curative or preventive reasons. Among the first who noticed the therapeutic properties of these sources was the historian Herodotus (484-410 B.C.) who reported the healing attributes of the thermal spring waters and recommended thermal baths for therapeutic reasons. The fifth century BC, the Asclepieia were built near thermal springs. They were sacred places worshipping the healer god Asclepius, but in reality they were the first "hospitals" or health "building structures" not only for Greeks, but for the wider Western civilization, offering their services from about the time of the Trojan War up to the 6th century AD. The Asklepieia functioned similarly with today's hospitals, but involved not only physical health but mental health care also. Greece has numerous thermal and mineral springs, and because of the rising trend for a more "natural" way of life and "natural" therapy thermal baths gained special interest. In this context, the aim of this study is to investigate visitors' expectations from the thermal springs of Smokovo, Karditsa, Greece. Quantitative research was adapted for data collection, realized on the premises of Smokovo thermal springs. Research instrument was a questionnaire developed especially for this purpose based on the results of qualitative research and previous literature review.

For expectation, eighteen attributes were measured on a five point scale, and on a sample of 240 spa visitors. Data analysis included descriptive statistics, reliability, and factor analysis. Five factors derived based on expectations. Namely F1: High qualified staff (polite staff, discreet staff, and helpful staff); F2: Wellbeing (Being able to follow a balanced diet, to have the feeling of well-being, feeling that I am doing something beneficial for myself and my health); F3: Spa organization (program hours freedom, food quality, good general organization, low prices); F4: Spa hygiene and comfort (clean spaces, comfortable spaces, pleasant environment of stay); and F5: Relaxation (to rest, to remove stress). The results of this research could be a valuable input for thermal spring/spa managers, giving directions for satisfying the visitors and consequently maintaining market share. Thermal spring/spa managers through the dimensions' value should amend those that have room for improvement. The dimensions derived are considered important by medical/ wellness tourists and managers could be able to apprehend more out of these factor dimensions, for example, by recruiting high qualified personnel.

KEYWORDS

Wellness tourism, thermal springs, expectations, marketing, Greece

JEL CLASSIFICATION CODES

M31

DO STUDENTS IN GREECE CONSIDER NETWORK MARKETING (MULTI-LEVEL) MARKETING AS A BUSINESS OPPORTUNITY

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ABSTRACT

This paper aims to explore the students' attitudes in Greece towards the development of network (multi-level) marketing as a business opportunity. More specifically this study aims to identify the main students' beliefs towards the development of the network marketing as a business opportunity and the main factors that influence them in using network marketing enterprises as a marketing outlet. Field interviews conducted in a random selected sample consisted of 100 students in November and December of 2011 in the Technological Institutes of Kavala. Principal Components Analysis (PCA) performed to identify the students' attitudes in Greece towards the development of network (multi-level) marketing as a business opportunity that are: (a) it consists of a marketing opportunity, (b) it consists of a job opportunity, (c) it needs and based on teamwork and (d) it is a profitable enterprise. PCA also indicated that students mainly use a network marketing enterprise as a marketing outlet due to (1) the reliability and (2) the convenience issues. In the next stage hierarchical and non hierarchical cluster techniques employed to classify consumers with similar attitudes and identified 3 groups of consumers: (a) those who believe that network marketing is a reliable marketing method characterised by a good teamwork, (b) those who consider it as a marketing and job opportunity, (c) those who believe it consists of a profitable business opportunity. Discriminant analysis was performed to assess how the identified main beliefs regarding the development of the network marketing, derived from PCA, could predict cluster membership. Non parametric statistical tests were performed to profile the identified group of consumers regarding their personal characteristics.

KEYWORDS

Network marketing, Multi-level marketing, consumers attitudes

WEB SITE QUALITY AND SATISFACTION: A SOCIAL NETWORKERS’ PERSPECTIVE

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ABSTRACT

The rapidly changing digital landscape in Greece, shaped particularly by the explosion of social networkers, has directly affected business strategies and consumer/user behavioural models. Web sites have become a critical strategy component as they have replaced business units. The manner in which users perceive and evaluate web-site quality influences their perceptions about organizations; these specific perceptions are disseminated via social networks. The purpose of this study is to investigate the key characteristics of web-site quality, from the Greek social network user’s perspective, and their impact on user satisfaction and on-line purchase intention. Based on the Web-qual scale, an online survey was conducted to collect web-site quality perceptions, from a Greek facebook user’s perspective. Factor analysis produced five key web-site quality dimensions: ease of use, competency, information accuracy, security, and on-line completeness. Regression analysis indicated that, on-line completeness, ease of use and security mostly affect user satisfaction; it has however, become apparent that the most critical dimension that affects user intentions for online purchase is security. Important managerial implications and study limitations, as well as directions for future research are also presented.

KEYWORDS

Web- site quality, Social network, Facebook, Measurement, User satisfaction, Purchase intention

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

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ABSTRACT

The aim of this study is to examine the relation between the free time allocation with the Perceived Quality of Life (QoL) and the Satisfaction with Life (SWL).

In order to measure the free time activities, Lloyd and Auld (2001) combined a modified version of McKechnie's Leisure Activities Blank (LAB) and items selected from two ABS reports (Participation in Sporting and Physical Recreation Activities – Queensland, 1994, and Social Trends in Australia, 1995) developing six main categories of activities (e.g. (a) mass media, like watching TV and reading magazines and newspapers, (b) social activities, like visits to friends or participating in parties, (c) outdoor activities, like walking or garden maintenance, (d) sport activities, like fitness or golf, (e) cultural activities, like dance or theatre, and (f) hobbies, like sewing or various collections. Similarly to Lloyd and Auld (2001), Tählin (1985) also determined six activities of free time allocation (nor exactly the same but consistent in extend degree).

World Health Organization has defined Health Related Quality of Life (HR-QoL) as the individuals' perception of their position in life in the context of culture and value systems they live, in relation to their goals, expectations, standards and concerns. It is a broad ranging concept affected in a complex way by the individual's physical health, psychological state, level of independence, social relationships and the relationships to salient features of the environment (World Health Organization, Quality of Life group, 1996). Several studies proved that the perceived condition of health and the health related quality of life are associated with future health status, functioning and even mortality (Kaplan et al. 1996 and Tuomi et al. 1997). Besides, many scholars have documented the positive relationship between engaging in leisure activities sport physical activity and improved QoL (see: Baldwin and Tinsley, 1988; Wankel and Berger, 1990 and Dowall et al. 1988). One of the most popular instruments to measure HR-QoL is the RAND-36 (an instrument of 36 questions) popularized by Hays, Sherbourne & Mazel, 1993).

Life satisfaction reflects a person's considered evaluation of life (Campbell et al. 1976). It is one of the central constructs of well-being and has been of great interest to both cultural and personality psychologists (Diener, 1984 and Diener, Oishi & Lucas, 2003). The Satisfaction with Life Scale (SWLS) is an instrument developed to measure the levels of global life satisfaction (Diener et al. 1985). The scale consists of five items and uses a 7 Likert type response format. Exploratory factor analytic studies have suggested that the scale is uni-dimensional.

To perform our study we adopt the above methods and instruments and develop a questionnaire consisted of four sections. The first one determines the free time allocation in different categories, the second one measures the Health Related QoL based on the RAND-36 instrument, the third one measures the Satisfaction of Life using the SWLS scale, while the fourth one section is focused on demographic data. Two confirmatory factor analyses have been applied in the second and third section of the questionnaire. The survey took place in Greece from November 2008 to mid January 2009. The sample consists of 386 individuals who are older than 24 years. Results have shown that: (a) the disposal of free time in sport activities is positively related with the vitality (one of the nine factors representing the quality of life), while there is no relation with the rest eight factors; (b) the satisfaction of life is not related with the free time allocation, and (c) there is a positive relationship between the mental health (one of the nine factors representing the quality of life) and satisfaction with life, while there is a negative relationship between the satisfaction with life and the vitality.

