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Challenges of the Modern World - Contemporary Economy and Globalization

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PROBLEMS AND CHALLENGES FACED BY THE RURAL WOMEN A CASE STUDY OF KHUZDAR

ABSTRACT

The current research addressed the issue of challenges faced by the rural women in Balochistan. A qualitative research were conducted on various parts of the Balochistan, Data were collected from 300 respondents five districts of Balochistan i.e. Turbat, Gawader, Sibbi, Pashen and Khuzdar Districts by using simple random technique. It was revealed that women in Balochistan are facing lot f problems like karo Kari, sexual harassments by their Tribal Waderas and feeling unsecure. Women are totally deprived from the basic rights. According to our research about 80% of the Karo Kari cases are based on Bias basis there was no reality. It was further revealed that women are facing difficulties and after Watta satta marriages they feel unsecure. Government and NGOs can play role to educate those women about their basic rights. . Women is deprived fro their basic rights in Balochistan. In most of the cases they are illegally raped with their feudal and in many cases they were married with 60 years old man with out their wishes

Keywords: *Balochistan, Challenges, Problems, Rural Women*



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**ANALYZING FACTORS AFFECTING PERFORMANCE
APPRAISAL SYSTEM IN BANKS OF PAKISTAN:
A STUDY OF PERCEIVED ISSUES AND CHALLENGES**

ABSTRACT

The aim of this study is to determine the factors that are affecting the performance appraisal system in banks of Pakistan. Current study has explored potential issues and challenges that are been faced by employees as per their perception. To serve the purpose authors have collected data from 450 employees of various banks of Pakistan (Punjab) and also through face-to-face interviews from more than 200 employees. The data collected helped in identifying the factors and perceived issues and challenges that are critical and that inhibit the performance appraisal system in case study banks. Findings concluded that employees have revealed few employees are satisfied with performance appraisal system. However, management support regarding performance development, promotional criteria on performance evaluation, work overload, organizational politics, lack of training implementation are some of the potential limiting factors which are affecting the performance management systems in banks of Pakistan. Intangible factors such as employee motivation, loyalty, and inter-personal relations of employees along with level of commitment are immensely influenced by systematic performance evaluation and professional development of employees. Present research would prove to be a milestone in order to have in depth understanding about the performance management systems in banks of Pakistan and the pros and cons of this system and also how this system affects the intrinsic and extrinsic factors related to employees.

Keywords: *performance appraisal, banking sector of Pakistan, issues and challenges to performance appraisal, performance feedback, administrative and developmental decisions*



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SUSTAINABLE INDICES' IMPACT ON THE CAPITAL MARKETS' DEVELOPMENTS

ABSTRACT

In the last decade, capital markets in developed and emerging countries resorted to several financial innovations, in order to attract institutional and individual investors and, on the other hand, to enhance the stock exchanges' reputation in terms of promoting the sustainable development principles. At the international level can be noted the stock exchanges, rating agencies, consulting companies and research groups' concerns, which have been materialized in the launching of sustainability indices or ethical reputation indices, designed so as to quantify companies and financial institutions' involvement in sustainable development. Thus, stock exchanges provide companies with tools for evaluating their performances and, hence, are a stimulus for the adoption of new methods to improve their risk management skills, for attracting global customers and lowering the cost of funding. The present study aims several objectives:

- *to address the concept of sustainable index and to distinguish between official indices, traded on regulated markets in developed and emerging countries and private, unlisted on a stock exchange indices, launched by various NGOs or research and strategic consulting companies;*
- *to assess the extent to which traded sustainable indices have increased the capital markets' attractiveness in three main regions: Asian, European and American;*

- *to emphasize the extent to which a company's sustainable strategies and the its impact on the capital market performance were analyzed in the literature.*

Keywords: *capital market, sustainable investments, sustainability indices, Sharpe ratio, translation of newly created value*



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**SUSTAINABLE DEVELOPMENT – TWENTY
YEARS AFTER CASE STUDY: THE STRATEGY FOR
SUSTAINABLE DEVELOPMENT OF THE VILLAGE OF
SERCAIA**

ABSTRACT

Sustainable development, first defined in the Report „Our Common Future” from 1987, elaborated by the World Commission on Environment and Development, as being „development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. Now, twenty years after the most important meeting on the subject, namely the Earth Summit in Rio, it is time to look for some results. According to it's motto: „Think globally, act locally” we present the strategy for sustainable development of the romanian village of Sercaia, as a good practice for a holistic, equitable and far-sighted approach of local development. The aim of the elaboration of the strategy for sustainable development of the village of Şercaia is to provide to the local administration authorities, the economic operators, the public institutions

and NGOs, to the entire community, the guidelines for meeting the overall purpose of the economic and social development of the village, increasing the economic and socio-cultural prosperity.

Keywords: *economic and socio-cultural prosperity, strategy, sustainable development*



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IN A SEARCH OF INTEGRAL MANAGEMENT THEORY: THE NEED FOR THE BALANCE OF HARD AND SOFT MANAGEMENT APPROACHES

ABSTRACT

From its genesis until today, managerial theory has experienced numerous innovations which can be reduced to: dominant hard approaches/paradigm, dominant soft approaches/paradigm and combination of both approaches/paradigms. Evolution of management theory, in fact, was moving from hard approach which underlined technical and economic system of an organization (technical and economic rationalization of work) to the soft approach which underlined organization as primarily psychosocial system and, according to this paradigm, psychosocial rationalization of work. In this paper the question of hard and soft methods/principles is examined, because today it is more obvious that efficient management is actually an integral management that integrates both, the hard and soft elements of management. The integration of hard and soft approaches to management in managerial theory is manifested in several management areas:

- including the principle of hard and soft approaches to management;*
- including the principle of hard and soft HR management;*
- including the different types of organizational structures that incorporate hard and soft management approaches;*

- *innovations in all managerial functions which also combine hard and soft approaches to management.*

At last an effective management today always combines different elements of hard and soft management to achieve goals that are often in contrast: stability (maximalization of productivity, minimalization of resource consumption) versus innovative (creative) development. The future of the management theory is certainly an integral management, which is to find in the balance of hard and soft managerial approaches (that certainly will evolve). The integral goal of integral management is to achieve the acceptable level of technical, economic and psychosocial work rationalization by means of hard and soft elements of management.

Keywords: *hard and soft management, HR management, integral management, organizational structures, rationalization of work*



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STUDY ON PANEL DATA OF NATIONAL INNOVATION CAPACITY AND ECONOMIC DEVELOPMENT

ABSTRACT

National innovation capacity is critical in economic development, and continuous innovative activities energize national economic development. National innovation capacity consists of multiple sub-systems. Therefore, by different dimensions, this study observes national innovation capacity and explores the effect on national economic development and stability. Panel

data from 52 countries demonstrate that S&T capacity, financial capacity, social capacity and governance will significantly and positively influence resilience of economy. According to researches, it is necessary to enhance economic development and stability by increase of national innovation capacity. This study attempts to construct a correlation model between national innovation capacity and economic development to serve as the reference for the government of Taiwan to enhance economic capacity.

Keywords: *Capacity Innovation Panel Data*



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QUALITY SERVICE AS A TOOL FOR POSITIONING TRADE COMPANIES

ABSTRACT

Trade is a service business and commercial services are something that makes the company different from commercial production. Trade companies are trying to differentiate the "package" deals, build customer loyalty and establish themselves by providing high quality services. In addition, services provided may be numerous and varied, such as exterior and interior design stores, preparation of goods for sale, appearance and behavior of sales personnel, culture, communication with customers, and services provided to end sales process. How would one trade company effectively positioned in the market is important to know the quality level of services. In order to

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measure the quality of service, a method that has found its application in the theory and practice is SERVQUAL. This model was created as a combination of theoretical and practical research and looks at the quality of service as the content of the following dimensions: tangibles, reliability, sensitivity, security and empathy. As such a function of the difference between perceptions and expectations ($Q = P - E$) and is widely accepted for measuring the quality of services in traditional retail stores, public sector, higher education, real estate, hospitals, courts and the like. In addition, this model is widely used to measure service quality in electronic retailing, electronic banking, electronic sales of package tours and other services provided electronically. The aim of this paper is that through theoretical and practical research, with special emphasis on the SERVQUAL method, look at the quality level of commercial enterprises serving the efficient market positioning.

Keywords: *trade, quality, service, SERVQUAL*



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**VALUES AND THE VALUE SYSTEM OF THE YOUTH,
USING THE EXAMPLE OF STUDENT POPULATION-
COMPARISON OF GERMANY AND CROATIA**

ABSTRACT

The existence of a social system represents the basis/foundation for shaping values in general and also the value system of the youth. Today, young people are the most dynamic social group with students being the most meaningful subgroup within the group of young people. In times of growing and increasingly significant social changes, combined with changes in the organization of higher education (in the context of the rapid involvement of the youth, particularly students, into European integration processes), undergraduate students in the field of economic sciences are put forward as the focus of this study. The target sample of the student population will be analyzed with regard to their attitude towards fundamental social values as the basis for the formation of a person as a whole, as well as requirements for socially responsible behaviour and the shaping of organizational culture in the communities in which the youth live and operate. The research will be carried out simultaneously on a target sample of students at selected universities in Germany and Croatia. Subsequently one will conduct a

comparative analysis and provide suggestions for establishing a system of education that will promote, build and develop the value system of young people with the objective to develop/explore their personal potential as well as society as a whole.

Keywords: *socially responsible behaviour, student population values, the value system, youth*



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**STRATEGIC RISKS OF HIGHER EDUCATION
INSTITUTIONS IN A GLOBAL ECONOMY**

ABSTRACT

In the context of economic globalization and integration of national education systems, universities have to make decisions based on the fundamental characteristics of the external environment. Such as first of all, the interconnection of the elements and their influence on each other; secondly, the complexity that is characterized by threats, risks and opportunities that affect the universities; and thirdly, the variability of the external environment that causes uncertainty.

Keywords: *Integration of national education systems, Strategic risks, The education sector, The globalization of world economy, The scope of the external environment*



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INCREASING EFFECTIVENESS OF FDI MIGHT IMPROVE THE COMPETITIVENESS IN WESTERN BALKAN REGION

ABSTRACT

Significant increase of foreign direct flows had positive effects on entire economic and political environment of countries in the Region, increasing their competitiveness level. The privatization process was the main engine, and the foreign investments were mostly oriented to the service sectors (banking, telecommunication and real state), rather than productive sectors. Large demand and high competition of the Balkan countries have influence on the fact that countries are competing in providing better conditions to foreign investors, where some local levers of development have become very sensitive and very affected. The Western Balkan region depended extensively on inflow of FDI in the past decade. High openness and high dependence of this region have made the Balkan countries vulnerable during the period of current crisis, challenging their competition. New century could produce a debate about global economic development framework, and current economic crisis speeds up the debate. While the Western Balkan countries should change their strategies for attraction of FDI, towards more self-sustained and more competitive sectors, moving from service to productive sectors, maybe it is a right time to discuss and adjust regional development strategies. The growth incentives try increase competitiveness can be found in regional cooperation. Politics of foreign capital attraction should prefer productive, self-sustaining and competitive

sectors, along with strong financial and fiscal sector, which alleviate effects of future crisis. Factors of attraction are significantly different among the sectors and they should be taken into consideration seriously and present in new development strategies of countries through focussing on development of respective sectors and strategies for attraction of foreign investment in the region.