KEYWORDS

Free Time Allocation, Quality of Life, Satisfaction with Life

CONSUMERS BUYING BEHAVIOUR IN GREECE TOWARDS LOCAL FOOD

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ABSTRACT

This paper aims to identify the factors that affect consumers purchasing behaviour towards locally produced food in Greece. Field interviews conducted in a random selected sample consisted of 549 consumers in spring of 2011. Multivariate statistical analysis performed to identify consumers' behaviour toward local products. In particular, principal components analysis (PCA) was conducted in order to identify the factors that affect people in preferring locally produced food. The factors that influence people in Greece to buy local food products are: (a) marketing issues (b) topicality, (c) appearance and taste, (d) quality and (e) psychological issues. Furthermore, cluster analysis was employed to classify consumers with similar buying behaviour, and identified four groups of consumers: (a) those are influenced by the superiority of the product and (b) those are influenced by health protection issues, (c) those who are interested in the topicality of the product and (d) those who buy local food due to their habits. 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 behavior, Local Food, Consumer preference

EXAMINATION OF CONSUMERS’ ATTITUDES IN GREECE TOWARDS THE DEVELOPMENT OF TRANSGENIC FOREST TREES AND THEIR PRODUCTS

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ABSTRACT

This paper aims to explore the consumers’ attitudes in Greece towards the use of biotechnology in forest trees and more particularly for the development of transgenic forest trees. More specifically this study aims to identify the main consumers beliefs towards the use of biotechnology for this purpose, to classify them into groups with similar attitudes and to examine the main factors that influence them in their potential purchases of products could derive from transgenic trees (GM Trees). Field interviews conducted in a random selected sample consisted of 158 consumers in November and December of 2011. Multivariate statistical analysis performed to identify consumers’ behaviour regarding the use of biotechnology in forest trees and the purchases of products derived from transgenic forest trees and particularly for (a) paper products, (b) wood products such as furniture, doors etc, and (c) biomass. Principal components analysis (PCA) was conducted in order to identify the main consumers’ beliefs towards the use of biotechnology for this purpose that are: (a) Economic performance, (b) Impact on climate change, (c) Impact on environment and biodiversity conservation and (d) Impact of biomass production methods. In the next stage hierarchical and non hierarchical cluster techniques employed to classify consumers with similar attitudes and identified 3 groups of consumers: (a) those who are interested in the environmental impact of the biotechnology, (b) those who are interested in the economic issues related with the biotechnology and (c) those who are interested in climate impact. Discriminant analysis was performed to assess how the identified main beliefs regarding the use of biotechnology, derived from PCA, could predict cluster membership. PCA also used to identify consumers buying behaviour towards potential products derived from transgenic forest trees. These factors are for (a): wood products: (1) environment and health protection, (2) Economic efficient production methods, (b) biomass: (1) health protection, (2) brand name and economic efficient production methods, (3) quality, (4) environmental impact, (5) curiosity and advertisement, (c) paper products: (1) quality, (2) labelled as Genetic Modified Products and advertisement, (3) brand name. Non parametric statistical tests were performed to profile the identified group of consumers regarding their personal characteristics.

KEYWORDS

Consumer behavior, Genetic modified trees, Transgenic forest trees

A STRUCTURAL MODEL DESCRIBE STUDENTS CONSUPTION BEHAVIOR TOWARDS CHINESE PRODUCTS

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ABSTRACT

This study proposes and tests the influence 150 Greek students toward consumption behavior of Chinese products. Exploratory factor analysis (EFA) was performed on those items hypothesized to measure Intention to buy, Trust in buying Chinese products, Risk of buying Chinese products, Product price, Perceived quality, Satisfaction, and finally Loyalty in Chinese products. Based on the results of the EFA, a structural model was constructed to represent the relationship between six components. Important conclusions and implications were made.

KEYWORDS

Structural model, Chinese products, Loyalty

A STRUCTURAL MODEL DESCRIBE CHINESE TRADESMEN ATTITUDES TOWARDS GREEK STUDENTS CONSUMPTION BEHAVIOR

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ABSTRACT

This study tests evaluates Greek students behavior towards towards Chinese products. 53 Chinese tradesmen describe the main factors that influence Greek students' consumer behavior. A structural model was constructed to represent the relationship between consumer components. The model was tested for its Convergent and Discriminant Validity. Moreover it was tested for its reliability and construct reliability. The findings showed among others that customers loyalty is associated with quality. The findings from this study may be used by Chinese tradesmen to develop their marketing campaigns and strategy and customers behavior.

KEYWORDS

Chinese Tradesmen, Convergent, Discriminant, Validity, Reliability

HARMONIZATION AND CONVERGENCE IN INTERNATIONAL ACCOUNTING – PROSPECTS FOR FUTURE DEVELOPMENT

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ABSTRACT

Over the past few decades, there have been numerous discussions in the professional accounting literature on the topics of harmonization, standardization and convergence among accounting professionals, scholars and practitioners. These discussions are closely related to the process of convergence of U.S. GAAP and IFRS. Their relevance is a natural result of the pursuit of accounting professionals in outlining a conceptual framework consistent with the purpose of unifying the financial statements and creating uniform global accounting standards, under the leadership of global organizations. In this paper, we argue that these processes have not been fully exhausted and there are still opportunities for further enhancement. As a starting point, we note that the accounting standards are created and developed based on specific business environment with the ultimate goal of creating a universal, improved accounting model, either based on principles or rules. However, such discussion even though healthy for the enhancement and ultimate acceptance of the international accounting, still creates hurdles to its completion. It is important to note that if we want to move forward, such differences would inevitably require the parties to resolve their disputes in political terms, and forgo of national pride associated with their own accounting standards. Only then convergence will achieve its ultimate goal. That is, in this paper, we would argue that further action is needed by national governments which involve compromises in order to achieve the ultimate objective of harmonization and convergence of accounting standards. In addition, we would discuss the effects of the current financial crisis on the process of convergence.

KEYWORDS

International accounting, harmonization of accounting standards, GAAP, IFRS

NEW CONCEPTS OF COMPANIES’ COST MANAGEMENT IN THE GLOBAL ECONOMY

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ABSTRACT

In last few decades, constant and dramatic changes have created highly dynamic and thoroughly uncertain competitive market and need for constant search for the ways in which the companies could create and offer products with unique features and at a lower prices than the competition. In conditions of great external and internal complexity, managers in contemporary companies face complex and numerous challenges of successful company management. Achieving and sustaining competitive advantages and better market position depend on the choice of appropriate strategy. Regardless of the specific commitments in terms of business strategy, the modern company is, inevitably, faced with the requirement of cost competitiveness. This paper deals with adequate designed cost accounting information system as a reliable support to modern company management. Some of the new concepts which are fundamentally important in order to implement and support the competitive strategies of companies, have been highlighted as well as the relevant problems which concern the practice in our country.

KEYWORDS

Management, strategy, cost accounting, cost management, competitive advantages.

JEL CLASSIFICATION CODES

M41

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QUALITY COST – A “MODUS VIVENDI” FOR MANAGERIAL ACCOUNTING

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ABSTRACT

When it comes to making decisions, usually a manager thinks first about "money". Actually, for a good manager, "the language of money" is essential, therefore his vocabulary should certainly include the word "quality". But, how come is quality becoming an increasingly important variable for an organization? Because it represents a "business card" for products, goods or services traded by the company.

The quality cost issue has its origins in a concept which seems outdated today: increased quality means only increased costs. This vision has been studied and thoroughly discussed, for a few decades, by the "quality parents". Juran was the Romanian who concluded that this quality issue has benefits that exceed costs. Feigenbaum, a quality evangelist, introduced "total quality control" concept and developed the principle that quality became everyone's concern, and Crosby was the one who placed a very famous saying in the scientific literature: "quality is free". Based on these concepts, managers today are usually facing with three aspects: higher quality level which means higher costs; improving quality cost is lower than savings; quality costs are those exceeded costs of the realized products or services or properly provided by the first time.

Taking into consideration the current economic environment, companies should be concerned by taking all precautionary measures in order to prevent a financial abyss. In fact, the cost of quality is a sensitive subject, which presents in its essence multiple benefits that come to support the company and eliminate waste. Thus, the quality cost offers solutions for accounting management in solving goals, such as: increasing customer satisfaction, high productivity, eliminate errors / defects etc.

Considering the above, a possible report on quality cost becomes a "golden mine" in the hands of a skilled manager, because: helps managers to discover the financial significance of defects; shows the relative importance of quality problems faced by the company; occurs a determination of quality costs, by reflecting their actual distribution.

In conclusion, a worthy question remains about the truthfulness of Crosby's words: "Is really the cost of quality our friend?" Furthermore, we strongly believe that quality cost has become more than just a friend, but a "modus vivendi" for managerial accounting and also for the top management of the company.

KEYWORDS

Quality, quality costs, managerial accounting, waste, managers.

JEL CLASSIFICATION CODES

L15, M11, M41.

ETHICS TRAINING IN THE ACCOUNTING PROFESSION

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ABSTRACT

Over the last decades the role of the accounting profession and its impact on financial reporting got a lot of publicity. Accounting frauds and corporate scandals have raised issues of greater emphasis on ethics, transparency and increased adoption of ethical practices.

The purpose of this paper is to provide an explanation regarding the impact of ethics courses on the way accountants cope with ethical dilemmas. It examines the ability of individuals to enhance their moral perspective through ethics courses. The paper also explores the ethical models and approaches which were set in the past. To investigate further the issue of moral development, 170 accountants based in the region of East Greece were surveyed to ascertain whether ethics training has an impact on their ability to identify ethical dilemmas, on their ethical judgment and their intention to act ethically.

The findings suggest that good knowledge of ethics explain significantly higher moral reasoning abilities and ethical standards.

KEYWORDS

Ethics training, ethical judgment, accounting scandals

JEL CLASSIFICATION CODES

M41

AN EMPIRICAL INVESTIGATION OF GREEK FIRMS’ COMPLIANCE TO IFRS DISCLOSURE REQUIREMENTS

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ABSTRACT

This study investigates the compliance of Greek firms to IFRS disclosure requirements. Using a checklist based on the disclosure requirements provided by IFRS, a compliance score was calculated for a sample of 61 listed, non-finance, Greek firms for the 2006 and 2008 financial statements. Subsequently, univariate tests and a multivariate regression model were used to investigate what firm characteristics (size, profitability, leverage, ownership status) may be related to the extent of compliance. Compliance is positively and significantly influenced by firms’ size and profitability. In addition the closely-held firms exhibit higher compliance rate when this is measured under “Partial compliance unweighted method”. Results are of particular interest to accounting regulators who set disclosure requirements and capital market participants. The paper empirically investigates the compliance with IFRS requirements and ultimately on the quality of financial statements.

KEYWORDS

Compliance, Disclosure, IFRS, Greece

JEL CLASSIFICATION CODES

M41

INTEGRATED REPORTING AND THE PURPOSE OF SMSES

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ABSTRACT

At present, there are two basic processes in the field of reporting of small and medium enterprises (SMEs):

- The International Integrated Reporting Council (IIRC) leads the development of a global framework for Integrated Reporting.
- The "Single Market Act" adopted in April 2011 proposes to simplify the Accounting Directives as regards financial information obligations and to reduce administrative burden, particularly for SMEs.

The paper discusses whether there is any contradiction between these two processes.

We agree that the concepts underlying integrated reporting should be applicable to small and medium enterprises. Bulgaria will have a particular interest in this area of the framework development as this will impact the majority of businesses in Bulgaria - the SMEs are 97% of the enterprises in the country.

At this point, integrated reporting is more of a concept than a practical reality—a kind of vision that flows from intuition, rather than a specific set of steps. The basic premise of integrated reporting is that current financial accounting standards and practices fail to capture all of the information necessary to manage firms effectively in the 21st Century. This information largely revolves around societal expectations on how companies govern themselves and their impacts on communities and the environment. So, integrated reporting advances the proposition that sustainability reporting and financial reporting are inherently linked, and thus would benefit from merging.

As presented under the definition of Integrated Reporting, investors and other stakeholders should be considered. This is important because who the stakeholders are, who have different perspectives, involves consideration of what “value” means to whom and how it should be measured. The very meaning of “value”, “capital” and “performance” depends upon the stakeholders being addressed. SMEs that operate as suppliers to large firms will be required to meet the same information obligations as their large firm customers.

The bulk of value creation in Bulgaria, as well as use of resources, is accounted for by the SME sector. Therefore, for our small and medium enterprises an important framework should also be scalable and applicable to those entities.

Whilst we would expect that the concepts underlying Integrated Reporting are equally applicable to small and medium size enterprises this is not really the core issue. The main issue is how they are to be applied in practice and the changes that are necessary to take account of differences in scale. There is much support for a ‘think small first’ approach when developing requirements for small and medium enterprises and care would need to be taken that by predominantly working with larger companies first one did not fail to take account properly of the needs of smaller enterprises. It is essential to have proper regard to materiality when applying requirements especially to smaller organizations.

No doubt that Integrated Reporting will raise the operating costs of SMEs and so alter the economic landscape, with potentially sub-optimal consequences for market structure and macro-economic performance. Further reporting requirements are likely to be seen as an additional administrative burden, and therefore undesirable. As a result, it is essential that any additional information requirements are seen to be of tangible benefit to both business owners and to a wider cross-section of society (such as customers, consumers, financiers and suppliers).

At the same time the Europe 2020 Strategy for smart, sustainable and inclusive growth aims to reduce administrative burdens and improve the business environment, particularly for SMEs and to promote the internationalisation of SMEs. The above-mentioned European Council called for the overall regulatory burden, in particular for SMEs, to be reduced at both European and national levels and suggests measures to increase productivity such as by removing red tape and improving the regulatory framework for SMEs. This proposal takes into account the better regulation programme of the European Commission, and in particular the Communication on "Smart Regulation in the EU" of October 2010.

The European Parliament adopted a non-legislative Resolution on accounting requirements as regards small and medium-sized companies, particularly micro-entities, stating that Directives 78/660/EEC and 83/349/EEC are often very burdensome for small and medium-sized companies, and in particular for micro-entities, and asking the Commission to continue its efforts to review those Directives.

The coordination of national provisions concerning the presentation and content of annual financial statements and management reports, the measurement bases, used therein and their publication in respect of certain undertakings with limited liability is of special importance for the protection of shareholders, members and third parties.

Simultaneous coordination is necessary in those fields for such forms of undertaking because, on the one hand, some undertakings operate in more than one Member State and, on the other hand, they offer no safeguards to third parties beyond the amounts of their net assets.

It is necessary, moreover, to establish at a Union level minimum equivalent legal requirements as regards the extent of the financial information that should be made available to the public by undertakings that are in competition with one another.

These two trends processes in the in the field of reporting of small and medium enterprises cause us to question - Is it possible both Accounting and Accountability for the SMSEs? We think that it is possible.

Integrated reporting will likely be different across different sized Enterprises and compliance costs may well be higher for SMEs. There is considerable interest Therefore in developing a framework that does not unfairly burden SMEs and ensures that The strategic benefits it offers to larger companies are able to be transferred through to a smaller scale. So, to summarize – what’s most important in integrated reporting for SMSEs?

1. New integrated reporting really needs to be equally applicable to small and medium enterprises. Transparency is negatively affected by increased volumes of accounts because their users need to concentrate on something which is really important to them. The first thing which needs to be done as part of the IR (integrated reporting) project is simplifications of accountancy.
2. The integrated report for SMEs should disclose significant information, and significant it should be not only from the point of view of enterprise’s owners, but from the point of view of all interested parties.
3. The integrated report is a report which combines financial accountancy, eco- and social accountancy. One of the tools used by the company may be called priority orientation. They choose one or two top-priority subjects (subjects of most interest to stakeholders) and follow them throughout the whole report. Some sections of the report are dedicated solely to those topics, other sections include cross-references.
4. Need to ensure fair presentation.