Keywords: *competitiveness, development, FDI investments, Western Balkan*



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THE ECONOMIC CRISIS INFLUENCE ON SELECTED AGRICULTURAL INDICATORS IN SLOVAK REPUBLIC

ABSTRACT

The present economic situation in highly developed world countries can be influenced by the great economic crisis to a great extend. The most of economic sectors recorded the expressive break of economic results in consequence of great working places decrease, great fall of revenue from sales and the consequential fall of demand and private investments. The Slovak republic has recorded the expressive fall of economic results mainly at following sectors – machinery and automotive industry, building industry and agriculture. The following article can analyzes the development of job vacancies and also the development of gross nominal wage in the consequence of individual sectors of Slovak national economy.

Keywords: *agriculture, wage costiness, employment, job vacancies, total agricultural production*



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THE REMITTANCE IMPACT ON FINANCIAL STABILITY AND ECONOMIC GROWTH IN THE SEE REGION AND SERBIA

ABSTRACT

Over the past decade remittance inflows have become one of the largest sources of funding in developing countries which in many cases exceeds the value of private capital flows and official aid. They are also the least volatile flows that face the modest change during crises when flows of FDI, private and public capital significantly decline. In addition to empirically confirmed positive impact of remittances on poverty reduction and stabilization of household consumption over time, the important question that is the subject of ongoing discussion is whether remittances promote financial stability and long-term economic growth. In this paper we are focusing on the issue of remittance influence on economic growth and financial stability as well as the analysis of remittance flows to developing SEE countries and Serbia. This region has faced significant inflow of remittances in the previous period that is often regarded as important macroeconomic stabilizer for countries under consideration.

Keywords: *Economic Growth, Financial Stability, Remittances*



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THE ROLE OF TOURISM IN LONG-TERM ECONOMIC AND SOCIAL DEVELOPMENT: OPPORTUNITIES AND THREATS FOR DEVELOPING COUNTRIES

ABSTRACT

On account of numerous benefits that arise from tourism development, many countries have recognized tourism as a catalyst for long-term economic development and social revitalization. From the standpoint of developing countries, tourism is seen as an important source of income, employment opportunities, foreign exchange earnings, tax revenues, and other economic benefits. At the same time, tourism is well-known for its social benefits related to the improvement of the quality of life of the host communities, international recognition and valorisation of the local cultural heritage, improvement of education opportunities, poverty alleviation, and other issues. The interest in socio-economic impacts of tourism has grown substantially over the last two decades as the economic growth became an imperative for most developing countries, while social impacts of tourism development have reached the point at which the scientific intervention is urgently needed to preserve social and cultural values in vulnerable tourist receiving areas. This paper discusses the role of tourism in changing economic and social environments in developing countries, and outlines some major opportunities for tourism development as well as possible threats of uncontrolled expansion of tourism-related activities that must be taken into account while setting up a new strategy of economic and social recovery. The issues discussed in this paper are relevant to developing countries that increasingly rely on tourism as a panacea for achieving a wide array of economic and social goals. As a developing country, but also as a country with a long tradition in tourism development, Croatia is used as a case study to illustrate the level of country's dependency on tourism. The paper concludes by suggesting that scientific impact assessment,

continuous market research and strategic planning of tourism development are necessary in order to take advantage of the opportunities, minimize negative impacts, and finally, to ensure long-term economic and social development.

Keywords: *Croatia, developing countries, long-term development, tourism*



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**THE USE OF CONJOINT ANALYSIS IN INCREASING
INVESTMENT LOANS WITH COMMERCIAL BANKS**

ABSTRACT

Investment loan is a constant problem of commercial banking, especially in terms of financial crisis. All commercial banks strive to make an attractive loan offer. Commercial banks, as well as all other enterprises, try to continuously increase their market value and take a better position. One of the ways to do it is to increase the revenue, by improvement of investment loans. To increase the revenues in these terms, it is very important to take client's points of view on the subject into consideration. To consider and appreciate their standpoints means to identify key factors and to adjust the offers to their needs. The power of conjoint analysis lies in possibility of getting answers to the stated problem. Conjoint analysis algorithm is a multivariant procedure for the measurement of banks client's preferences reflecting to attributes of long-term loans, which are the focus of this study. In the presented example of conjoint analysis, one commercial bank is interested in forming of the new attractive long-term loan product, and it

wants to examine influence of 5 attributes on client's preferences: number of guarantors for the loan, interest rates level, loan procession fee that the Bank is charging, the loan repayment period and possibility of pre-payment of the loan. This analysis is based on surveying of the clients of the Bank forming representative set of the cards (which are composed of various attributes of the characteristics of selected), and which clients than range according to their preferences. The representative set can receive the procedure is called orthogonal design. Conjoint analysis reaches key answer, which factor should be in the foreground while making loan offer, and which factor can be partly neglected, beacuse the clients do not find it crucial when applying for a loan. Such loan offers for long-term loans are beneficial for all stakeholders. When we mention stakeholders, we can put them in three groups: clients, as credit users, then bank, as an institution which gives loans, and public.

Keywords: long-term credit, conjoint analysis, orthogonal design



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INTERNATIONAL TRADE OF GOODS OF THE REPUBLIC OF CROATIA AS A DETERMINANT OF DEVELOPMENT

ABSTRACT

The author in this paper analyses the international trade of goods of the Republic of Croatia and its main macroeconomic determinants in the period from 2001 till 2010. The paper analyses the influence of the exports of goods on the real GDP growth. It is determined that the exports of goods have the lowest positive contribution to the realised GDP growth rate in the Republic of Croatia in comparison to other countries in the region. Paper explores the level of international trade of goods, imports dependency, exports propensity, degree of openness and involvement of the Republic of Croatia in the international trade of goods. The paper indicates that for the

growth and the development of the Croatian economy it is necessary to increase the exports and hence higher coverage of imports by exports.

Keywords: *international economy, international trade of goods, competitiveness, imports, exports*



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GLOBALIZATION AND CYCLES: NEW CHALLENGES OF THE MODERN WORLD

ABSTRACT

Globalization and cycles theories have developed relatively independent for a long period of time. This paper explores the mainstream theories regarding the two concepts and attempt to identify several levels of interaction between them. Among the most important findings are that they have some common causes and there are pertinent arguments to sustain the cyclical nature of globalization. Technological innovation or economic crises are some key concepts that bring together the theories of globalization and economic cycles.

Keywords: *cycles, cyclical synchronization, globalization, technological innovation*



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SOCIAL CAPITAL AND CORPORATE CULTURES: THE CASE OF BULGARIA

ABSTRACT

The paper proposes a concept of the interconnections between corporate culture and social capital based on theoretical analysis and hypotheses tested in the Bulgarian economic realities nowadays. The significance of cultural influence on business has nowadays been widely recognized. Anthropological perspective is suggested to be the most appropriate way to study cultural factors and their impacts on business world. In the real business world, a good understanding of cultural values in general and specific individual cultural characteristics in particular can lead to success in the global market and economy. Links and theoretical constructions are approbated through specific methods for analyzing quality information stressed on the conceptions of the social capital, firm /corporate/ culture and the relationship between them in Bulgarian economic ambience. Principally there is assumed applicability of the theory of social capital to the genesis of the organizational culture. The study of the link between corporate culture and social capital is related to the analysis of corporate culture as subject of economic and /or business anthropology. There is confirmed the main role of the business maturity, exactly in the manifestation of this kind of relationship. This role is also argued by the specific correlation between the national and the organizational dimensions of culture /meaning the correlation between the national cultural matrix and the organizational practices/ concerning as well the social capital itself. These findings do not mean that social capital is simply a function of corporate culture. There is a reason to identify the business maturity as "core", which depends on the basic elements constituting corporate culture and social capital.

Keywords: *Anthropology, Business maturity, Corporate cultures, Organizational behavior, Social capital*



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GOVERNMENT DEBT THEORIES AND DYNAMICS INSIDE AND OUTSIDE THE EUROZONE

ABSTRACT

The macroeconomic developments of the last decade have confirmed that one of the most important issues even developed economies have to face today is how to reduce or even sustain state debt. In the case of the eurozone member states this criterion is the most difficult to comply with, furthermore, even the United States and Japan among the global powers have to cope with a state debt which seems to be insurmountable. The aim of the paper is to provide an overview of some decisive economic approaches which explain the factors behind the formation of long-term public debt level and economic policy measures aimed at state debt management in a single country (Barro, 1979; Sargent and Wallace, 1981; Lucas and Stokey, 1983; Marcet and Scott, 2003) and in a currency area (Araujo and Leon, 2004; Menguy, 2011). After a general summary of the main findings of preceding research, the paper will focus on revealing the main differences between the debt dynamics of some severely indebted eurozone countries (Greece, Italy and Portugal) and Hungary as an example of a small-open economy managing vast government debt under a self-supporting monetary policy. A comprehensive analysis of the main factors explaining the time path (Czeti and Hoffmann, 2006) and the financing of the Hungarian government debt (Novák, 2011) is going to point out the dilemmas the Hungarian economic policy has to cope with after a global financial crisis followed by the European sovereign debt crisis. The paper is going to deliver some conclusions and recommendations for the Hungarian economic policy on the basis of the theoretical literature and the experience of the most indebted eurozone countries.

Keywords: *government debt dynamics, debt financing, optimal policy, sovereign crisis*



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NEW ARGUMENTS TO OVERESTIMATE A ROLE OF TARIFF POLICY FOR IMPORTING COUNTRY

ABSTRACT

In the economic literature usually it is stated that the imposition of import tariffs leads to a net loss of welfare for the society. This conclusion is usually supported by the following theoretical arguments. At first there is a considered concept of consumer surplus and producer surplus in the economy in the absence of international trade; then benefits and losses of international trade are evaluated for a particle country. Thereafter the net losses for the country are calculated by imposing of import tariffs. However, this point of view does not pay attention to all gains and losses of a country participating in the international trade. Therefore it is not surprising that conclusions obtained on it's grounds are subject to certain biases. This article is dedicated to the scientific reproof of this conclusion and justification of the optimal tariff policy for both developed and developing countries. To support a new statement applying the traditional graphical method which considers allocating of surplus among producers, consumers and state which are currently supplemented by the consideration of leakage of effective demand.