ACCOUNTING INFORMATION AND DECISION MAKING : THE CASE OF SERRES REGION COMPANIES

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ABSTRACT

This article examines the role of accounting information in industrial enterprises of Serres prefecture and examines the way, the economics aspects of decision making by senior executives and managers generally, as well as the problems they faced. The aim is to show how accounting information is influenced by various factors including the economic environment, and most importantly is to show how senior management and the Board of directors use accounting information in their strategic decisions. We use the case study method because demonstrates better the uniqueness of decision making in Serres industrial enterprises to strategic objectives set by each firm in decision making. The data collected highlight the factors that influence the decision-making. Finally, the article indicate accounting procedures and practices to make decisions that will benefit businesses.

KEYWORDS

Management Accounting, Decision-making, Case study.

CAREER AND FERTILITY COMBINATIONS: WHAT MAKE WOMEN MORE HAPPY?

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ABSTRACT

The paper deals with life satisfaction among women depending on their status on the labour market and number of children they have. The previous research of 1990s showed that the prospects for a good career decrease the probability of the parenthood (Bloom and Trussell 1984; Kiernan 1989; Jacobson and Heaton 1991; Maxwell 1991; Brewster, 1994; etc.). These tendencies are true for the 2000s as well: however the female employment rates vary from 33% (in 1994 for in Italy) to almost 77% (in 2008 in Finland) the overall tendency towards female employment growth is clear. Kielcolt is right to follow Hochschild that women's sustained movement into the paid labor force impels the hypothesis that the rewards of work have increased relative to those of family life (Kielcolt, 2003). Work has become a major source of satisfaction for women, as it is for men. But at home, women still bear primary responsibility for house-work, and work/family conflict adversely affects family functioning (Coltrane, 2000; Glass & Estes, 1997).

Along with the growth of female employment “every developed society has witnessed a substantial decline in fertility rates from well above replacement levels (3.5 children or more) to well below (2 children or fewer)” (Davis, Bernstam, and Ricardo-Campbell 1987). According to the World Bank data world fertility rate went down from 2,8 in 1995 to almost 2,5 in 2009. One of the reasons could be the difficult and longtime reentering the labour market for women and this may discourage them to have the second and the third baby (Hoem & Hoem, 1989; Kravdal, 1992).

Are women satisfied with their life in case they have good careers but no children? Are women with children but no jobs the happiest group? Are there any differences across the countries? These are the questions the paper is going to tackle.

In a border context this paper relates to the Life satisfaction theory, Labor Force Participation of Married Women (Mincer, 1962), Theory of the Value of Children (Hoffman and Hoffman, 1973; Friedman et al, 1994), and the Theory of Allocation of Time (Becker, 1965) “The value of children derives from their capacity to reduce uncertainty for individual women and to enhance marital solidarity for couples. From this perspective, it is the mere presence of a child that counts” (Friedman et al, 1994).

The paper contribution is that it is focused on females only, underlying the contradiction between having children and career. Like Kielcolt (2003) I test the influence of the main independent characteristic of having children along with job characteristics on life satisfaction and happiness. As well as Hanson and Sloane I am interested in examining the effect of young children on the job satisfaction of employed women but I want not only to see how “the presence of family responsibilities affects their happiness at work” but to trace their life satisfaction and happiness as a whole. More over the paper focuses on all women in order to compare the happiness of those who have children with those who does not have. This is the main distinction from the Berger’s paper (2009). Berger did not take into account the happiness of women without children. The main focus of that paper is on German situation for working mothers who are unable to combine family responsibilities with (full-time) work due to insufficient access to appropriate childcare. Berger analyses whether this problem has a significant impact on the mothers’ subjective well-being.

The main analysis is based on the World Value Survey, 2000-2009, including 89 countries, it give us about 43 thousand of women, aged 15-64 years old. Happiness is measured by the 4 point scale (1 – not happy at all,..., 4 – very happy) is transferred to the standardized happiness 0...1 index. Life satisfaction is measured by 10 point scale (1 – dissatisfied,..., 10 – satisfied) is transferred to the standardized satisfaction 0...1 index. Well-being index is the sum of the two previous divided by 2. Three hypotheses were tested.

The results from the preliminary regression and multilevel analysis showed strong correlation between having job and happiness for all females. The research also supported the hypothesis about age influence: women under 35 are happier with job rather than with children, while women after 35 tend to be happy with children as much as with having jobs. Using multilevel regression models the author demonstrates the countries differences: overall women in the post-communist countries are less happy with their jobs comparing with the developed countries.

KEYWORDS

female employment, happiness, children

COUNTER-PRODUCTIVE BEHAVIOUR AND RELATIONS WITH WORK PERFORMANCE

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ABSTRACT

For nearly 20 years is an increasing interest in research on workplace behaviour, because it is needed to discover reasons why organization. Among harm employees or to name the harmful economic, and for example we can mention loss of productivity due to the delay in service, psychological damage that are as important as economic ones and here we talk about low satisfaction at work for those who are targets of counter-productive behaviour and consequently rights workers showing high levels of stress and insecurity.

Other reasons why employees develop inappropriate behavior at work are those that are affected by changes in the nature of society, jobs produced from technology development, the process of computerization and modernization of management and the pursuit of higher wages and promotion, these facts lead to changes on health and behavior of working and make stress a current problem are all united under one name counter-productive behaviour.

Professional satisfaction depends on several aspects, namely: wages and benefits, relationships with colleagues and bosses, rules and organizational procedures, promotional opportunities, industry. Environment and organizational context.

Research aims to identify the relationship between satisfaction and counter-productive behaviour in a company in Bucharest overall differences between men and women, differences between age groups and levels of education in this regard.

The purpose of this research is to investigate the relationship between satisfaction and counter-productive behaviour in a company. Specifically aims at achieving the following objectives:

- the relationship between job satisfaction dimensions and counter-productive behaviour;
- the influence of such variables, age and educational level on job satisfaction and counter-productive behaviour;

KEYWORDS

Performance, organization, behaviour

JEL CLASSIFICATION CODES

D01, D03, D22

ENERGY SECTORS’ DYNAMICS IN THE GREEK ECONOMY

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ABSTRACT

The energy sectors worldwide are facing new challenges during the last years. Energy mix changes occurring are steaming from various economic, social and environmental issues, such as, pollution problems, increased demand, variation of prices, political conflicts, etc. In this international framework Greece’s energy sectors are also facing substantial changes the last years, as the country has a big deficit in its energy balance and largely depends from imports from the international markets. In order the country to deal with the many challenges mentioned above, revised many standards in its energy policy and engaged in new energy sources. Actions aiming either to increase the self sufficiency of the country or to decrease pollution and meet international pollution standards or rules imposed obligatory by international organization such as European Union and Kyoto Protocol alert the energy mix and energy sectors performance. In this framework the current study aims to examine the dynamics of the energy sectors in Greece and assess their performance in the economy. As energy sectors contribute substantially to the national economy and stimulate national output and employment it is important to identify their upward and downward linkages and interrelations with the other sectors of the economy. To identify from which sectors are depend on and which sectors are affecting. In order this to be done and capture such relations in the economy a general equilibrium model is employed. In specific, Input-Output analysis is used and a model is specifically built for the Greek economy to examine in detail the energy sectors. Multiplier and linkage analysis is performed to assess their dynamics in terms of output, household income and employment.