Keywords: *developed countries, developing countries, import tariffs, international trade*



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SPECIFICITIES OF EU CLUSTER POLICIES

ABSTRACT

During the 1990s, most European countries have increased its interest in the direction of industrial districts, clusters and local production systems as an integral part of their industrial policy. At the same time, there have been significant changes in the consideration of industrial policy in Europe. The development of cluster policy is still at an early stage in most countries. There are also significant differences among the countries of Eastern and Western Europe. Among those countries that have adopted the policy of the cluster after 2000, are mostly small countries in terms of population and/or geographical size of countries in Eastern Europe. This paper analyzes two basic approaches in the development of cluster initiatives in the formation of cluster policy: top-down and bottom-up approach. The analysis also points to the diversity of national approaches in terms of policy clusters, but in the same time at some common trends.

Keywords: *cluster, cluster policy, European Union, initiatives*



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**DEVELOPMENT AND COMPETITIVENESS THROUGH
FDI – CHALLENGES OF THE NEW ECONOMIC
GEOGRAPHY OF GLOBALIZATION**

ABSTRACT

The new economic geography of globalization reveals some very significant and influential shifts and trends that all the actors of the global system have to be aware of, properly analyze and optimally integrate within their decision frames in order to succeed: the leading role of the multinational enterprises – and the growing importance of the emerging multinationals from emerging countries, the multiplication of the global centers of power – generating and defining new models of development and competitiveness at practical and theoretical level as well, a whole plethora of apparent contradictory, but still coexisting realities – competition and/or cooperation, globalization and/or localization, global and/or regional multinationals, gigantic and/or network multinationals.

Keywords: *competitiveness, development, economic geography of globalization, foreign direct investment, investment development path*



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ARCHITECTURE AND DYNAMICS OF RUSSIAN-GERMAN ECONOMIC RELATIONS

ABSTRACT

Trade and economic cooperation between Russia and Germany is traditionally among the most advanced areas of bilateral relations. In the framework of bilateral cooperation in both directions are the flows of goods, direct investments, credit and financial resources, transport - logistics, construction, consulting services and market know-how, the exchange of labor and high technologies. The overall macroeconomic situation in Russia is clearly not an obstacle to operate on the Russian market, although some accompanying phenomena deter investors. First of all it is necessary to take care of ordering the rules relating to the protection of property, business liability, compliance with contractual relations. It is important not only to decrease taxes, but also to provide tax system to be understandable and transparent, to avoid arbitrary exactions carried out by local authorities. Political stability, reasonable and predictable economic policies and an enabling institutional environment of business in Russia - the most important conditions for the growth of capital investments by German companies in the Russian economy and the development of trade relations. It is also necessary to solve particular problems, especially those related to financial risk coverage, both investors

and exporters. It is advisable to raise the question of the establishment of special insurance fund, which would not have proceeded from political problems, and performance evaluations of specific projects for both sides. There are extremely important balanced and worked out laws as well as the presence of mechanisms for their implementation. The Russian authorities must develop and implement a clear strategy to support business in a foreign country and make great efforts to diversify exports, aware that initially it will be associated with certain costs. Priority should be given to the promotion of scientific and technological cooperation between our countries and promoting joint ventures in high technologies. It is exactly in the sphere of high-tech, but not in the primary sector Russia has got a good chances due to the great intellectual potential, and education in Russia is one of the best in the world. Very promising – although is not granting a quick and large-scale impact – is supporting participation on our both markets as small as medium-sized firms engaged in production activities. Already established some bases for expansion of mutual presence: only in Moscow there are 739 representative offices and branches of German companies and legal entities in 2110, and in general in Russia there are 5205 German entities. In Germany also there are about 300 Russian trade associations, joint ventures and individual firms.

Keywords: *export, foreign trade turnover, GDP, Germany, import, investments, Russia*



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ROLE OF CENTRAL BANK IN FORMULATION AND IMPLEMENTATION OF ECONOMIC POLITICS OF EU MEMBERS TRANSITION COUNTRIES

ABSTRACT

Theoretical approaches that became the basis for giving more independence to central bank in formulation and implementation of monetary politics started to become stronger for the last 30 years. At the same time another question is raised like the need for harmonisation of implementation of monetary politics by its bearer (central bank) and implementation of fiscal politics by its bearer (government). Questions and responses had not only theoretical character but extremely pragmatic significance and they started to represent legal framework which sets the behaviour of creators of certain politics. It is just under such conditions that the transition from centrally planned to market economy of east Europe economies occurred. Such extraordinary moment, not seen so far in the history, has been used for researching of legislation of ten transition countries to which we add Croatia as future member of EU and which refers to the role of central bank in formulation and implementation of economic politics. With the researches executed we have found out that the independent formulation and implementation of monetary politics in realisation of monetary stability has been defined in more or less clear form as the primary aim of all EU members transition countries central banks. But the role of central bank becomes additionally sensitive with its task to support the economic politics of government of transition countries which should not negatively reflect the monetary stability. No doubt that there is a need of strengthening of coordination of monetary authority and government at which the EU members transition countries legislation provisions should define more clearly in which form or way should central banks have their part of role in coordination of economic politics total measures. Lack of harmonisation of fiscal and monetary politic brought to macroeconomic disproportions with final negative effects on transition economies with no systems for

disciplining of those countries that do not stick to the guidelines of the agreements on accession to EU.

Keywords: *central bank, economic politics, fiscal politics, monetary politics*



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**THE IMPLEMENTATION OF GLOBAL RANKING
RULES WITHIN COUNTRIES IN TRANSITION AND
THEIR UNINTENDED PERVERTED EFFECTS. CASE
STUDY: ROMANIA**

ABSTRACT

The passage from 7 to 9 billion people might be the "knowledge society", which will transform the individual and the society within the main factor for production, repartition, consumption and stability of living together. Moreover, mankind switched today from the global society to "the interconnected society" (a hypersensitive butterfly effect!). The ranking establishment within universities has become a trend of late. When the global ranking's rules are implemented into national environments, mainly in countries under transition, some perverted effects appear and accompany the fruitful results. By politic environments they follow up on academic communities. The paper focuses on the adverse consequences, mainly the "naturalisation" of global indicators and principles that may lead to defective national rules that may harm the local academic system, and the manipulations that might be drown up among the academic staff and public. The theoretical issues are illustrated by the outcomes in Romania particularly as a consequence of the application of the Educational Law since January 2011.

Keywords: *Education, Global ranking, Knowledge society, Romania*



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**BUSINESS CYCLE IN CROATIA:
BY THE DYNAMIC SYNCHRONIZATION TECHNIQUE**

ABSTRACT

The purpose of this paper is to analyse business cycle synchronisation in the Croatian economy, using various annualised growth rate variables over a period of eighteen years (1992-2010), de-trended by Hodrick-Prescott filter, and following the Harding and Pagan methodological procedure in determination of its turning points. Our conceptual analysis of synchronisation is based on the technique of concordance indexes and correlation coefficients obtained by the HAC estimators. The main result of the research shows that there is a high degree of probability that dismissal of employees in the Croatian economy will coincide with the contraction phase in industry. The cyclic phase of growth in job creations in great measure coincides with the cyclic phase of growth in export and construction sector, but also with tourist arrivals. There is an almost perfect synchronisation between the cyclic phases of the construction sector and import. The central conclusion of the paper is that this study can establish the stylised facts about the dynamics of the Croatian business cycles.

Keywords: *business cycles, synchronisation of business cycles, Croatia*



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MAIN CHARACTERISTICS OF FOREIGN DIRECT INVESTMENT IN THE REPUBLIC OF CROATIA

ABSTRACT

Transition countries have turned to external sources, foreign direct investment, with the aim of enhancing their economic growth. The effects differed according to the characteristics of a receiving country and the nature of foreign investment. Croatia has attracted a satisfactory degree of FDI but most of the capital has been invested in the acquisition of ownership stakes. The results of the analysis have confirmed that the cause of failure with FDI lies in the absence of a strategy of development, goals and an adequate macroeconomic policy.

Keywords: *Foreign direct investment, Greenfield investment, Investment climate, Spillover effects*



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**ROLE OF BACKWARD CLASS DEVELOPMENT
CORPORATION IN ECONOMIC DEVELOPMENT OF
BACKWARD CLASSES IN MAHARASHTRA WITH
SEPCIAL REFERENCE TO NANDED DISTRICT**

ABSTRACT

With the noble intention of self-employment, resulting in reducing the unemployment and poverty among the backward classes, government of Maharashtra established Mahatma Phule Backward Class Development Corporation Ltd., in the year 1978, recently the above institution completed 30 years of its services. The present researcher proposes to evaluate the performance of the above institution, on one hand and on the other the researcher proposes to verify the services of the institution from the beneficiaries. The impirical method of collecting primary data with the help of questionnaire, from the beneficiaries has been chosen as the research method for the present work. The annual reports of the institution of last ten years are taken into account for the performance evaluation of the corporation. A sample of 100 beneficiaries from Nanded district has been selected on at random basis. This study is limited to Nanded District only; the period of study is 10 years. From this Study Following Findings are Drawn: Average age of the sample is 35 years, Higher secondary pass is the mode of educational qualification of the sample, Non-agricultural unemployed, labour, are found rushing to the corporation for the sake of self employment, More than two third of the sample belongs to married status, Another feature of the sample is that the beneficiary alone is the earning hand in majority of the families, Average annual income of the beneficiary is about Rs.2, 150/- per month coming to Rs.72/- per day, Average members in the family of the beneficiary is about five members.

Keywords: *Economic Development of Backward class, peoples through backward class Development Corporation*



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DESTINATION MANAGEMENT: CREATING SLOVENIAN DESTINATION MANAGEMENT ORGANIZATIONS

ABSTRACT

Due to the big number of stakeholders (hotels, restaurants, shops, locals, government, tourists etc.) and complexity of their relations, tourist destinations are one of the most complex entities in terms of their managing and marketing. That is why destination management is crucial. Besides that destination management provides and maintains the competition advantage on both, short and long term. Consequently destination management organizations (DMO) have an important role as centers that coordinate stakeholders and perform destinations functions. In this article we will take a closer look at Slovenian case where DMO-s are at an early stage of development. We will suggest how DMO-s should be formed (from geographic aspect), which legal forms are suggested, what are their main functions and what financing should be like. We also focus on cooperation between stakeholders, which is crucial for further development of tourist destination as well as for its' undisturbed activity. An important factor of destination management is also connecting of tourism products and offer, in order to form integrated tourism products. This is important for tourists (wider choice of products and more comprehensive, complete offer) and also for stakeholders. At the end of this article some good examples of DMO-s are described.

Keywords: *destination management, destination management organization (DMO), good practices, Slovenia*



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EQUILIBRIUM EXCHANGE ESTIMATES AND THE CRISIS

ABSTRACT

The financial crisis which exploded in the United States in 2007 has shaken both money and capital markets and by the end of 2008 it evidently spread over to the real economic sphere forcing valetudinarian economies to take severe economic and political measures. As a consequence, the global economic turbulence and the capital market exposure of countries running huge sovereign debt lead to a series of political debates in Europe in 2010-2011. In some Central European Economies efforts by the monetary policy to protect the national currency throughout the crisis seemed to be ineffective. Besides the generally unfavourable economic environment of the European countries, Hungary and Poland, two economies outside the eurozone, also have to manage an above average government debt badly affecting the currency's value subject to a continuous depreciation pressure. In the present paper – following a preceding investigation in 2011 – I am searching for answers to the state of the most important macroeconomic and economic policy factors influencing the equilibrium exchange rate of the forint and zloty in the last decade with main focus on the period after 2007. I endeavour to compare the price fluctuations of foreign exchange markets taking advantage of the fundamental and behavioural exchange rate theory applied for defining long-run equilibrium exchange rates on the basis of some previous investigations (Clark and MacDonald, 1998; Maeso-Fernandez et al., 2004; Égert, Halpern et al., 2005; Égert, 2007; Yajie, Xiaofeng et al., 2007). The results of the linear regression estimation of the euro exchange rate of the forint and the zloty will be contrasted with an analysis of the changes in the euro price of the dollar for the same period. The paper also points out some methodological problems of estimating equilibrium exchange rates.

Keywords: crisis, equilibrium exchange rates, government debt, regression estimations



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HUMAN TRAFFICKING AND TOURISM INDUSTRY: TRAINING FOR COMPANIES STAFF

ABSTRACT

Human trafficking is an increasing phenomenon which mostly involves children and women (UN.GIFT, UNODC, 2008; UN.GIFT, 2009). The phenomenon is closely connected to the tourism industry because the human traffickers use, through their complicity as well, several organizations of the sector: airports, trains, accommodation facilities, etc (UNODC, 2010; Surtees, 2008; Viuhko, 2010; Lebov, 2010; Wopshall, 2011). Although national and international security organizations and institutions focus their attention on this issue, human trafficking seems to be hardly foreseeable and verifiable with the exclusive involvement of the law enforcement agencies. The missing link of the prevention and monitoring process seems to be the capacity of the tourism organizations both in catching the weak signals of potential criminal situations and in creating effective responses to control the problem (GAATW, 2008). This work examines human trafficking within the tourism industry (transport, accommodation, restaurants, entertainment organization, etc.). Particularly, it has the purpose of providing a cognitive contribution concerning the state of training within the tourism sector through a direct survey on some non profit organizations (e.g. ECPAT, ABTA, UNODC, ILO) which play a key role to contrast human trafficking. Moreover, this work aims to analyze the effectiveness of training as a prevention and monitoring tool of this criminal phenomenon.

Keywords: human trafficking, social development, staff training, sustainable tourism



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EVALUATION OF INTERESTS OF BORDER CO-OPERATION PARTICIPANTS

ABSTRACT

Specificity of border cooperation of Asian regions of Russia is analyzed in the article on the example of Altai region in terms of transport stream distribution. This region has unique geographic position and located at the cross of long-haul transport routes and economic connections. This region has a borders with three countries: Republic of Kazakhstan (in the west), China and Republic of Mongolia (in the south). Paying attention to this unique position, Altai region is important strategic point for cargos, following from China to Russia. There are four ways for transportation of this cargo: first – from territory of Republic of Kazakhstan by rail; second - from territory of Republic of Kazakhstan by motor road; third - from territory of Republic of Mongolia by motor road; and the one forth one - straight track over pass Kanas (The Republic of Altai) by motor road. The construction of this road is big investment project. But final decision about this road building hasn't accepted yet. We use transport model together with simulation model of interests' distribution as an instrument for evaluation and analysis. The calculation shows that flexible tariff system may influence the choice of cargos' route. This situation changes the ratio of benefits of for participants. This is possible to implement large investment projects within the border co-operation. This calculation does not give well-defined answer to the question about choice of cargos' travel route and estimation of rate, but it shows (calculation) the dependence of route from tariff on part of the distance. It gives opportunities for lobbying interests of participants.

Keywords: *Altai region, border co-operation, region development, transport model, transport stream*



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STRATEGIC BUSINESS EXCELLENCE COMPONENTS IN CROATIAN HOTEL MANAGEMENT

ABSTRACT

Business excellence represents one of the modern business concepts which appliance began at the end of the 20th century and at the beginning of the 21 century. According to Injac business excellence threatens to become the top and the basis of the whole science of the quality. The most known business excellence models are: Baldrige Criteria for Performance Excellence (MBNQA), EFQM Excellence Model, Australian Business Excellence Model (ABEF), Japan Quality Award Model, Canadian Framework for Business Excellence, Singapore Quality Award Framework, New Zealand Business Excellence Foundation. The main aim of this article is to determine business excellence components out of above mentioned models. Those components are strategically important for hotel business and lead to greater hotel performance. Hypothesis of this research is that the business excellence components have positive influence on the organizational hotel efficiency. The empirical results in the paper examine top hotel management that has been conducted and searched on highly categorized hotels. Those results showed main characteristic of Croatian hotels, and also analysis of main strategic components which determine importance of business excellence, and organizational hotel efficiency. Correlation and multiple regression was used on the sample .Results have showed positive and statistically significant impact of strategic business excellence components and organizational hotel efficiency. Questionnaire was designed with the aim to help hotels to improve their business, but also the value for the hotel guest – delighting. The entire hotel business is dependent not only on the

satisfaction but on delighting of the consumer. High level of satisfaction is an indicator of increased loyalty of current customer.

Keywords: *Business excellence components, Croatian hotel management, strategic management*



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INFLUENCE OF NON-TECHNOLOGICAL INNOVATIONS ON INNOVATION PERFORMANCE EVALUATION

ABSTRACT

The necessity to increase economic competitiveness has generally been discussed for several years. This has also become a dominant topic of European policies for the period 2007–2013. The basic prerequisite for competitiveness increase is sufficient innovation capacity as was also assumed by M. Porter in his microeconomic theory (Porter, 1988). The potential for innovation can be identified both at national and regional levels, because innovations arise in specific localities. With increasing requirements for innovation creation the need to measure innovation performance emerges. One of the approaches to the monitoring of innovation outputs is the Community innovation survey (CIS). The latest available data came from the survey conducted in 2008 (CIS 2008). This innovation survey provides a lot of indicators that allow assessment of the structure of innovations at the level of the EU member countries. The basic distinguishing classification of innovations is into technological and non-

technological ones. Whereas in the survey CIS2006 the non-technological innovations were not equalized with the technological ones and the enterprises with only non-technological innovation were not considered to be innovative, since CIS 2008 both types of innovations have been equalized. The aim of our article is to assess how this methodical change influenced the results of the innovation survey. Through data analysis the countries of EU27 are compared with respect to their position in the EU and a change of this position caused by the equalizing of technological and non-technological innovations. This comparison is accompanied by a similar analysis of Czech NUTS3 regions. On the basis of the findings we can formulate relevant conclusions related to innovation performance of regions and states.

Keywords: *competitiveness, European Union, innovations, innovation performance, regions*



Enterprise in Turbulent Environment

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**RADICAL INNOVATION CULTURE IN CROATIAN
MANUFACTURING INDUSTRY**

ABSTRACT

Radical innovations are considered as a main source of competitive advantage for both small and medium enterprises and small economies such as Croatia. Although from a theoretical point of view a clear distinction between incremental and radical innovations exists there is much less investigation into differences in organizational culture that foster these types of innovations. Key prerequisites for creating radical innovation culture are selected and then analyzed by using multiple regression analysis. Elements of radical innovation culture analyzed were: autonomy, cannibalization, pro activeness and risk taking. When it comes to generating radical product innovations or creating appropriate culture the current state in Croatian manufacturing industry is far from satisfactory. Some recommendations for improving the current state with suggestions for further research are discusses in the final part of the paper.

Keywords: *radical innovation, innovation culture, Croatian manufacturing industry*



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COPULA BASED MONTE CARLO SIMULATION

ABSTRACT

Value at Risk (VaR) is the risk metrics that is commonly used by fund managers, bankers and corporations. It is a single number that captures the uncertainty in the future value of a portfolio's P&L, or in its return. Its fundamental purpose is to summarize the portfolio's potential for deviations from a target or expected return. VaR was introduced in the wake of the financial crisis that arose in late 20th-century, which had a catastrophic impact on world economy. The purpose of this paper is to estimate VaR of the fictive portfolio using Monte Carlo simulations. We focus on modelling the interdependence between different types of risk factor return. We suppose that the risk factor returns have some assumed marginal distributions, which need not be identical, and their dependency is modelled with copulas, for example with a normal copula or a Student t copula or a Clayton copula. The Student t copula allows the returns to have a tail dependence that is not captured by multivariate normal distribution. And by using a Clayton copula instead of a correlation matrix to represent the dependence between returns, the simulated portfolio distribution will reflect asymmetric tail dependence.

Keywords: *Copula function, joint distribution, marginal distribution, Monte Carlo simulation, Value at Risk*



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IMPLEMENTATION OF MOBILE LEARNING IN CROATIA

ABSTRACT

Wireless connections and the use of mobile devices produced a revolution in educational process and changed the traditional classroom teaching. Mobile learning is one of the most frequently used terms recently. It is founded on the idea of learning “anytime and anywhere”, suited to the wishes and needs of users. Mobile learning, at today’s stage of development, has become the most effective way of information interchange and data collection, but still it is not enough effective way of formal learning (learning followed by an official certificate). This work is founded on data collection and processing with the purpose of hypothesis testing related to the use of mobile services, advantages their use brings with respect to other forms of learning as well as on the fact that mobile learning is a new ramification of educational process. The purpose of this paper was to point to the increase of mobile services in the Republic of Croatia which can be put to the use of mobile learning, as well as to show possibilities and advantages of the mobile learning use in educational process. In that way we wanted to give incentive to plan makers to adapt their educational contents to the needs of mobile learning. This adaptation should be done by choosing necessary ICT resources and distributing adapted teaching contents. It is necessary to define the ways of result assessment achieved through mobile learning. Until these conditions are met, mobile learning

will only be a complement to other forms of learning.

Keywords: *e-Learning, mobile devices, mobile learning, mobile technology and services, mobile network, wireless communication*



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**RESEARCH AND DEVELOPMENT AS CRITERIA OF
IMPULSE FOR THE CONSOLIDATION OF THE
COMPANY'S CAPITAL STRUCTURE: EMPIRICAL
RESEARCH IN CROATIA**

ABSTRACT

The tax systems in the world have seen significant changes in the last two decades. Corporate profit tax is an important factor in each fiscal system. Its importance is reflected on investment decisions and it determines the standards and criteria of a democratic society. Corporate profit tax is a tax form which has become concern of many different subjects and debates because of its role in the position of each country on the international scale,

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which has a significant impact on economic developments and decisions regarding the financing and investment. A number of aspects determine changes of corporate profit tax such as the process of globalization and increased international capital mobility. The Croatian legal framework for the taxation of corporate income regulates tax relief in this fiscal form. One of the categories, which partakes in reducing the tax base, is related to research and development costs. The aim of this study was to find out whether and to what extent, companies in Croatia use benefits for research and development, and how it affects the tax base, corporate profit tax and capital structure of firms. It is important to mention the size of the corporation and the kind of the activity as important factors of influence on the use of these tax benefits. Due to its characteristics such as efficiency, fairness, stability and abundance, it is necessary to examine the tax form in continuity.