KEYWORDS

Energy sector, Greece, Input-Output modeling

JEL CLASSIFICATION CODES

Q4, D57

STUDY REGARDING THE EFFICIENCY MEASURE OF AUTOMOTIVE COMPANIES

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ABSTRACT

In this study we tried to capture the efficiency of firm's activity using from automotive industry data envelopment analysis, as well as the extent to which they were affected by the financial crisis. The premise of choosing companies from this industry is related to the fact that their efficiency is closely correlated with the evolution of economic activity in general, the automotive sector being one of the world's most important economic sectors by revenue. The analysis revealed that these companies were strongly hit by the economic and financial problems in 2008, receiving the lowest scores of efficiency from the period studied. Also, it seems that their efforts to overcome a difficult period for any economic activity - namely those of making their activity more efficient, of increasing productivity, and restructuring costs - have resulted in the revival of the activity in automotive industry in 2009.

KEYWORDS

Efficiency, financial crisis, automotive industry, data envelopment analysis, productivity, restructuring costs

JEL CLASSIFICATION CODES

C23, D24, G01

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RELIABILITY AND VALIDITY TESTING OF A NEW SCALE FOR MESURING ATTITUDES TOWARD CHINESE PRODUCTS

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ABSTRACT

The aims of this paper are to determine the validity and reliability of ATCP scale as an instrument to measure students' attitudes that monitors affective components relevant to consumption behavior towards the new Chinese market in a Greek sample came from Western Macedonia in Greece. Initially, it was consisted of 30 items concerning 5 conceptual subscales which measure students' attitudes concerning Intention to buy, Trust in buying Chinese products, Risk of buying Chinese products, Product price, Perceived quality, Satisfaction, and finally Loyalty in Chinese products. In particular, the paper reports the responses of 150 Greek students from the department of Pre-school Education of the Western Macedonia University in Greece. The results of the present study provide the final scale, which is consisted of the all the 30 items of the initial ATCP Scale and for which strong evidence was ascertained.

KEYWORDS

Validity, reliability, ATCP, scale

HOW FAMILIARITY, REPUTATION AND USABILITY AFFECT LOYALTY IN ELECTRONIC JOURNALISTIC SERVICES

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ABSTRACT

The revolution of the Internet and its widespread use has influenced significantly the newspaper industry. The majority of the traditional newspapers have already introduced an online version and as a result the competition in this field has increased. The increasing competition makes necessary the establishment of loyalty of the Internet users. Through the literature three factors are mentioned to be significant for enhance of online loyalty: familiarity, usability and reputation. Additionally, according to the literature it is found that user experience influences the relationships between familiarity, usability and online loyalty. The present study tries to examine via a questionnaire the factors that affect the loyalty of the online newspaper readers in Greece. The hypotheses that are pointed out in the study have as a basis the literature review including the factors that are examined which are familiarity, usability, reputation and user experience. The results of the study depict that usability and reputation affect positively loyalty, while familiarity doesn't affect significantly on loyalty. Moreover, user experience influences the relationships between familiarity, usability and loyalty.

KEYWORDS

Online newspapers, loyalty, usability, familiarity, reputation

JEL CLASSIFICATION CODES

C8

INVESTIGATING THE PROFILE OF THE POLITICAL REFUGEES OF THE GREEK CIVIL WAR

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ABSTRACT

The purpose of this paper is to study the social, cultural and economic profile of the political refugees of the Greek Civil War. Furthermore, the spatial distribution of the political refugees in the host countries of the former Soviet Union, the Eastern Europe and the Balkans is examined. The sample selection was made according to snowball sampling, and the survey was conducted using a ‘non-structured’ interview questionnaire during the period February 2008 - April 2009. More specifically, we study the basic demographic, economic and occupational characteristics of the political refugees as well as the specific determinants which affect these characteristics in the host countries. Additionally, this study helps in interpreting the development of the collective memory of a nation as well as the subsequent development and shaping of particular identities. Factors such as sex, time spent in the host country, the level of education, the individual’s ability to relate and express past experiences, rank in the party hierarchy, political personality and above all, the generation to which the interviewee belongs, all influence the recall of memories decisively. Consequently, we can say that individuals, even though they may have experienced the same events, interpret and are influenced by them in diverse ways. On returning to Greece, many of them discover that they have forfeited their nationality and need to go ‘in search of their identity’.

KEYWORDS

Political Refugees, Balkans, Memories, Identity

THE IMPACT OF FINANCIAL REPORTING OF SMALL AND MEDIUM SIZED ENTERPRISES IN ECONOMIC DEVELOPMENT OF BALKAN COUNTRIES

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ABSTRACT

The importance of internal and external accounting as a source of information for owners and managers of small enterprises and their different stakeholders is steadily growing. It is of crucial importance that the accounting systems applied by small enterprises meet their actual needs, providing necessary information yet avoiding unjustified administrative burden. It is recognised that appropriate accounting information is important for a successful management of a business whether it is large or small.

At EU level, accounting legislation is in place for listed companies, i.e. the International Accounting Standards/International Financial Reporting Standards and for non-listed limited liability companies, the Fourth and the Seventh Company Law Directives i.e. the Accounting Directives. However, at EU level there is no accounting legislation applicable to those enterprises which are not listed or are not limited liability companies; in most cases we would be referring to small enterprises.

Because of the importance of appropriate accounting information for owners and managers of small enterprises and their different stakeholders, it is considered important to analyse the various accounting systems applied in Member States in the case of non-regulation at EU level.

KEYWORDS

Financial reporting, Small and Medium Sized Enterprises, economic growth, Balkan countries

THE EVOLUTION OF AGRICULTURAL SECTOR THROUGH FINANCIAL STATEMENTS ANALYSIS

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ABSTRACT

In 1950 Hellas was probably the most agricultural country of the West. Within the first thirty years (1950-80) the economic model that was followed had as a consequence the contraction of the sector. Nevertheless, in 1981, when the country entered European Union, it had still an extended agricultural nature. Even in 2010 (after the enlargement of E.U. to 27 members in 2004 and 2007) the labor force percentage of the farming sector was among the highest rates.

Herewith it is intended to present the evolution of the sector though the analysis of the balance sheet variations of Greek agriculture. Based on a former extended literature survey, but also extracting data from Agricultural Bank of Greece (ATE), it was tried to evaluate, not only at the country level, but also at the prefectural one, data of assets and liabilities during the postwar era and per decade.

The evidence derived from the fixed assets movements suggests that despite the capital accumulation, and the relatively satisfactory lending in working capital by ATE, the sector is moving near the edge of the cliff. Neither the integration of the country in the E.U. or later in the Economic and Monetary Union in 2000 managed to alter the trends formed in the period 1950-80.

The contribution hereof lies in the presentation of the financial statements variations, on the one part, a methodology rather rare in Greek bibliography and relatively uncommon in the international one (data being assessed mainly with macroeconomic tools) and on the other part, in the investigation of the consequences of the economic policy applied throughout the post-war period.

KEYWORDS

agricultural sector, financial statements, balance sheet, fixed assets, working capital, European Union

COULD THE AUDIT COMMITTEES ENHANCE ACCOUNTABILITY IN PUBLIC SECTOR, IN ALBANIA?

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ABSTRACT

The main question around which this paper is formed is whether the public sector in Albania needs to establish the Audit Committees as the demand for enhanced quality of services and accountability over the use of public funds is increasing.

This paper analyzed the role of public sector Audit Committees in common law practices established to advise management on the adequacy of structures and processes that ensure the integrity of the accounting, auditing, risk management internal controls and financial reporting.

This paper founds out that Audit Committees are not best practices established in every country considering the fact that this is a practice appropriate to the private sector corporate governance. However, it revealed that lack of such committees add into question the achievement of good governance objectives to address any concerns of auditors that go beyond management responsibilities; to assess and evaluate the internal controls aimed at managing risks; to assess the adequacy of information supplied to management affecting the decision-making process; to appraise the performance of internal audit and external audit and professionalism of auditors.

Therefore, this document recommends establishing the Audit Committees across the public sector as a practice strongly recommended in the central government bodies within United Kingdom. Such Committees will advise the head of public organizations on risk exposure, corporate governance and control issues; will enhance and increase the professionalism of internal auditors who still in Albania are adopting and relying on a traditional financial internal audit approach notwithstanding the changes in legal and normative framework. Moreover, they would play a key role in preserving the auditor independence, thus increasing the accountability of top managers by enhancing third line of organizational defense, the additional assurance process.