Keywords: *capital structure, corporate profit tax, research and development, size of the company, the form of activities*



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**OUTSOURCING VS. CO SOURCING ACCOUNTING
ACTIVITIES: EMPIRICAL RESEARCH IN CROATIA**

ABSTRACT

Current situation in the business world raises the question how to survive on the market and how to maintain competitiveness. Outsourcing is only one of the ways to achieve those goals and potentially one of the answers to increasing market pressures and the need for business optimization. Company's management must consider inclusion of outsourcing as part of the business strategy. Business strategy must define the reasons for outsourcing, which can be strategically by focusing on the primary activity or tactical reasons in order to reduce operational costs and risks. Therefore, decision about outsourcing is not a question about starting or not, but it is a question of when, how and how much. In this context, management must decide whether to outsource the entire activity (process) or just portion of it, while the remaining activity (process) will be done within their own companies. Decision justification must be based on the financial statements and non-financial statements. This paper seeks to explore outsourcing and co sourcing accounting activities in Croatian enterprises. Furthermore, intention is to test how company's size and financial strength influence on the decision about letting others to do individual business operations, in this case we mean letting accounting

operations to others. In accordance with previously mentioned, research will be conducted on the sample of Croatian companies in order to test if company's size and financial strength are reasons for making such decisions.

Keywords: *accounting operations, co sourcing, company's size, financial strength, outsourcing*



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STOCK ANALYSIS AND FORECAST USING NEURAL NETWORKS (INA-R-A)

ABSTRACT

Certain patterns are visible in every capital market, certain features characterize every capital market. Looking at both of the above plus if usual impacts are included some movements can be predicted. Past trends, statistics and probability or stabile and strong favorites are not a guarantee of future trends, yet all mentioned represent strong support in process of making forecast. Neural networks, that simulate the brain cells, represent quality tool for such a prediction and analysis. Statistical computer software JMP allows easy predictions based on extremely large databases. INA Industrija nafte d.d. is Croatian oil company and one of the main business entities in the country. INA-R-A stands for INA Industrija nafte d.d. stock

symbol on Zagreb Stock Exchange (ZSE) where their stocks are listed. Data used in the analysis and as a base for making forecast include period between December 2006. and February 2011. Trading with INA-R-A was set on hold from 28th of April 2011 to 19th of December 2011 by Croatian Financial Services Supervisory Agency (HANFA) and that is the reason why analysis and forecast doesn't include up to date information. Analysis and forecast base is made of all trading data from the mentioned period (Open , Close or Average, High and Low price plus Turnover) with CROBEX (ZSE main index), Oil prices and Baltic Dry Index history included. Method of using Neural Networks and software used in the paper (JMP) is easily applied to any other field, scientific or other, where there is a need of spotting the connection between different variables in large data bases.

Keywords: *Analysis, Data mining, Forecast, JMP, Neural Networks*



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**JOB ANALYSIS AND DESIGN: THE FREQUENCY AND
IMPORTANCE OF KEY ACTIVITIES OF
PARTICIPANTS IN HIGHER EDUCATION PROCESSES**

ABSTRACT

In the domain of organizational design, an important issue regarding human resource management is job design as a process of systematically organizing work into tasks. Job analysis itself should primarily focus on the procedure for determining the tasks and responsibilities that comprise particular jobs as well as the required human attributes. There are numerous methods used to examine the levels of functioning of organizational units, workplaces and employees. They include the processes functions method and the well-known functional job analysis, which uses scales to represent the tasks performed by employees during job execution that involve things, data, people, etc. by means of measuring the percentage of time spent. Based on these methods, we designed a questionnaire specifically intended for a sample of undergraduate students. Taking into consideration the students' everyday obligations concerning their courses, relevant activities performed by students were selected, from the perspective of students as representatives of knowledge workers. Using the set of defined activities, we assessed the activities' presence and intensity of their influence on study success. The obtained results have relevance with respect to detected habits, perceptions and attitudes of respondents concerning their

student activities. Therefore, this paper also provides some useful insights regarding the job design for students of informatics.

Keywords: *activities, analysis, design, job, knowledge, students*



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CHALLENGES OF AUDITOR'S INDEPENDENCE IN CONTEMPORARY ENVIRONMENT

ABSTRACT

Recent numerous corporate scandals and also severe contemporary economic situation in majority of world countries raise again questions about purpose of external auditing. Since external auditing is based on the independence of people engaged in process of external auditing the discussion about issues that can endanger auditor's independence is brought up very often. In correlation with turbulent changes in business environment potential sources of endangering auditor's independence are increasing. With the regard to the fact that only independent auditors can realize goals of external auditing which relate to expressing opinion about validity and objectivity of the financial statements, this paper analyses the impact major threats on auditor's independence. In that context, special focus is put on the analysis of the impact of auditor's fees on auditor's independence.

Keywords: *auditor's fees, auditor's independence, changing environment, external auditing*



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MOTIVATION IN NEWS PAPER INDUSTRIES - A CASE STUDY OF CHHATTISGARH STATE IN INDIA

ABSTRACT

Motivation is a general term which applies to entire class of different forces. In other words, to motivate means to move, to activate, whether external or internal. Thus motivation is an internal feeling or a psychological phenomenon which generates within an individual or it is the product of anticipated values from an action and the perceived probability that values will be achieved by the action. The psychological effect is seen more in the editorial department of news enterprises of Chhattisgarh region. Motivation is one of the most important factors determining the organizational efficiency. The need to motivate the personnel of editorial, printing and circulation sections plays a vital role in the enterprises.

Keywords: *Motivation, News Paper Industry*



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THE METHOD OF DETERMINING IMPORTANCE OF CRITERIA IN A MULTICRITERIA DECISION PROBLEM

ABSTRACT

This abstract offers a method for ranking alternatives in a decision making problem. It determines importance of the criteria with help of factor analysis. Though the alternatives are evaluated by each of the criteria by a group of experts, the weights for the criteria are to be found with the help of factor analysis.

The algorithm of the method is as follows:

- 1. Under the constraint that the problem handles several evaluation criteria, several items to compare (alternatives) and several experts to give their evaluation.*
- 2. Find the principal components that replace the input criteria implicitly.*
- 3. To find the final mark for each of the alternatives the marks given by experts are multiplied with the regression coefficients, found in the step 2.*
- 4. The final marks are represented in axes „criteria“ and „mark“ so that each alternative is described with a curve (trajectory). These curves represent the map of graded alternatives. Depending on the problem to be solved (min or max,) a record for each main criteria is to be found.*
- 5. With help of special deviation measure procedures (Minkowski, Chebyshev) a matrix of deviations from ideal solution is to be built.*
- 6. The alternatives are to be rated in accordance to the deviation from the ideal trajectory.*

To prove the effectiveness of the method it was applied to a problem for 5 alternatives, 3 experts and 38 evaluation criteria. The problem was also solved with the help of most popular method of Weighted Sum Model (WSM) and TOPSIS method. The problem was also being solved by finding the geometric mean for each alternative. The results for approaches were

compared and the method, offered in this abstrat, proved itself as a feasible one.

Keywords: *Decision making, Weighted Sum Model, TOPSIS, multicriteria decision-making problem, manul setting of criteria importance*



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CULTURAL INTELLIGENCE (CQ) AS A MANAGERIAL SUCCESS FACTOR IN THE GLOBAL ORGANIZATIONS CONTEXT

ABSTRACT

Globalization continues to contribute to the increasing cultural diversity and complexity in the global leadership domain. Such cultural diversity can challenge international management as it has been shown to contribute to task conflict (Stahl, 2010) and conflicts between expatriates and co-workers have been found to occur with a high frequency degree (Jassawalla, 2004). In addition, even though the number of expatriates grows linearly, expatriate failure rates (rate of early return) reaches 40% for assignments in developed countries and 70% in undeveloped countries (Schaffer and Miller, 2008). On this grounds, detecting as well as preparing appropriate individuals able to operate in multicultural settings is one of the greatest challenges facing global organizations. As organizations globalize and the workforce becomes more diverse, it is increasingly important to understand why some individuals function more effectively than others in culturally diverse situations (Erez and Early, 1993; Gefland, Erez and Aycan, 2007). Responding to this need, Early & Ang (2003) developed a conceptual model

of cultural intelligence (CQ) defined as the ability of individual to function effectively in situations characterized by cultural diversity, thus being the backbone of expatriate success. Accordingly, this paper will discuss the concept of cultural intelligence as well as its strategic role as a success factor of the expatriate managers in the 21st century global organizations.

Keywords: *cultural intelligence, expatriates, global organizations, performance*



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**DETERMINANTS OF COMPETITIVE ADVANTAGE IN
TUNA FARMING INDUSTRY IN CROATIA**

ABSTRACT

Contribution of the fisheries sector to Croatian GDP holds a constant of 0,2%. Such a small percentage of the share of primary sector in GDP is common in developing and developed countries. Nevertheless, a stable percentage imposes the stability in the industry, and the unexplored areas for improvement. Tuna farming, as the segment of the primary sector, is a relatively new business activity in Croatia, which began in 1996, as a test-project of a few Croatian immigrants. Today, only three companies are

involved in tuna farming in Croatia, with most of its production intended to the foreign markets, especially for the Japanese market. Although with great development potential, it is important to indicate a lack of supporting industries, which are still largely imported from other European countries. Taking into account a growing demand for healthy and natural food, and also the Japanese market as an inexhaustible source of demand for fresh-fish products, tuna farming represents a promising segment that encourages economical and demographical development. It represents both a significant export-potential for the Croatian economy, and a motive for young, educated people to reduce rural to urban areas migration. This paper presents a general state of tuna farming in Croatia, with emphasis on the case of the company Kali Tuna Ltd., the pioneer of tuna farming in Croatia. The purpose is to gain a wide picture of competitive aspect of this developing industry, to show its impact on the economy and society, but also to identify possibilities for improvement of current and future industry-involved companies.

Keywords: *Competitive Advantage, Croatia, Kali Tuna Ltd., Tuna Farming*



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**PROVIDING A MODEL TO EFFECTIVENESS OF TEAM
WORK BASED ON QUANTUM SKILLS AND
INTERMEDIATE ROLS OF EMPOWERMENT AND
INNOVATION**

ABSTRACT

The authors suggest that the new science theories of quantum mechanics provide the foundation for a new way of thinking about team effectiveness in organizations. The present study investigated the impact of quantum skills on team effectiveness and the moderating roles of psychological empowerment and innovative behavior. The participants were 187 experts from Shiraz Oil Refinery in Iran. In this study, several questionnaires were used. The study verified the validity of the team effectiveness scale, psychological empowerment scale, and innovative behavior scale. On the other hand, we designed questionnaire to measure quantum skills. After collecting the data, different statistical tests, including paired t-test, variance analysis, and Spss and lisrel software is applied. Using lisrel program, was conducted to assess the research model and to assess the impact of variables on team effectiveness. The results indicate that quantum skills have positive significant positive impact on team effectiveness. Quantum skills are also found to be a positive significant impact on psychological empowerment and innovative behavior. We also found that innovation behavior has positive significant impact on team effectiveness. In addition, between demographic variables (age-gender-education level-experience level), education level had a significant effect on team effectiveness.

Keywords: *innovative behavior, psychological empowerment, quantum skills, team effectiveness*



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**THE EFFECT OF THE STANDARDS OF
INTERNATIONAL ACCOUNTING/FINANCE
REPORTING ON STATEMENT OF ACCOUNTS
ANALYSIS: ANALYSIS ON TURKEY**

ABSTRACT

The originating point of the standards of international Accounting/Finance reporting is to supply more trustworthy and suitable information for the needs to the decision makers in establishment about financial situation of the establishment. Thus; not only preparing financial statement of accounts suitable for standards but also, analysing them is important. Turkey took a good step in the adjustment process for the International Financial Reporting Standards (IFRS)/International Accounting standards (IAS) with the Turkish Accounting Standards/Turkish financial reporting standards (TAS/TFRS) that were published. In the study, it is being tried to determine how the primary financial ratio is effected in the result of the changeover from national accounting practices to IFRS. In this sense, the hypothesis of

this study has been constituted as “The changes occurred in some of the classes and groups of ‘statement of accounts’. These statements of account which were arranged according to International Account System effect the ratio analysis absolute and pro rota with the implementation of IFRS”. In the study, the statistical importance of the differences between financial ratios calculated before and after the changeover from the TAS to IFRS. As financial ratios, the three key rates which reflect a company’s financial size are treated as; profitableness, financial leverage, liquidated and marked based financial rates. Also If there is any difference in the calculation of the financial rates before and after the changeover, the main reasons of these differences are researched. As a result, It is observed that; IFRS caused important changes in financial rates, especially profitableness rate has been come to the fore. The examples of the study are arised from statement of accounts which were arranged according to Turkish Accounting System Appliance General Communique (TASAGC) in the same period by the companies that are processed at Istanbul Stock Exchange and the statement of accounts that were arranged according to International Accounting Standard.

Keywords: *Financial Rations, IFRS, TMS, TFRS*



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EMPLOYEE RECRUITMENT THROUGH CORPORATE WEBSITES

ABSTRACT

Knowledge management involves creating, acquiring, synthesizing, learning and sharing knowledge and experience and has gained potential in recent years. Human resources, as the most important asset of the company, can benefit from good and high-quality knowledge sharing. Applying knowledge management in various areas of organization improve the excellence of the

departments and it can also influence on the success of the organization itself. This paper presents some findings in knowledge management and human resources with the emphasis on the employee recruitment process. The Internet is the primary medium for people to buy and sell goods, communicate, gain information and search for jobs. One of the ways of recruitment is through the use of corporate Web sites. Sharing knowledge with potential employees over the Web site is one of the modern challenges in the market competition pressure. The purpose of this research is to examine whether companies in Croatia effectively communicate and recruit employees over their Web sites. Through analysis of the Web sites of the 200 best companies in Croatia according to the list The Best 500 Companies for the year 2010 authors give an overview of information's that are shared between job seekers and employers.

Keywords: *human resources management (HRM), knowledge management (KM), knowledge sharing (KS), recruitment process*



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**THE RELATIONSHIP BETWEEN PERCEIVED JUSTICE,
EMOTIONS, SATISFACTION, TRUST, WORD of MOUTH
AND PURCHASE INTENTIONS: AN EMPIRICAL STUDY
IN A RETAILING CONTEXT**

ABSTRACT

In a service recovery process, perceived justice in a complaint handling is important issue for businesses for gaining competitive advantage. Regarding to this, the aim of this study is to examine the relationships between perceived justice, emotions, satisfaction, trust and behavioral intentions in a retailing context. For testing the relationships Structural Equation Modeling technique was used. The results of this study indicate that distributive and interactional justice dimensions are positively

correlated with positive emotions and negatively correlated with negative emotions. These justice dimensions are also significantly relating with recovery satisfaction. Addition to this, findings indicate positive relationships between recovery satisfaction, overall satisfaction, trust and behavioral intentions. At the end of the study some implications were drawn based on the research findings.

Keywords: *emotions, perceived justice, purchase intentions, recovery satisfaction, trust, word-of-mouth*



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THE MODEL OF SELF-EVALUATION IN HIGHER EDUCATION

ABSTRACT

The quality of Slovenian tertiary education is frequently discussed by professional and general public. A national agency was established to verify the quality of universities and their programmes by the external quality evaluation system. However, faculties have to develop their own methods and techniques to check their quality before the external evaluation takes place. Faculty of Commercial and Business Sciences has already won recognition in the Slovenian higher education sector during its short career. The number of students and study programmes was increasing from year to year. In spite of this rapid growth the quality has always been considered the priority task. Students' participation and satisfaction play a very important role as one of the quality criteria. We have developed a model to evaluate the quality and monitor the progress of the Faculty which should provide answers to the following key questions: How are the people who are connected with the Faculty (all stakeholders), satisfied with our work? What is students' experience during their study; does it meet their expectations? What is the opinion of the teachers and staff about the work at the Faculty? Faculties collect various information about the quality in separate databases such as pedagogical database of students' performances, database of surveys about satisfaction etc. While preparing evaluation reports and using those sources there is usually neither a single method nor the technology for extracting relevant information. Reports are therefore non-transparent and do not say much about the overall quality of work. The purpose of my paper is to present a model for self-evaluation supported with a computer programme Dex and to explain the applicability of the instrument (the expert model), as well as the methodology of self-evaluation. Both, the instrument and the methodology can be used for internal evaluation in higher education.

Keywords: *criteria of quality, expert model, higher education, quality assessment, self-evaluation*



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CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY: CHALLENGES OF THE NEW ECONOMIC ERA

ABSTRACT

Decades ago the main concern of businesses was how to gain and increase their profits. Today, we all witness a different economic era, different concerns, patterns and risks. Recent global corporate scandals have shown that only businesses with high levels of corporate governance and social responsibility can survive in unpredictable and turbulent economic times. In this paper the authors have examined the reasons stemming behind the increase in importance of corporate governance and corporate social responsibility concepts as well as the effects of these concepts on the overall functioning of corporations. Furthermore, the authors highlight the new challenges and changes that have been brought about in these two areas after the global economic crisis. On the other hand, aspects of these two concepts are also looked at from the stances of corporations in transition economies.

Keywords: *corporate governance, corporate social responsibility, new economic era, transition economies*



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**POSSIBLE CONSEQUENCES OF THE FINANCIAL
CRISIS ON THE BUSINESS ENTITIES IN SERBIA**

ABSTRACT

The consequences of the second wave of economic crisis are enigma for economists and politicians in Serbia. While politicians in the economic crisis are an excuse for poor macroeconomic indicators, economists warn that the consequences of the crisis in the euro area can have disastrous consequences for Serbian companies. The aim of this paper is an attempt to examine the situation in the Serbian economy in early 2012. year. This includes consideration of the institutional environment for the realization of economic activity and performance of businesses by sector of the economy. Such an approach is a good starting point for the identification of potential macro-economic measures to mitigate the crisis, but to identify those economic sectors that have managed to maintain liquidity and capital. All

this aims to create conditions for socio-economic development in post-crisis wave.

Keywords: *Economic activities, Economic performance, Financial crisis, Manufacturing industry*



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ECONOMIC COMPETITION AND SURVIVAL ENDURANCE: DECISION DILEMMAS UNDER UNCERTAINTY

ABSTRACT

When specific economies as the economies linked to tourism evolve in restricted environments, the development and economic growth curves are built over the curves of depletion of the existing resources, resources that are often limited and difficult to replace or characterized by long renewal cycles. Extreme competition for resources represents several threats to sustainability: (1) a threat to the sustainability of the specific economies that depend directly on the resources; (2) a threat to organizations as a result of the losses during the competition process, and (3) a threat to the overall sustainability of the restricted environment. In the specific case of the economies linked to tourism, these are frequently associated to a city or some other form of restricted environment. As a restricted environment becomes progressively less attractive and competitive with the degradation of resources, such degradation also anticipates the economic and overall decline of the destination. The evolution of populations of organizations may be influenced by the strength of the tendencies towards competition within the population. The competition tendencies are analyzed departing from a decision game in which the final score result depends on the combination of the decisions of two teams. The analysis of a sample of 61 full trials of the decision game shows a tendency to competition affecting the performance efficiency and the total economic value generated by the game.

The paper suggests that the survival endurance of a specific economy or population of organizations and the competitive advantages over other populations depend on the competence of the population to moderate the level of internal competition, predicting that exposed to an excessive level of competition the population is at risk of entering a stage of decline characterized by increased threats to economic survival.

Keywords: *economic competition, organizational populations, restricted environments, survival endurance, travel destinations*



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**THE ROLE OF MANAGEMENT INNOVATIVENESS IN
MODERN ORGANIZATIONS**

ABSTRACT

Innovativeness is a key success factor in modern turbulent environment, backed up with theoretical cognitions as well as experiences from business practice. General management literature quotes different reasons for the differences in organizations development level. Many theorists and practitioners have unified opinion that the differences between low and high developed organizations are also due to the low innovativeness, i.e., the level of innovative working and behavior of all organizational members. Increasing the level of innovativeness in organization is importantly dependent especially upon appropriate working and behavior of management, which must create and maintain appropriate conditions for innovative working and behavior of organization as a whole and its

members. In this framework are crucial management attitudes towards innovativeness, which are necessary pre-condition for increasing innovativeness in organization. The main purpose of this paper is to emphasize the role and importance of management innovativeness in creating/preserving innovative working and behavior of organization and its employees. In that framework the paper discusses following dilemmas: (1) important characteristics of low and high innovative organizations; (2) holistic consideration of different types of innovations; (3) drivers of management innovativeness; and (4) framework and conditions for increasing the level of innovativeness in organizations. Selected dilemmas are discussed from the viewpoint of the role and importance of innovativeness in low and high innovative organizations. Thus, we research selected drivers of management innovativeness and outline their typical characteristics in low and high innovative organizations. Those cognitions represent a starting point for considering actions to increase management innovativeness. Further research activities are aimed to the empirical testing of proposed relations.