KEYWORDS

Financial reporting, Small and Medium Sized Enterprises, economic growth, Balkan countries

FINANCIAL AND ACCOUNTING SUMMARY OF THE AGRICULTURAL SECTOR BETWEEN 1950-2000: THE CASE OF THE CENTRAL GREECE REGION

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ABSTRACT

Usually, the analysis of the financial and social development of a country or a region can be achieved either by using macroeconomic theories, or through a microeconomic approach (production functions, etc). The innovation of this paper lies in the use of accounting techniques for capturing the relevant developments and in the fact that there are no similar studies in the Greek bibliography, except some fragmentary approaches of the 1950's. Specifically, the objective of this article is the presentation of the financial development in a major region in Greece with the use of accounting statements. For this purpose the balance sheets and the income statements of the specific region were estimated per decade throughout the postwar period. The article is structured in three parts. The first refers to the methodology of the research. In the second, balance sheets and profit/loss accounts are presented in detail and in the third the findings are evaluated.

KEYWORDS

Balance-sheets, income statements, accounting, agricultural, region development, Greece

JEL CLASSIFICATION CODES

M410, M490, Q140

EMPIRICAL RESEARCH FOR THE EFFICIENCY OF THE GREEK MARKETS

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ABSTRACT

The main purpose of the research work was to investigate the efficient market hypothesis (EMH) in the Greek Capital Market. The efficient-market hypothesis (EMH) asserts that financial markets are efficient from an informational perspective. Other words, one cannot consistently achieve returns in excess of average market returns on a risk-adjusted basis, given the information available at the time the investment is made. Our approach was based on two market anomalies, the January effect and the Monday effect, in Athens Stock Exchange. Furthermore, serial correlation test and variance ratio test were used for the hypothesis that the General Market Index and a factor market index follow a random walk.

The empirical findings of the five year period (2007-2011) investigated in our research do not support the Monday and/or the January effect. Making certain assumptions we can conclude that the month November phenomenon is in effect for the general market index. The same can be claimed for the day Tuesday and the month February for the factor market index.

According to the above we cannot reject the hypothesis of the “weak form” of the efficient market for the Greek Capital Market although our investigation revealed no strong evidence.

KEYWORDS

Efficient market hypothesis, Greek Capital Market, January effect, February effect, Athens Stock Exchange

JEL CLASSIFICATION CODES

E44

BLACK SEA PORT - CITIES AND THE OLD TRADE ROUTES (19TH CENTURY-EARLY 21ST CENTURY)

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ABSTRACT

On the coasts of the Black Sea, across the coastline of six countries (today), 32 important medieval and byzantine port-cities have flourished the last decades. Those port-cities facilitated the merchandise shipping from Europe to Central Asia and faraway China, through sea roads and routes followed not only by merchandisers and travelers but also by emperors and pilgrims. This paper constitutes a literature review of the economic history of some of the most important Black Sea port-cities, counting from the 19th century, through 20th century and up to the present. It also seeks to examine the reconstruction and development of those port-cities after the demise of the Ottoman Empire, a number of Wars, political changes and finally through the economic and political transition of the Black Sea area. Additionally, the paper reviews the Black Sea trade routes followed by the merchants of the examined period and the most important aspects of their re-emergence today. We conclude on current comparative advantages of the wider region and the perspectives for socio-economic development.

KEYWORDS

Regional and Urban Development, Black Sea Economic Area

JEL CLASSIFICATION CODES

N93, N94, N95

REGIONAL INTEGRATION IN WESTERN BALKANS: A CASE FOR CROSS-BORDER BUSINESS COOPERATION?

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ABSTRACT

Considering the regional trade pattern and business potential in the Western Balkans, we argue that despite the enormous political, institutional and socio-economic progress of the individual countries during the last 20 years regional integration and endogenous business development are still lagging. This is much the result of persistent state rigidities and trade distortions. On the one hand, regional integration has been adopted as the policy for enhancing the region's competitiveness in the context of EU accession and globalisation. But this has been only manifested in regional trade agreements with the EU. On the other hand, trade relations among the region's countries have no substance. Moreover, many of their governments maintain intra-regional trade barriers to secure customs revenues as their main or only income. To compensate, they redirect trade to EU markets, but with poor results. FDI and exports have only risen in sectors such as textiles, metals and mining, where competitiveness is based on cheap labour or natural resources. Very few local companies can compete in EU markets for higher value-added products, as most are too weak financially to upgrade production to EU standards.

Related data provides evidence supporting that intra-regional trade is important for the countries and sectors in question. As local businesses struggle with outdated equipment, high debts and low productivity, trade with neighbouring countries can be a realistic way to improve their potential and exploit existing opportunities. Restoring old trading relationships interrupted by war could considerably increase cross-border trade for example, and assure economic viability for local firms. However, barriers posed by the individual countries in the region to doing business – especially across borders – discourage local firms to co-operate with neighbouring counterparts. In other words, regional integration in the Western Balkans is very weak from the economic point of view: trade relations and business co-operations between the countries in the region have no real substance; there is no functioning market and the production level is poor, thus unable to compete in the EU.

We argue however, that regional integration on the society level - built on people's common socio-cultural background, shared goals and concerns for good neighbourly relations – constitutes a solid base for cross-border business cooperation, without massive investment in product upgrades or marketing. Accordingly, we propose an analytical approach to capture the complexity of the war-torn Western Balkan area and its socio-cultural and political specificities overlooked by mainstream economics. We argue that Western Balkan countries can accelerate their economic development by exploiting their potential for cross-border trading and entrepreneurship. This may offer a politically and economically realistic strategy for regional integration in the area. Economic development and regional cooperation could directly benefit stability and security as well. We propose cross-border business clusters, embedded in common socio-economic contexts, as development leverage. The existing obstacles need to be addressed and overcome; and this is more a question of political willingness than of corporate strategy. Market forces in transitional areas seem to be of secondary importance to regional economic integration; it is up to policy-makers to facilitate this process.

KEYWORDS

Regional Integration Business Clusters Transition Economies

JEL CLASSIFICATION CODES

R11, F59, P25

METROPOLITAN CONCENTRATION AND THE URBAN SYSTEMS OF GREECE, ALBANIA, BULGARIA AND ROMANIA: AN EMPIRICAL INVESTIGATION

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ABSTRACT

Over the last couple of decades, cities in Europe, and especially in Southeastern Europe, have witnessed a remarkable structural transformation. In particular, changes in the political system and in the production relations, the economic internationalization, the European integration and population immigration, have radically altered the socio-economic fundamentals of urban regions, with implications for the economic, social, demographic and spatial structures of the cities. As such, at a more macro level, changes have occurred in the place cities hold in the urban hierarchy, to the overall alteration of the national urban structure.

This paper uses census data to shed light on the structure and evolution of the urban systems of four Balkan countries. These are Greece, Albania, Bulgaria and Romania. In addition it explores the relations of the capital cities with their hinterlands and the other cities in their country. Overall, the paper provides some evidence for the impact of these changes on the national urban systems and especially on the role and importance metropolises in Southeastern Europe have.

KEYWORDS

Urban hierarchy, rank-size distribution, concentration/deconcentration, metropolis
Balkans

MEASURING ROMANIA’S ECONOMIC COMPETITIVENESS OF REGIONS USING THE 3 – FACOR MODEL

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ABSTRACT

This paper regards competitiveness from a regional perspective and its main purpose is to measure and assess Romania’s development regions economic competitiveness and also to classify these regions, considering the results obtained. This paper also aims to measuring the competitiveness of Romania’s eight development regions (North East, North West, West, South West, South, South East, Centre and Bucharest - Ilfov) using and adapting The 3 - Factor Model developed by Robert Huggins Associates in accordance with the statistical data available. Although this model was first developed and introduced to measure UK’s regional competitiveness, it can be adjusted and applied successfully to any other regions, considering the availability of the statistical data. The methodological design of this paper is similar to the one used by the UK Competitiveness Index, consisting in achieving a valid equilibrium of each indicators used by The 3 – Factor Model (input factors, output factors and outcome factors).