Keywords: *Drivers of innovativeness, Innovativeness, Management, Organizations*



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ECONOMIC AND SOCIAL SIGNIFICANCE OF ENVIRONMENTAL PROTECTION AND OCCUPATIONAL SAFETY - EXAMPLE OF SERBIA AND CROATIA

ABSTRACT

The goal of this research is to establish the economic and social significance of environmental protection and occupational safety on the state level based on the analysis of the current situation in Serbia and Croatia. Descriptive methods were used in the course of research, combined with an analysis of primary and secondary sources and statistical analysis of publicly available data and indicators of the current situation and investment in the protection of working and living environments in Serbia and Croatia, as well as a comparative analysis of problem areas in both states. The hypotheses have been confirmed, according to which environmental protection and occupational safety have a specific and great economic and social significance in both Serbia and Croatia. Numerous statistical and macroeconomic indicators that are related to the issues of environmental protection and occupational safety confirm their economic aspect which is of such level of significance that it can affect the national economic and social development. Specific characteristics arise from socioeconomic and geographical characteristics of Serbia and Croatia. Environmental protection and occupational safety are especially brought into a relationship with corporate social responsibility and responsible

management which have implications on sustainable development and the future of countries preparing for accession or already in the phase of joining the European Union.

Keywords: *economic development, environmental protection, occupational safety, social development, sustainable development*



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**DEVELOPING A HUMAN CAPITAL PLANNING
FRAMEWORK FOR CONSTRUCTION PROJECTS**

ABSTRACT

Implementing construction projects all over the world requires a high rate of human resource and labor. Recently, there has been an emphasis on the market and client aspects of these projects. However, managing the human-related issues in these kinds of projects seems to be confronting some problems. This could result into the low efficiency of human capital, hence poor quality of constructions causing significant losses especially when a natural disaster occurs. One of the main reasons for the emergence of these kinds of problems in the construction industry is an inappropriate attention given to the human resources of the projects. The present research aims to

specify the success measures for managing the human resources of the construction projects in order to enhance productivity. The perspectives and the subsequent success measures of this survey were developed by Delphi technique and through standard project guides and extensive literature. The success measures were categorized into nine groups namely „organizational structure“, „templates“, „organizational charts“, „networking“, „roles and responsibilities“, „skill“, „staffing management“, „training“ and „reward“. According to the proposed framework, a case study was conducted based upon 30 interviews with Iranian experts in the construction industry. The results were analyzed by one-way ANOVA, which determined the same degree of importance for all the measures and perspectives in the framework. The perspectives were also ranked in a way to ensure the selection of the most important perspectives based on the characteristics of the projects by project managers.

Keywords: *Construction projects, Human resource management, Human resource planning, Success measures*



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**IMPLEMENTATION OF ONE-TIER MODEL OF
CORPORATE GOVERNANCE IN TRANSITION
ECONOMIES – EVIDENCE FROM CROATIA**

ABSTRACT

Expected entry of Croatia in the European Union requires coordination of the national legal framework with the legal framework of the European Union. The need to improve corporate governance framework comes not only from the regulators but also from all other elements of the corporate governance system. Changes in corporate governance origin in the modification in the Companies Act. Between other things that new perspective on corporate governance has opened is a choice between the monistic and dualistic system in which the organized structure of corporate governance is in all joint stock companies. By analyzing the implementation of one-tier model of corporate governance we define its features, advantages and disadvantages. All of these issues consequently lead to conclusion about perspectives of adequate board structure in transition economies of south east Europe.

Keywords: *corporate governance, one-tier (monistic) model of corporate governance, case study, Croatia*



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MODELING QUALITY OF BUSINESS IN NEXT GENERATION TELECOM ENTERPRISES

ABSTRACT

Business processes in telecommunication sector have evolved from rigid structures to highly competitive next generation network environment. In this paper we consider quality of business as an important indicator of a service provider business operation and propose model that incorporates diversity of users' requirements.

Keywords: *Quality of Business, Service Provider, Users' Demand, Users' Utility Function*



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**INNOVATIVE DEVELOPMENT AND
COMMERCIALIZATION OF TECHNOLOGIES:
EXPERIENCE IN TECHNOPARK “NOVOSIBIRSK”**

ABSTRACT

The article deals with the creation of elements of the regional innovation infrastructure and effective mechanisms of technology commercialization. Fifteen-years experience and problems of development of Technopark "Novosibirsk" as a technopark of distributed type are presented in the report. The proposals on key aspects of support for small high technology companies are formulated.

Keywords: *Innovation infrastructure, Start-up projects, Technology transfer, Technopark*



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STRENGTHENING THE CORPORATE SOCIAL RESPONSIBILITY AND ETHICAL DIMENSIONS OF LEADERSHIP IN TERMS OF CRISIS

ABSTRACT

Building effective relationships with followers, as an essential prerequisite to the successful leadership of the process, must be founded on respect for the basic premise of ethical conduct. An ethical dilemma becomes especially important in times of crisis, characterized by uncertainty, tension and high risk of conflict and when all existing norms, values and beliefs are brought into question and doubt. On a broader societal level, the crisis conditions may not be the cause of neglecting of socially responsible and ethical behaviour of companies, but on the contrary-the company must strengthen its positive influence on the environment in which it operates. The Company does not operate in isolation from the society around, and by investing in the community it creates the conditions for its own development. Therefore, the ethical behaviour of leaders within the company has overrun its borders beyond the socially responsible behaviour. The paper is going to consider the most important characteristics of ethical leadership, as well as the conceptual basis and characteristics of social responsibilities, with emphasis on corporate social responsibility in Serbia.

Keywords: *enterprise, ethical behaviour, leadership, social responsibility*



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THE VISION OF CHANGE MANAGEMENT AND ORGANIZATIONAL DEVELOPMENT IN LOGISTICS SERVICES

ABSTRACT

The only constant in today's World is change. Changes are reflecting also through work systems changes and in the mass of new products and services. Some of today's specific products are barely imaginable without accompanying services. Often there is a very thin boundary to perceive between physical product and service. The main aim of every firm in today's global economy is to gain stability and competitive advantages. Marketing and sales of logistics services is based on partnership and requires highly professional personal contacts between both parties. Organizationally logistics is nowadays overgrowing in the strategic function of the company as it faces new challenges in modern business. The concept of an optimal material flow, which appears in effective supply chain and is optimally controlled by the logistics function, will be presented in this paper. From this perspective, it is necessary to ensure that all links of the supply chain are strong enough, since it is known that the whole chain is only as strong as its weakest link. Effective logistics management, where logistics will be equivalent to other business functions, shall bring competitive advantages, optimal capital structure and adequate profitability to the company business. Therefore the logistics function offers challenges and potential for the future.

Keywords: *business functions, competition, costs, logistics, logistics management, logistics strategies, management, marketing management, material flow, profitability, supply chain, synergy*



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CUSTOMER SATISFACTION: A CASE OF MOBILE SERVICES IN SLOVENIA

ABSTRACT

Customer satisfaction is an important concept in marketing mainly due to the impact it has on customer loyalty and profitability. That is why understanding the concept of customer satisfaction and its antecedents is of utmost importance to academics and managers so they could anticipate and plan how to achieve high customer satisfaction. Namely which antecedents influence customer satisfaction and how strongly they affect customer satisfaction. For the empirical study we have chosen mobile services industry in Slovenia because the competition is being extremely intensified in the past decade and this industry has gone through large changes. The antecedents of customer satisfaction were set based on literature review. These concepts were measured through latent variables using three measurement variables. Reliability of measurement has proven to be very good for all the concepts. The model was formed using multivariate analysis of Multiple Regression in SPSS. The model explains 76.1% of the variance of the concept of customer satisfaction with mobile services. The key variable in the prediction of customer satisfaction is service quality, followed by price and the quality of staff. The smallest contribution to customer satisfaction in the model is by corporate image.

Keywords: *Antecedents of Customer Satisfaction, Customer Satisfaction, Mobile Services, Multiple Regression*



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THE MAIN DIFFERENCES BETWEEN THE PROCESS AND DISCRETE PRODUCTION

ABSTRACT

This article will show the basic division of production and how to distinguish between certain types of production per form. It will set the basic generic model of process and discrete manufacturing, define the basic elements that shape the production, and these elements will be compared to the comparative analysis to show the basic differences shaping process and discrete manufacturing.

Keywords: *discrete manufacturing, process manufacturing, production, types of manufacturing, the basic design elements of the types of production*



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**SUSTAINABLE AND EFFICIENT ORGANIZATIONS:
THE CASE OF HANDCRAFTS MICRO-BUSINESS IN
SOUTHERN SAN SEBASTIAN**

ABSTRACT

*This paper analyzes sustainability and efficiency of organizations committed to the exploitation' activities of tule *Thypha spp* at the Zapotlán's Lake taking into consideration the socioeconomic and environmental impact in the municipalities of Gómez Farías and Zapotlán el Grande. The initial hypothesis departs from the consideration of the scarce social capital of organizations that limits development's sustainability. The research method employed is the ethnographic complemented with field work supported by informal interviews, documental and bibliographic research. The hypothesis of this research is proved empirically and confirms similar findings by the research conducted on the mainstream theory of social capital and its implications on economic development. The outcomes of the application demonstrate that the drama of economic efficiency and sustainable development of micro-business is tied to constrain of social capital. This finding has implications for the design and implementation of economic and social policies oriented towards the improvement of economic growth and sustainable development.*

Keywords: *Economic efficiency, organizational social capital, organizational sustainability*

JEL codes: D20, L200, L230, 0100, 0120, 0130, Q010, Q500, Q560, Q570, R300, Z100



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COOPERATION BETWEEN COMPANIES: TYPES, FORMS AND LINKS WITH INNOVATIVE BEHAVIOR

ABSTRACT

Paper deals with the analysis of nature and role of interfirm partnership relationships of innovative companies. Basic assumptions of new institutional economics are used at the beginning of analysis. Empirical part is connected with data from special survey of small and medium size innovative companies which operate in Siberian region. The main aim is to find out any links between company's innovative behavior and its propensity to cooperate with other economic agents. Main attention is paid to business associations.

Keywords: *Business association, innovative activities interfirm, cooperation*

JEL codes: G20, L10



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INTEGRATED MANAGEMENT SYSTEM IN PROTECTION OF WORKING AND LIVING ENVIRONMENT – CASE STUDY

ABSTRACT

Integrated management systems are management systems that integrate all business components into a coherent system, enabling the achievement of its mission. There are several good reasons for integration: reduce duplication and therefore costs; reduce risks and increase profitability; balance conflicting objectives; eliminate conflicting responsibilities and relationships; expand the power of the system; turn the focus to the planned business results; formalize unformalized systems; harmonize and optimize practice; create consistency; facilitate training and development. To remain competitive, companies need to change the way they do business. This change means altering their business philosophy and accepting new concepts that put the customer at the center.