The improvement of Romania’s economic competitiveness of regions represents a source of constant concern in the context of EU accession, thus the policy makers should concentrate on improving the productivity, supporting the entrepreneurship basis and the innovation, also improving the accessibility and the living conditions, introducing efficient governance, and respecting the sustainable development principles. Considering all of these concerns, this article tries to cover as many issues as possible given the space constraints.

The first part of the paper covers the theoretical background, analyzing the concept of competitiveness with respect to the regional point of view. The second part of the paper aims to describing the model used to measuring Romanian economic competitiveness of the development regions and the methodology, and also the indicators and the calculations used. The third part of the paper consists in presenting the results of the calculations and the ranking of the regions. The last part of this article will present the conclusions drawn by applying the 3 – Factor Model in the case of Romanian development regions and recommendations regarding the improvement of their economic competitiveness.

KEYWORDS

Romanian economic competitiveness, development regions, 3 – Factor Model, EU accession.

JEL CLASSIFICATION CODES

F23, O10, R11

THE REGIONAL LOCATION OF FOREIGN COMPANIES IN ROMANIA

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ABSTRACT

The location of investments indicates the existence of specific advantages in regions that attract economic agents in search for a good development potential for their businesses. Furthermore, investments are expected to bring significant contributions to the economic development of their host regions because of the work places and the value added that they create, the technological spillovers that they bring and so on. In the case of Romania, a country with significant regional development gaps, the solution of attracting foreign direct investments seemed very plausible. While Romanian investments were hard to enhance due to the lack of capital, foreign investments are a good alternative. This idea complied very well with the regional policy of the European Union and important measures were taken by Romania to stimulate investments in a gradually open market. In the end, there has been a lot of controversy whether the regional disparities decreased or not, but it is widely accepted that foreign direct investments contributed to the amplified development level of the country.

In this paper we aim at identifying which location advantages of the eight development regions (NUTS II) of Romania were more successful in attracting FDI and how these patterns changed in the years after the integration in the European Union and the global economic crisis, comparing to the situation before these events. We use a nested logit model to describe a two stage decision process. The analysis will be able to indicate which type of determinants, stimulated within the regional policy, were more efficient within a changing economic environment. We keep in mind that the final purpose is not bringing inward investments, but it is to attain positive spillovers. Therefore, the most important contribution of the paper is identifying the benefits of FDI that are indicated by the successful areas in which companies still seek to invest.

KEYWORDS

Foreign direct investments, regional investment determinants, location choice

JEL CLASSIFICATION CODES

F21, F2, R11

“FROM STATE INDUSTRY TO ‘ENCLAVE’ ECONOMY?: PROMOTING THE STRUCTURAL INTEGRATION OF KOSOVO’S MINING SECTOR”

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ABSTRACT

This paper discusses the feasibility of implementing industrial policy strategies to support the structural integration of Kosovo’s mining sector into the rest of the national economy. The article takes its cue from the worry that unqualified privatization in Kosovo might transform an inefficient state industry into an export-oriented sector generating scant benefits, and many (environmental) burdens, for the Kosovo economy. While it is increasingly recognized that the density of an economy’s internal linkages reflects its level of development, the capital-intensive nature of extractive activities makes mining prone to remaining an ‘enclave’, with benefits to the domestic economy accruing solely through taxation and royalties.

The paper argues that, based on the dominance of the ‘good governance’ paradigm in the natural resource literature, the issue of internal integration has been largely overlooked, and its potential for maximizing the benefits (and minimizing the risks – including institutional failures) of resource abundance has been significantly discounted. I thus proceed, in section 1, to critically review the few contributions on the topic of local content and industrial policy that are found in the resource curse literature – attempting to distil lessons learnt and mapping ongoing debates.

In section 2, I rehearse the argument that (bilateral and multilateral) trade and investment agreements constrain the industrial policy space of transition and developing economies, and proceed to map the legal web of treaty-based obligations that might constrain Kosovo’s freedom to pursue industrial policy strategies in the mining sector.

I argue that a significant policy space remains available and, in section 3, I review in some detail the existing legal and regulatory framework for mining and foreign investment with the aim of sifting out any industrial policy provisions already embedded therein. I argue that the existing regulatory, institutional and policy mechanisms underuse the available policy space to pursue interventionist policies and foster resource-based industrialization in Kosovo.

In section 4, I sketch a structural map of Kosovo’s mining industry, with a view to understanding in some detail its web of backward and forward linkages. An economic history perspective is also adopted in this section (as much as data permit), in order to understand to what extent the prevailing mining policy strategies over the past 20 years (or lack thereof) has contributed to eroding internal linkages and causing de-industrialization.

I conclude, in section 5, with a set of proposals for mainstreaming local content and other backward and forward performance requirements into Kosovo’s mining law and policy. I outline a number of provisions that could be introduced to facilitate vertical integration and attract investment in the local labor force, also attempting to estimate the predictable structural effects of these measures. Such measures – I argue – would fall short of coming into conflict with CEFTA (and WTO) treaty rules.

KEYWORDS

Kosovo’s economy, mining law, industrial policy, internal integration, resource-based industrialization, resource curse

JEL CLASSIFICATION CODES

Q32, P28, L72

REDUCE DIGITAL GAP IN THE CERTIAGRI PROJECT

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ABSTRACT

The ICT created digital divide in the society but some people are unable to individually respond to this progress, but the proper use of ICT can help them overcome this handicap. One of the possibilities is to create accessible and usable applications depending on the character and level of disability.

In accordance with the European CertiAgri project, e-learning tools are used for integrating people with disabilities and low level of qualification into the horse attendant area. The partnership is structured to meet this challenge. On European level the French, German, Hungarian, Czech and Italian partners have to be related to national institutions in charge of education and training in their respective countries. The effective cooperation between institutions in charge of education and training, training centres will allow the creation of educational tools.

The project main goals are the following:

- transferring to three agricultural certificates and degrees this method of adaptation of training programs, of creation of educational software;
- harmonizing, as far as possible, these processes of certification between several European countries;
- modalizing the workpackage in order to exploit, value and disseminate the results of this work on one hand on other degrees and on the other hand towards other countries.

The project types of results are the following:

- adapting three training and evaluating programs (wine growing, landscaping and horse attendants) to promote their access for target group;
- developing educational software to facilitate acquisition of skills;
- adapting procedures for evaluation and certification to the special needs of the target groups;
- developing training programs and teaching manuals for the target public (notebook, mentoring guide for dual training system)
- settling a guide for the employers of the target groups to facilitate integration and promote lifelong training.

The effects expected in CertiAgri will concern three sectors:

1. The educational sector
 - by contribution to the development of new teaching methods, based on the dual system;
 - by developing new modes of shared certifications between several countries of the EU;
 - by promoting integration in the mainstream training of persons with disabilities and low level of qualification;
 - by training the teacher or the tutor for welcoming and integrating the target public and by making them aware of it.
2. the level of apprenticeship.
 - by facilitating access to training courses to the target public by adapting training programs.
3. the economic sector
 - by answering the increasing need in qualified agricultural labour.

All these products will take into account the specificities of each country in the search for modes of shared certifications and will be produced in the languages of the partnership as well as in English. The documents used will be adapted to e-learning. The target public involves on one hand persons with disabilities, job seekers, persons in special education or employees in integration, and on the other hand the teachers, trainers and tutors or mentors in enterprises.

This article shows the project results on the field of horse attendant, which is selected at the Hungarian partner.

KEYWORDS

Agricultural sector, CertiAgri, e-Learning education, disability, accessibility

JEL CLASSIFICATION CODES

I23

A STUDY OF OPEN INNOVATION IN CLOUD COMPUTING

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ABSTRACT

This paper is dedicated to the analysis of theoretical and methodological problems of innovation and offers a synthesis of ideas to create a theoretical model for future more extensive and detailed work. Subject of this study is the information-technology sector of economics. Goal of this contribution is the concept and implementation of open innovation paradigm. This implies that companies can and should use external ideas and their own ideas as well as internal and external paths to telecommunication services market.

This contribution examines the application of open innovation in "Cloud computing" considered by some authors as the third revolution in IT after the PC and the introduction of Internet. The aim of this investigation is an analysis and synthesis of a model of the participants in the network of "Cloud computing". To achieve this goal the following tasks have to be solved:

1. Examining and improving linkages and interaction between the participants in the innovation process.
2. Examining and systematizing of the factors that have influence on the quality of information services.
3. Reducing costs and improving the impact of telecommunication services.

The basis of this study is the behavior of participants, their interaction and cooperation opportunities with external partners. This interaction has a great potential in developing new products and design of services. It is implemented by the so-called "cloud" that offers new ways in which users connected to the Internet or private network can take advantage of the available IT services, resources, software and processing capacity without having to invest in IT infrastructure, staff training or buying expensive software licenses.

In this paper a theoretical model (Fig. 1) is developed including Public, Private, Community and Hybrid Cloud, as participants in the network and their interaction. In this model the Internet operators provide Internet access via various technologies: DSL access, cable access and wireless access. Internet providers often offer not only Internet access but can also be providers of Cloud services and Cloud owners.

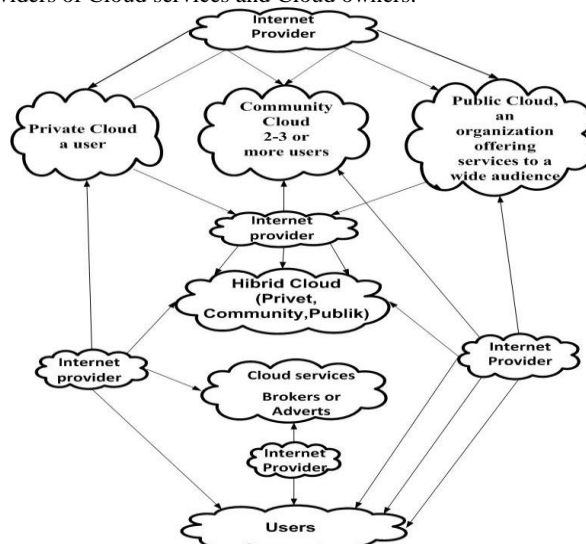


Fig.1 Model of Cloud participants and the relationship between them.

Cloud service providers advertise their services to potential Cloud services customers. They have to describe the service in a standard format and publish it in a central services register. In our case, this register may be in Hybrid Cloud or to provide their own services for brokers and consultants of Cloud services. Cloud providers (public, private, community) can integrate in hybrid Cloud or developed existing services. Cloud customer may be any participant of the developed model. He extracts information from the register by the service description. Cloud service brokers maintain records of published services and can offer different suppliers with their services to Cloud customers. Brokers can act as consultants on request of the customer to provide the best solution satisfying their requirements. Participants in the Cloud computing network cooperate on the basis of the open model. They can be customers as well as service providers. Acting as customers they can: declare and use services like IaaS, SaaS,

PaaS, become suppliers of a new service or improve old ones based on external ideas or provide their own unrealized ideas to external partners and therefore receive income.

KEYWORDS

Open innovation, cloud computing, cloud services

JEL CLASSIFICATION CODES

031, 033

FACTORS AFFECTING THE ADOPTION OF NEW TECHNOLOGIES: EMPIRICAL INVESTIGATION IN THE BANKING SYSTEM OF A BALKAN COUNTRY

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ABSTRACT

The study aims to identify how personal characteristics affect the three well known factors which affect the adoption of new information technologies. The survey was conducted in a sample of 697 bank employees in varied bank institutions in Greece. Based on Technology Acceptance Model (TAM), theory was developed to identify the effect of demographic variables on the perception of employees' self efficacy, their perception of ease of use and usefulness of a new technology. Mood is also implemented as a variable of interest and the effect on employees' adoption procedure is examined. The results indicate that demographic variables such as age and level of education are indicators of the perception of self efficacy on using a technology. Moreover, employees' mood affects the adoption procedure. Finally, theoretical contributions and practical implications of the findings are discussed and suggestions for future research are presented.

KEYWORDS

Technology Acceptance, TAM, Self efficacy, Ease of use, Usefulness, Individual Characteristics, Mood, Banking.

JEL CLASSIFICATION CODES

O33, O34, M190

BUSINESS INTELLIGENCE FOR STUDENTS

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ABSTRACT

To know the past and forecast the future, to achieve the goals defined by their business strategies, many companies are adopting Business Intelligence (BI) tools integrated in their information systems. In this context, we strongly believe that students need to learn theory and practical application about BI.

After the study of BI measurement, metrics, and performance management techniques, students need to explore a data collection and analysis methods by developing and analyzing themselves an online application using BI software tools, open source for a local small business.

To help both faculty and students assess for themselves the value of open source software solutions, Jaspersoft has provided a suite of BI solutions in educational purpose. At the same time, employers are increasingly interested in finding graduates prepared as today's workforce having knowledge on BI.

Jaspersoft offers an unique technology that allows programmers to build BI-oriented applications, process huge amounts of data and present trends, statistics and decision-helping reports in a flexible manner, no matter the platform: web-based or mobile.

The paper presents the components, benefits, technology requirements, designing and implementing business intelligence techniques. Based on world statistics, we choose to use Jaspersoft, one of the top ten BI software, to model the most frequently used analysis requirements, displaying the most relevant data and indicators used by organizational management.

KEYWORDS

Business intelligence, Analytics, OLAP, Learning

A STATISTICAL AND SOCIAL ANALYSIS OF WEB MARKET STRUCTURE AND THE DIRECT E- COMMERCE PHENOMENON OF PRODUCER TO CONSUMER TRANSACTION

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ABSTRACT

The web market structure nowadays it's evolving in great percentage not only every day but every hour. The increasing evolution is not only from the audience part but surely also from the web part i.e. the increasing implementation of e-commerce sites. The interesting new feature introduced in the e-commerce transactions is the online auction and the bidding networks. This paper provides a research from a statistical and social view in the above new transaction methods of e-buying. Finding empirical results from some on-line auction fine art market sites this paper extracts interesting statistical results using functional regression with the price functions as response variables. Furthermore it extends these results to other type of market as in electronic or food products. Especially in this area of food products, using critical research and quantitative methods the paper introduce the dynamic new emerging field of the producer-to-consumer direct e-buying transaction which eliminates all the intermediate involved such the middleman or wholesale merchants. This analysis explores from a long perspective view the consequences of such phenomenon giving some interesting statistical comparative tables of the changing market area and the associating economic impacts.

KEYWORDS

e-commerce, auction, bidding, statistical, producer-to-consumer

EMPLOYEES' INTERNET ADDICTION IN BALKAN AND SOUTH-EASTERN EUROPEAN ENTERPRISES

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ABSTRACT

The use of Internet in enterprises has increased dramatically in recent years. Whereas the business use of the Internet is primarily intended for professional reasons, the Internet has also become an important part of employees' life. Although there is no standardized definition of Internet addiction, there is acknowledgement among researchers that this phenomenon does exist.

In this study, we identify various similarities and differences among employees of enterprises in the Balkan and South-Eastern European countries about Internet addiction. There are many factors such as cultural differences, gender differences, psychosocial variables, computer attitudes and time etc.

We present the experience from studies concerning Internet addiction to employees in all over the world. A specific research with the use of Young's 20-scale was also conducted in four Balkan and South-Eastern European countries (Bulgaria, Greece, Moldavia, Romania).

The findings are interesting. Although there is a need for Internet using, there are also cases where the addiction, dependence and abuse is apparent.

KEYWORDS

Internet addiction and dependence, Young's test, Balkan and South-Eastern Europe enterprises