Established quality management system represents a stable base for the long term success. It is based on eight principles of modern management.

- **Focus on customers** - The organization should understand customer's current and future needs, meet their demands and try to overcome their expectations;*
- **Leadership** - Executives should create and maintain internal environment in which employees will be fully engaged in fulfilling goals of the organization;*
- **Inclusion of employees** - Full engagement of staff enables their skills to be used for the benefit of the organization;*

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- **Process approach** - The desired results are achieved more effectively when the appropriate resources and activities are managed as a process;
- **System approach to management** - Identifying, understanding and management of the systems;
- **Continuous improvement** - Constant organization goals are continuous improvements;
- **Making decisions based on facts** - Effective decisions are based on the analysis of data and information;
- **Mutually beneficial relationships with suppliers.**

In order to establish integrated management systems, companies must meet the requirements of three standards: ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:1999. In the paper the benefits of an integrated management system are shown on the example of Belgrade Oil Refinery.

Keywords: *Integrated management systems, Management responsibility, Measurement, analysis and improvement*



Entrepreneurship Between Creativity and Bureaucracy

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SMEs IN VALUE CHAINS IN CROATIA

ABSTRACT

Efficient business activity of enterprises seeks permanent growth of values and long-term stability. As company is developing faster, it results with larger input and output of information needed for effective management and profitable business activity. Due permanent tension between possibilities and threats, it puts up the question how to assure, in conditions of raising competition, profitable business for enterprises. Enterprise should explore possibilities and find the ways for making values and profitable business conduct. Making values searches for more complex perspective on achieving profitability which is based on viewing enterprises as number of separated but also associated activities. Majority of managers have vision that only regular sequence of activities creates value in enterprise. Such perspective on creating value opposes itself to traditional value chain. This work wants to explore connection between the value chain as chosen strategic concept of small and medium enterprises (SMEs) in Croatia and their profitability. It wants to explore how does the size of enterprise effects on making decision about value chain as strategic concept with special overview on integrating activities through up-stream.

Keywords: *profitability, SMEs, strategic concept, up-stream, value chain*



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**TO THE FASTER DEVELOPMENT OF SMEs IN
ALBANIA**

ABSTRACT

The economy of Albania is focused on small and medium enterprises. SME's in Albania make 99.9 per cent of the total number of active enterprises. This paper presents up-to date picture of the development of SMEs in the Albanian economy. The paper informs about the factors that had an effect on the development of the SME sector, giving an overview of their size, structure and performance in the Albanian economy. SME sector is receiving greater attention from government of Albania. The government of Albania has managed, through planning and the implementation of SME-friendly policies, to upgrade this vital sector. The government of Albania is conducting programs with impact in terms of stimulating start-ups, entrepreneurial spirit, and competitiveness of SMEs. The SMEs are and will continue to be a vital component of the economy. Anyway comparing the development Albanian SMEs with those in EU countries reveals some interesting differences. The recommendations address the observed weaknesses in the performance of the SME sector for enabling SME development.

Keywords: *Albania, Development, Small and medium enterprises*



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**NEW POLICIES TO FACILITATE
ENTERPRENEURSHIP AND EMPLOYMENT IN POST-
CRISES ARAB COUNTRIES**

ABSTRACT

The Arab region is now facing a considerable unrest that will result in political, economic and social impact. Although a range of factors contributed to the unrest, and away from political ones, the socio-economic issues seem to have the most critical. These issues include among others: unprecedented youth bulge; persistently high unemployment rates; increased poverty; increased inequality; weakened middle class; rising food crises; corruption and untransparent laws and regulations; social exclusion; personal enrichment among political elites. The above issues will continue to lead an increase in frequency and intensity of Arab region's unrest and could bring the survival of a number of governments into question. This short paper is a trial to grasp the forces behind such recent unrest and to analyze its economic and social impact on the Arab region, the EU and global energy market. The political dimensions and consequences were completely avoided due to obvious reasons. The paper will then pinpoint the urgent policy priorities to be taken by the Arab governments to tackle and/or to ease the unrest situations including a summary of socioeconomic challenges faced by some Arab countries, which were targets for the unrest.

Keywords: *arab countries, employment, entrepreneurship, post-crisis*



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RESTRUCTURING OF MANUFACTURE UNDER GLOBAL FINANCIAL AND ECONOMIC CRISIS: THE CASE OF ESTONIA

ABSTRACT

It was not possible for Estonia only by raising the technological level of enterprises and increasing so-called technical productivity to catch up in terms of productivity with the developed industrial countries. The structure of Estonian manufacture was out-of-date and required cardinal and fast changes toward greater value added. Every time a crisis hits, it brings about new breakthroughs in science and technology; promotes fundamental changes that take place in a relatively short period of time; gives birth to new industries; forms new growth points in the economy. The crisis has had a far-reaching impact on the world economy and has brought challenges and opportunities to all countries and all fields. In addition to big difficulties, the crisis provided for Estonian manufacture also an exceptionally good chance for change and development. The crisis had a purifying and disciplining effect, enabled to eliminate from the manufacture wrong investments and inefficient enterprises. Assets were redistributed from passive economic agents to active ones and in favour of those who had capital for growth financing. After the crisis the structure of Estonian manufacturing is more effective than before: 1) technological level higher; 2) organization of work more perfect; 3) value added and productivity higher; 4) position of value chain better; 5) maybe also the value chain itself new and better. But there are fewer jobs in the new structure of manufacturing than before the crisis. Economic, social, regional etc. stratification has increased. The influence of crisis is not over yet and there is still a risk of some setback in future. There may also arise new problems and old problems may grow sharper.

Keywords: *crisis, manufacture, restructuring, stratification*



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**STRATEGIC EDUCATION FOR ENTREPRENEURIAL
CREATIVITY THROUGH UNIVERSITY OF ZAGREB
STUDENTS' BUSINESS INCUBATOR**

ABSTRACT

The purpose of this paper is to show that a students' business incubator is an enterprise development strategy, aimed at accelerating the process of formation, development and growth of new enterprises. This strategy is focused on undergraduate students. This is a way to create an entrepreneurial university, which is defined as one which involves the creation of new business ventures by university professors and students through the university's innovation centers. This is also one of the ways of enhancing entrepreneurial creativity and entrepreneurial education. It will be explained the functioning of Students' Business Incubator at University of Zagreb. This study will report the findings of a survey conducted among program participants.

Keywords: *business incubator, entrepreneurial education, undergraduate students*



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BARRIERS FOR SMALL INNOVATIVE FIRMS: COMPARATIVE STUDY

ABSTRACT

Paper deals with the development problems of small innovative firms in the different institutional conditions. The comparative study identifies the incentives and obstacles for the development of small innovative firms in different stages of growth in Russia and USA. Empirical part is presented by data collected through special questionnaires and personal interviews. The results show that the development of small innovative firms have common features in different institutional systems: special technological knowledge as a base for competitiveness and similar ranking of the barriers for development. At the same time there are apparent differences in several fields such as access to the resources; a special role of trust and confidence for Russian firms; some others.

Keywords: *barriers, small innovative business*



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SOME FINDINGS ON CAREER COUNSELLING IN HIGHER EDUCATION

ABSTRACT

In the paper authors examine some aspects of counselling students in higher education to develop their competencies as future employees. In so doing, authors state a research questions that focus on the existence of organized counselling forms for students (as career centres or other organised forms of counselling) in various higher education institutions, on the range of bids, on methods of work and the involvement of the wider environment, including potential employers. The survey was conducted as comparative study as desk research on the basis of internet data of institutions in higher education field. The results show the uneven arrangement of student career development area and significant differences between three neighbouring countries involved in the study: Austria, Slovenia and Croatia.

Keywords: *career counselling, career centres, competencies for employment, higher education, personal development*



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SUSTAINABLE DEVELOPMENT PROBLEMS OF LATVIAN MICRO-ENTERPRISES IN THE WORLD CONTEXT AND POSSIBLE SOLUTIONS

ABSTRACT

Micro enterprises are backbone of Latvian economics, directing it towards growth and employing majority of Latvians. Despite this, Latvia has some problems what has to be taken into account: Latvia ranks by global competitiveness index 2010-2011 in 70th place out of 139, the most problematic factors for doing business are tax regulations, inefficient government bureaucracy, financing availability, tax rates, corruption, policy instability, instability of government. Together with this, Latvians has to face some serious social challenges. The unemployment rate was 16.2% in August 2011 in Latvia compared to 9.5% on average in Europe. Poverty rate by age and sex amounted to 21.3% in 2009. Serious issues have to be taken to lead Latvia towards EU 2020 strategy goals: inclusive, smart and sustainable growth. Author sees unrealised potential micro enterprises, what would bring enormous benefit if used correctly. Looking at best practice examples in the world, the author generate possible solutions for current problems of Latvian micro enterprises. They have to take two different roads: firstly, by cooperating between themselves and universities, and research centres, make micro enterprises more knowledge-oriented as moving towards knowledge-inclusive economics. Secondly, micro enterprises could be used as Latvia's social problem solver, raising employability rate and socially vulnerable citizens' ability to maintain themselves. Currently there is great emphasis only on providing credit resources to micro entrepreneurs what are not only un-effective but, actually, wrong starting point for developing Latvian micro enterprises. Therefore, author advises concrete and easy doable solutions for policy-makers of Latvia to ensure growth of Latvia's economics and wellbeing of Latvians.

Keywords: Competitiveness, Cooperation, Microenterprise



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THE ROLE OF ORGANIZATIONAL CULTURE IN THE DEVELOPMENT OF ROMANIAN SMES

ABSTRACT

The study focuses on the organizational culture in the Romanian small and medium enterprises(SMEs) .The purpose of the paper is to underline the importance of organizational culture in obtaining performance in SMEs.The method of research was in the first stage the survey, through a questionnaire distributed to a number of enterprises in the North-West region of Romania. Enterprises that answered to our request had calculated performance indicators. Each organizational culture was included into a cultural type after analysing the questionnaire. In the end there were established the correlations between the cultural type and the performance indicators so that in the end any enterprise could find its own characteristics in this study. Studying the cultural types in literature it was observed that there is no clasiffication appropriate for the needs and characteristics of SMEs. So the authors decided to define a new classification , only through the characteristics of this types of firms. The limitations of the study consist in the fact that organizational culture was analyzed only from the exterior of the organization and some aspects of organizational culture such as myths, legends and stories and the atmosphere could not be included in the study. In literature there is a lack of significant studies on the organizational culture of SMEs and also few

Entrepreneurship Between Creativity and Bureaucracy

studies regarding the influence of organizational culture on the enterprise performance. The focus on this type of enterprises is needed because in Romania SMEs represent approximately 95% from the total of enterprises.

Keywords: *organizational culture, performance, small and medium enterprises*



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